



House of Commons
Public Administration Select
Committee (PASC)

**Truth to power: how
Civil Service reform can
succeed**

Eighth Report of Session 2013–14

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minutes, oral evidence*

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The Public Administration Select Committee (PASC)

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Summary

The Civil Service is one of the great institutions of state, critical to the continuation and stability of government, and it needs to change to meet the changing demands placed upon it. The Government recognises this and last year, launched the Civil Service Reform Plan (updated in July this year by the *One Year On* plan). The Government describes this as a programme of “incremental change”. Some of the reform proposals, such as the introduction of more “personalised” appointments in the Civil Service, including a much greater ministerial role in the appointment of permanent secretaries, are controversial. Many fear such changes challenge the Northcote-Trevelyan settlement, which established an impartial and permanent Civil Service with officials appointed on merit alone. We wish to make it clear that the Civil Service Commission has our fullest support on this matter. The Government has not however identified any fundamental problem with the Civil Service and the Minister, Francis Maude, says he does not believe that fundamental change is necessary.

We conclude that “incremental change” will not achieve the change required. Unless change is clearly heralded and given high profile leadership by a united team of ministers and senior officials, it is bound to fail.

Tensions between ministers and officials have become all too evident in recent years. We recognise that many ministers feel their decisions are being deliberately blocked or frustrated, but this points to a more deeper problem in our system of government. There is a fundamental question about why ministers feel some civil servants are resistant to what they want and this question has not been considered in any systematic way. Failing organisations demonstrate common characteristics, such as a lack of openness and trust, which are very evident in some departments and agencies. In our deliberations with ministers and civil servants most recognise a prevalence of these behaviours. We remain unconvinced that the Government has developed the analysis, policies and leadership to address these problems. We have found that both ministers and senior civil servants are still somewhat in denial about their respective accountabilities. The present atmosphere promotes the filtering of honest and complete assessments to ministers and is the antithesis of ‘truth to power’. It is a denial of responsibility and accountability. There is a failure to learn from mistakes and instead a tendency to look for individuals to blame.

The Haldane doctrine of ministerial accountability is not only crucial to Parliament’s ability to hold the executive to account. It is at the core of the relationship between ministers and officials. We repeat our recommendation from 2011 that the Government should consider whether the Haldane doctrine of ministerial accountability remains appropriate for the modern age, and how it could be updated. The Fulton Committee, which reported in 1968, was expressly excluded from consideration of the relationship between ministers and officials. There has been no independent examination of the Civil Service since then, despite the huge changes in the UK and our place in the world since then. The Government’s limited proposals do not set out how a sense of Haldane’s indivisibility between ministers and officials can be created. Departmental civil servants are in an invidious position with conflicting loyalties towards ministers on the one hand, and to the permanent secretary on the other. This is made much worse by the rapid turnover

of lead officials, which is incompatible with good government.

This Report is exceptional. We make only one recommendation: the establishment of a Parliamentary Commission into the Civil Service, in the form of a joint committee of both Houses. The independent evidence in favour of some kind of comprehensive strategic review of the nature, role and purpose of the Civil Service is overwhelming. Our critique of the Civil Service Reform Plan and its limited implementation underlines this. The objections raised by the Minister for the Cabinet Office, and by the leadership of the Civil Service, are unconvincing and can be seen as part of what Francis Maude has described as the “bias to inertia” which he says he is seeking to address. On the one hand, the Government insists that the present reforms are “urgent”. On the other hand, they are too modest and piecemeal to address the root causes of the frustrations which ministers feel beset them or to lead to the kind of transformational change that many believe that the Civil Service needs. Sustained reform has to be initiated by cooperation and supported by external scrutiny and analysis that leads to a comprehensive set of recommendations for change. This cannot be done by ministers and officials who are, as they say themselves, so pressed by far more immediate and high-profile economic, political and international issues.

We cannot emphasise enough the importance of this recommendation, reflected by the unanimous support of the House of Commons Liaison Committee. Such a Commission could draw on the extensive experience of government and the Civil Service in Parliament and its conclusions would enjoy cross-party consensus. The Commission should undertake this work alongside current Civil Service reforms, not as an alternative. It should focus on the strategic long-term vision for the Civil Service, for which the Government, in its *One Year On* report, has recognised the need. The fact that more radical measures that challenge the Northcote-Trevelyan settlement are also being discussed underlines the need for Parliament to oversee proper consideration of issues that are fundamental to the way our uncodified constitution operates. The Civil Service does not exist solely to serve the Government of the day, but also future governments. It is right and proper that substantial reforms to the role of the Civil Service should be scrutinised by Parliament. Such a Parliamentary Commission could be established before the end of the year, and report before the end of the current Parliament, so that after the 2015 general election a comprehensive change programme can be implemented.

1 Introduction

1. The Civil Service is one of the great institutions of state, critical to the continuation and stability of government. It has a crucial role as a guardian of constitutional stability, as pointed out by the Rt Hon Oliver Letwin MP, Minister for Government Policy, in a speech to the Institute for Government last year:

In their capacity as guardians, our administrative civil servants are called upon to play an altogether different role as servants, not of ministers but of the crown, accountable to Parliament [...] in their role as guardians, administrative civil servants act on behalf of the crown to ensure that the government as a whole acts with propriety and in conformity with the law [...] The importance of this civil service role can hardly be over-stated. It is one of the great bulwarks against tyranny. The administrative civil service provides a continuing safeguard that ministers of any persuasion will not be able to use the machinery of the state to personal or party political advantage.¹

2. Since the establishment of the modern Civil Service in 1854, there have been regular reviews which sought to refresh and to update the 1854 settlement. These initially took the form of frequent Royal Commissions, taking place around every 15 years in the period between 1854 and 1968. Later reforms have been mainly in the form of internal documents, published by ministers or the heads of the Civil Service. There has been no overall look at what the Civil Service should do and how it should operate since the Fulton Report of 1968—and even this assessment of Whitehall did not address the fundamental issue of the relationship between ministers and officials. Only some of its findings were implemented.²

3. In our report, we focus on the relationship between ministers and officials, in which tensions have become more and more evident. This has been detailed in public—in numerous media stories—in an unprecedented way. It is said to reflect ministerial concerns about competence, culture and skills in Whitehall, and this narrative has formed the backdrop to the Government’s Civil Service Reform Plan. We have considered these concerns, the changing world the Civil Service is operating within, and the future challenges which the leadership of the Civil Service and ministers must face, as part of this inquiry. This report briefly summarises three of the main Civil Service reform inquiries—Northcote-Trevelyan, Haldane and Fulton—and how the issues raised by each remain relevant to today’s debate. We assess the 2012 Civil Service Reform Plan, the 2013 *One Year On* document, and the prospects for further reform. We look at the main concerns highlighted by current and former ministers about the state of the Civil Service and consider how these systemic issues could be addressed in the long term.

4. This Report, and most of the evidence we have received, underline our main conclusion and our sole recommendation: that, while some elements of the Government’s Civil Service Reform Plan may be implemented, as a whole, will have little if any lasting impact.

1 “Why mandarins matter – keynote speech by Rt Hon Oliver Letwin MP”, Institute for Government, 17 September 2012

2 Q 14

It is not based on any comprehensive analysis of the fundamental problems and challenges facing the Civil Service. It does not constitute a comprehensive programme for changing or transforming the Civil Service. So as a reform programme, the Government's civil service reforms will fail. We will therefore recommend the Government facilitates a comprehensive Parliamentary review of the future of the Civil Service by means of a joint committee of both Houses, along the lines of the Parliamentary Commission on Banking Standards.

5. This inquiry continues the Public Administration Select Committee's (PASC) scrutiny of the performance of the Civil Service and builds on our previous Reports *Strategic thinking in Government* (April 2012), *Leadership of Change: new arrangements for the roles of Head of the Civil Service and the Cabinet Secretary* (January 2011) and *Change in Government: The agenda for leadership* (September 2011).³ This Report also draws on our findings from our *Government Procurement* and *Migration Statistics* Reports (both July 2013).

6. Over the course of this inquiry we received 37 memoranda and held 12 evidence sessions, during which we heard from former ministers, civil servants and special advisers; the Civil Service Commissioner, Sir David Normington, and his predecessor, Dame Janet Paraskeva; academics and think tanks; two of the Civil Service trade unions; the Local Government Association, and representatives from local authorities; the Cabinet Secretary, Sir Jeremy Heywood, and the Head of the Civil Service, Sir Bob Kerslake; and the Minister for the Cabinet Office, the Rt Hon Francis Maude MP. We have also drawn upon our private discussions and seminars. We would like to thank all who contributed to our inquiry, and particularly our Specialist Adviser, Dr Gillian Stamp, Director of the Bioss Foundation.⁴

3 Public Administration Select Committee, Twenty-fourth Report of Session 2010–12, *Strategic thinking in Government: Without National Strategy can viable government strategy emerge?*, HC 1625; Public Administration Select Committee, Nineteenth Report of Session 2010–12, *Leadership of Change: new arrangements for the roles of Head of the Civil Service and the Cabinet Secretary*, HC 1582; Public Administration Select Committee, Thirteenth Report of Session 2010–12, *Change in Government: The agenda for leadership*, HC 714

4 Dr Gillian Stamp was appointed as a Specialist Adviser for this inquiry on 8 January 2013.

2 Civil Service reform: history and background

Northcote-Trevelyan and political impartiality

7. On 12 April 1853 William Gladstone, as Chancellor of the Exchequer, commissioned a review of the Civil Service to be carried out by the Permanent Secretary at the Treasury, Charles Trevelyan, assisted by Sir Stafford Northcote, a former civil servant at the Board of Trade (who later was to serve as Chancellor of the Exchequer). Northcote and Trevelyan's report was published in February 1854 and recommended a system of examination ahead of entry and promotion on merit through open competition. It was, as historian Lord Hennessy has stated, "the greatest single governing gift of the nineteenth to the twentieth century: a politically disinterested and permanent Civil Service with core values of integrity, propriety, objectivity and appointment on merit, able to transfer its loyalty and expertise from one elected government to the next".⁵

8. It is the impartiality aspect of the Northcote-Trevelyan settlement that has prompted comment in the current debate about the Government's reform plans. Lord Hennessy argued that "the danger of seeping politicisation [in the Government's 2012 Civil Service Reform Plan] is very real".⁶ He cautioned that "it would be a huge own goal, a national own goal of serious proportions, if we got rid of the Northcote-Trevelyan principles".⁷ Andrew Haldenby, the Director of think tank Reform, argued, however, that "Northcote-Trevelyan is consistent with the idea that there are some political appointments on merit", and quoted the report's statement that:

it is of course essential to the public service that men of the highest abilities should be selected for the highest posts; and it cannot be denied there are a few situations in which such varied talent and such an amount of experience are required, that it is probable that under any circumstances it will occasionally be found necessary to fill them with persons who have distinguished themselves elsewhere than in the Civil Service.⁸

9. Ministers have expressed their intention to maintain the politically impartial Civil Service proposed by Northcote and Trevelyan in 1854. We welcome this, as it remains the most effective way of supporting the democratically elected Government and future administrations in the UK, and of maintaining the stability of the UK's largely uncodified constitution. For more than 150 years, this settlement has seen the nation through depression, the general strike, two world wars, the cold war and into the age of globalisation and high technology. Nobody, however, argues that the Civil Service should be immune from change. This Report considers whether the Government's proposed reforms will remain consistent with the Northcote-Trevelyan settlement.

5 Professor Peter Hennessy, Founder's Day address, Hawarden Castle 8 July 1999, cited in *Whither the Civil Service*, Research Paper 03/49, House of Commons Library, May 2003

6 Q 9

7 Q 9

8 Q 59, Report on the Organisation of the Permanent Civil Service, 1854, q/JN 426 NOR

The Haldane report—impact on accountability

10. In 1918 a Machinery of Government sub-committee of the Committee on Reconstruction was established by Lloyd George’s Coalition Government “to enquire into the responsibilities of the various departments of the central executive Government and to advise in what manner the exercise and distribution by the Government of its functions should be improved”.⁹ The Committee was chaired by Viscount Haldane of Cloan, a former Liberal Lord Chancellor, and in its final report recommended the principle of departmental structures for which ministers would be individually responsible and which endures to this day: that the “field of activity in the case of each department” should be “the particular service which it renders to the community as a whole”.¹⁰

11. Haldane further recommended that civil servants, as advisers to ministers, were to have an indivisible relationship with them. This remains reflected in the Cabinet Manual, that “civil servants are accountable to ministers, who in turn are accountable to Parliament”.¹¹ The exception to this is the accounting officer role—civil servants whom Parliament holds directly to account for the stewardship of resources within their department’s control.

12. In our September 2011 *Change in Government* Report we recommended that “it is timely to consider the development of a new Haldane model to codify the changing accountabilities and organisation of Government”.¹² Andrew Haldenby told us that “the doctrine of ministerial accountability cannot apply now” due to the massive increase in departmental staff numbers since the Haldane Report.¹³ Former cabinet minister the Rt Hon Jack Straw MP recommended that a similar mechanism to the accounting officer principle be found for holding the Civil Service to account for major projects, noting that he felt “uncomfortable” being held to account by Parliament regarding large-scale IT projects, which he felt were out of his control.¹⁴ We consider the Government’s proposals for strengthening accountability of major projects in chapter three of this Report.

13. The Osmotherly Rules—the detailed guidance provided for civil servants giving evidence to Select Committees—are based on the Haldane doctrine. The Rules were first published in 1980 and last updated in 2005; they state that civil servants may describe and explain the reasons behind the adoption by ministers of existing policies, but that they should not give information which undermines collective responsibility nor get into a discussion about alternative policies. In November 2012 the House of Commons Liaison Committee reaffirmed that the Osmotherly Rules were “merely internal to Government [and] have never been accepted by Parliament”.¹⁵

9 Ministry of Reconstruction, Report of the Machinery of Government Committee, Cm 9230, 1918 p. 4

10 Ministry of Reconstruction, Report of the Machinery of Government Committee, Cm 9230, 1918 p. 8

11 Cabinet Office, *The Cabinet Manual*, October 2011, p 57

12 Public Administration Select Committee, Thirteenth Report of Session 2010–12, *Change in Government: The agenda for leadership*, HC 714, para 93

13 Q 75

14 Q 717

15 Liaison Committee, Second Report of Session 2012–13, *Select committee effectiveness, resources and powers*, HC 697, para 113

14. The Government has announced that it is reviewing the Osmotherly Rules—but that it is considering “improvements rather than a fundamental change” to the rules.¹⁶ The Government is also conducting a similar revision of the Armstrong Memorandum, first issued in 1985 and updated in 1987 and 1996, which states that if a civil servant considers he or she is being asked to do something which he or she believes to be unlawful, unethical or against his or her conscience, the civil servant should report it to a senior official or the permanent head of the department. If the matter could not be resolved, the civil servant would be required to either carry out the instructions or resign from public service. Much of the content of the memorandum has been incorporated into the Civil Service Code, which was first published in 1996. Sir Jeremy Heywood stated that, although he could “certainly update the language [of the Armstrong Memorandum] and polish it up a little [...] eventually there will come a hard point, which is that if a Minister has decided that a piece of information should not be made public at a particular point, it is very difficult for the civil servant to countermand that”.¹⁷ The Prime Minister told the Liaison Committee that he would like to see improvements to the Armstrong Memorandum and “a greater level of accountability for civil servants”.¹⁸

15. The Haldane doctrine of ministerial accountability is not only crucial to Parliament’s ability to hold the executive to account, it is at the core of the relationship between ministers and officials. It is this relationship which has become subject to intense scrutiny and is now being questioned. The tension between ministers and officials reflects that Whitehall is struggling to adapt to the demands of modern politics. Ministers are accountable for all that occurs within their department, but we were told that, for example, they are without the power and the authority to select their own key officials. Ministers are also unable to remove civil servants whom they regard as under-performing or obstructive, despite being held accountable for the performance of their department. The ministers we heard from told us that this is necessary in order to be able to implement their policy programme and to drive change within their departments. In the private sector, executives are given the authority to choose their teams and this is at the core of their accountability to their board and shareholders. It is understandable that ministers wish to be able to choose the officials upon whom they should be able to rely. The doctrine of ministerial accountability is therefore increasingly subject to question and this leads to failure of the doctrine itself.

16. The failure to be clear about the authority and responsibilities of officials means that officials themselves do not feel accountable or empowered to take full responsibility for their part in delivering ministerial priorities. This underlines the recommendation from our previous Report, *Change in Government: The Agenda for Leadership*, that a review of the Haldane doctrine would be timely.

17. Much has changed since the Haldane model of ministerial accountability became established nearly a century ago, not least the size, role and complexity of departments for which ministers are accountable. In recent decades, citizens as consumers have hugely increased their demands and expectations of what Government should be able

16 Q 967

17 Q 975

18 Oral evidence taken before the Liaison Committee on 12 March 2013, HC (2012–13) 484-iv, Q40

to deliver. Technology has transformed the way business operates, which has adopted new structures and management practices which would seem unrecognisable to previous generations. Modern business structures have far fewer tiers of management, and delegate far more to empowered, autonomous managers who are accountable for standards and performance, but this has hardly happened at all in the Civil Service, despite the fact that many believe in these principles. At the same time, the demands of 24-7 media, Parliamentary select committees, the Freedom of Information Act, and the demand for open data, openness and transparency now subject the system and the people and their relationships within it to unparalleled scrutiny and exposure. Furthermore, society has changed; we no longer live in an age of deference which tended to respect established institutions and cultures, but in a new ‘age of reference’, in which anyone can obtain almost unlimited information about almost everything, empowering individuals to challenge people with power and their motives.

18. Ministers say they want to strengthen ministerial accountability, but a comprehensive reassessment of how the Haldane doctrine can operate in today’s world is long overdue. Much of the rhetoric of the present administration was about embracing change of this nature—the word “change” was the watchword of the Prime Minister’s approach to his new Government—but this has exposed an increasing dysfunctionality in aspects of the Civil Service key skills: procurement, IT, strategic thinking, and implementation. Ministers tend to blame failures in defence procurement or the Borders Agency on civil servants or previous governments and we believe that Civil Servants may attribute such failures to inexperienced ministers with party political agendas. Either way, few ministers or officials seem to be held accountable when things go wrong. More importantly, there is a risk that an atmosphere of blame overshadows acknowledgement of excellent work. The need to address this may not invalidate the traditional doctrine of ministerial responsibility, but it needs to be redefined and adapted in order to serve good process and effective government in the modern context.

Fulton—and the difficulty of implementation

19. In 1965 the Fulton Committee was established, on the recommendation of the House of Commons Select Committee on Estimates, “to initiate research upon, to examine and to report upon the structure, recruitment and management of the Civil Service”.¹⁹ In their history of the Fulton Report, Peter Kellner and Lord Crowther-Hunt stated that the then Prime Minister, Harold Wilson, was “happy to oblige” the Estimates Committee’s recommendation as it was an “opportunity [...] to characterise his government as one of radical reform”.²⁰ Foreshadowing today’s debate about the Civil Service, Mr Wilson stated that:

There have been so many changes both in the demands placed on the Civil Service and in the educational organisation of the country that the Government believe that the time has come to ensure that the Service is properly equipped for its role in the modern State.

19 The Civil Service, *Vol 1 Report of the Committee 1966–68*, Cmnd 3638, June 1968

20 The Civil Servants: An inquiry into Britain’s ruling class, Kellner and Hunt, (London: 1980), p 25

He went on to reassure the Civil Service that:

the decision to set up this committee does not mean that the Civil Service has been found lacking in any way by the Government in its current operations. On the contrary, it is the experience of Ministers—and I think that right hon. Members opposite would wish to join me in this—that the Service meets the demands put on it with flexibility and enterprise.²¹

This is in sharp contrast to ministers' public criticism of the Civil Service that has characterised today's debate.

20. The Fulton Committee was not, however, asked to consider “machinery of government questions” nor the relationship between ministers and civil servants. Kellner and Crowther-Hunt describe these exclusions as victories for the mandarins: Sir William Armstrong both pressed for these exclusions as Permanent Secretary to the Treasury and then, as Head of the Civil Service, argued that there was considerable doubt about Fulton’s recommendations, as the committee had been so circumscribed. Kellner and Crowther-Hunt stated that this was:

the way that the Civil Service helped to narrow the committee’s terms of reference—and later was able to argue that this restriction invalidated much of what the Committee said.²²

21. Lord Hennessy suggested that the imposition of these restrictions on the remit of the Committee was intended to ensure that it could “not be a new Haldane, posing and answering fundamental questions about the adequacy of the Whitehall machine to cope with the increasing workload which it was required to bear”.²³

22. The Committee, chaired by Lord Fulton, the Vice-Chancellor of Sussex University, and made up of MPs, alongside civil servants, representatives of industry, and academics, started work in 1966.²⁴ In its 1968 final report the Committee concluded that the Civil Service was essentially based on the cult of the amateur or generalist; that there was a lack of skilled management; and that not enough responsibility was given to specialists, such as scientists and engineers.²⁵ The report made 22 recommendations, including:

- a) The abolition of the [1,400] Civil Service classes, used to divide jobs and pay, and the introduction of a unified grading structure;
- b) the establishment of a separate Civil Service Department, led by the Prime Minister, to take over running of the Civil Service from the Treasury. It also recommended that the permanent secretary of this department should also be the Head of the Civil Service;
- c) increased mobility between the Civil Service and other sectors;

21 HC Deb 08 February 1966 vol 724 cc 209-201

22 Kellner and Hunt, *The Civil Servants: An inquiry into Britain’s ruling class*, (London: 1980), p 28

23 Peter Hennessy, *Whitehall*, (London: 2001), p 190

24 Kellner and Hunt, *The Civil Servants: An inquiry into Britain’s ruling class*, (London: 1980), p 26

25 The Civil Service, *Vol 1 Report of the Committee 1966-68*, Cmnd 3638, June 1968

- d) secretaries of state being able to employ, on a temporary basis, a small number of expert staff;
- e) greater professionalism among specialists and generalists; and
- f) the establishment of a Civil Service college.²⁶

23. The implementation of the Committee's recommendations, which was left to the Civil Service, was mixed. Lord Hennessy argued that, by restricting Fulton to only "second-order questions" relating to recruitment, management and training, instead of the fundamental questions facing the Civil Service, Fulton "never had a chance of joining Northcote, Trevelyan and Haldane in the select club of ground-breaking inquirers".²⁷ By 1978, the Government declared that the acceptance of the Fulton Report "had resulted in a number of radical changes in the organisation and management of the Civil Service".²⁸ Kellner and Crowther-Hunt argued that this was, in fact, "a reversal of the truth; by then the main Fulton recommendations had been defeated" by the Civil Service.²⁹ One such example of civil service resistance to reform, identified by Kellner and Crowther-Hunt, was the statement in 1969 from the committee of civil servants tasked with implementing the Fulton recommendations that the substantive reforms to the grading structure could not be introduced as there were "pressing problems to be dealt with".³⁰

24. The lesson of the Fulton Committee is not that a formal inquiry into the future of the Civil Service should never be considered, but that the Civil Service's own natural internal resistance to change (common to all large organisations) should not be allowed to limit the remit of such an inquiry in order to allay Civil Service fear of change. Moreover, any proposals for change must include a plan and timetable for implementation, against which Parliament, and others outside the Government, can measure progress. We also observe how often resistance to change need not reflect bad motives amongst civil servants. Confused messages from divided and ineffective leadership will make this resistance difficult to overcome. Civil Servants face disparate messages about their role: ministers outwardly stress the need for officials to be business-like and outward facing, but signal to them to work closely and face upwards not outwards. They face similar contrasting messages from their permanent secretaries, who emphasise the need to focus on delivery and meet targets, but still indicate that policy roles are the most prized. It is little wonder that the system is frequently characterised as defensive, risk-averse and slow. The lines of communication and responsibility between ministers and officials must be clearer, so that officials feel accountable for delivering ministerial priorities.

25. Effective resistance to change is a mark of the resilience of the Civil Service. This energy needs to be harnessed as a force for change. In fact, we note that far more change has taken place in the Civil Service than is ever acknowledged, though change without a

26 The Civil Service, *Vol 1 Report of the Committee 1966-68*, Cmnd 3638, June 1968

27 Peter Hennessy, *Whitehall*, (London: 2001), p 190

28 Kellner and Hunt, *The Civil Servants: An inquiry into Britain's ruling class* (London: 1980), p 24

29 Kellner and Hunt, *The Civil Servants: An inquiry into Britain's ruling class* (London: 1980), p 24

30 Kellner and Hunt, *The Civil Servants: An inquiry into Britain's ruling class* (London: 1980), p 2, p 66

clear analysis, declaration of intent and plan for implementation tends to be disjointed, harder to sustain and altogether less effective.

26. The Fulton Committee was prevented from considering the relationship between ministers and officials, and was therefore unable to tackle the issue of accountability. The increase in government activity and the increasingly complex challenges facing the Civil Service in the 45 years since Fulton reported mean that a review of the role of the Civil Service, which includes the relationship between ministers and officials, is now long overdue.

Reforms since Fulton

27. Since Fulton civil service reform during the 1980s, 1990s and 2000s was often dominated by managerialism, rather than a strategic evidence-based look at what the Civil Service should do, or thorough consideration of the consequences of reform.³¹ By becoming more preoccupied by process and technique, it has been argued that the Government has lost sight of the true and distinctive purposes of the Civil Service. Professor Elcock remarked that there has been a “ruthless drive towards business values encapsulated in the ‘New Public Management’ [which] has resulted in more fundamental distortions of the true role of government”.³² Lord Hennessy described the attempts at reforming the Civil Service over the last thirty years as having been “distracted to some degree by the curse of management babble”.³³ Patrick Diamond, who served as a special adviser in the Blair Government, suggested that, apart from a wish for better project management and implementation skills, the previous Government did not have “a very coherent and clear view about what it saw the Civil Service as being for”.³⁴ Where reforms were successfully introduced and established, the Civil Service often reverted to type, and inefficient ways of working: in evidence to our inquiry into Government procurement, former Chief of Defence Procurement, Lord Levene, told us that, despite the reforms he introduced, the Ministry of Defence has in recent times reverted to the situation he had found when he started in post in 1985.³⁵ As we will see later in this report, these failings are reflected in the current Civil Service Reform Plan.

28. We concluded in two Reports this Parliament (*Strategic thinking in Government: without National Strategy, can viable Government strategy emerge?* and *Who does UK National Strategy?*) that Government appears to have lost the art of strategic thinking. We also concluded in our 2011 Report, *Change in Government: The Agenda for Leadership*, that successive governments had failed to reform the Civil Service, because they had failed to consider what the Civil Service is for and what it should do. We stand by our conclusion. There may be superficial changes, but the core of the system will continue to revert to type, rather than to change permanently. There is little to suggest that the latest attempt at Civil Service reform will be any different.

31 CSR 3

32 CSR 15

33 Q 8

34 Q 15

35 Public Administration Select Committee, Sixth Report of Session 2013–14, *Government Procurement*, HC 123, Ev w121

3 The Civil Service Reform Plan and prospects for further reform

29. In our September 2011 Report, *Change in Government: The Agenda for Leadership*, we concluded that “the Government has embarked on a course of reform which has fundamental implications for the future of the Civil Service” and that “the challenges facing Whitehall will require a Civil Service reform programme more extensive in size and scope than attempted for many years”.³⁶ At that time, the Government had no intention of publishing or implementing any sort of Civil Service reform plan. PASC warned that ministers “just wanted change to happen, but without a plan, change will be defeated by inertia”, and recommended that the Government “produce a comprehensive change programme articulating clearly what it believes the Civil Service is for, how it must change and with a timetable of clear milestones”.³⁷ The Government rejected this recommendation.

30. We very much welcome the fact that, subsequent to its response to our *Change in Government* Report, the Government reversed its position and agreed to publish a Civil Service reform plan. The burden of our criticism in this Report is not that the 2012 Civil Service Reform Plan is too radical but that it is not comprehensive.

31. The Government’s *Civil Service Reform Plan* was published in June 2012. While the Plan emphasised that “the current model of a permanent, politically impartial Civil Service will remain unchanged”, it envisaged:

- a) a smaller, pacier, less hierarchical Civil Service. (Numbers will be around 380,000 staff in 2015, down from 480,000 in March 2010;
- b) plans to open up policy-making collaboration between the Civil Service and outside bodies, and to invite outside organisations, such as think tanks and universities, to bid for contracts to provide policy advice and research;
- c) that ministers should have an increased role in the selection of departmental permanent secretaries;
- d) that ministers should be able to bring in a limited number of external appointees without going through open competition procedures;
- e) improvements to the handling of major projects, and a reduction in the turnover of Senior Responsible Officers; and

36 Public Administration Select Committee, Thirteenth Report of Session 2010–12, *Change in Government: The agenda for leadership*, HC 714, paras 64, 108

37 Public Administration Select Committee, Thirteenth Report of Session 2010–12, *Change in Government: The agenda for leadership*, HC 714, paras 61, 64

f) that permanent secretaries appointed to the main delivery departments would be expected to have had at least two years' experience in a commercial or operational role.³⁸

32. The Civil Service Reform Plan proposed “sharpening” accountability and considering alternative accountability systems.³⁹ The Plan further proposed to strengthen the role of ministers “in both departmental and permanent secretary appointments” in order to reflect their “accountability to Parliament for the performance of their departments”.⁴⁰ Francis Maude told us in evidence that, at present, there was no power for ministers to remove civil servants.⁴¹ Professor Hood warned that while the “orthodox constitutional view” was that ministers are “overaccountable and civil servants are underaccountable”, the Government should act with caution, as by “putting too much blame on the civil servants, Ministers [could] become underaccountable and civil servants become overaccountable”.⁴²

33. The Reform Plan also set out the Government’s intention to establish 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”.⁴³ Such a move could require the Government to update the “Osmotherly Rules”.

Further reforms: the Policy Exchange Speech

34. In a keynote speech delivered to Policy Exchange in June 2013 [and in a subsequent special evidence session to PASC], the Minister for the Civil Service, Francis Maude, said that “too little” of the Government’s Civil Service Reform Plan has been “fully executed”.⁴⁴ He added:

The fact remains that too many things that should have been done haven’t happened. Other projects have been delayed or are only just getting underway. Ask any civil servant—has the Civil Service really reformed in the last year? I doubt many would say they’ve seen that much evidence of it.⁴⁵

35. Senior civil servants have sought to stress that officials in charge of reform are, in the words of the Head of the Civil Service, Sir Bob Kerslake, “moving ahead as fast as we can to deliver those actions”.⁴⁶ The Cabinet Secretary, Sir Jeremy Heywood, said that the Civil Service Reform Plan would take 5-10 years to implement in full but argued that “if you look at what the Civil Service has achieved over the last three years, it is pretty enormous”.⁴⁷

38 *Ibid.*

39 HM Government, *Civil Service Reform Plan*, June 2012, p 20

40 HM Government, *Civil Service Reform Plan*, June 2012, p 21

41 Q 1054

42 Q 37

43 HM Government, *Civil Service Reform Plan*, June 2012, p 20

44 “Ministers and Mandarins: speaking truth unto power”, *Cabinet Office*, 4 June 2013, www.gov.uk

45 “Ministers and Mandarins: speaking truth unto power”, *Cabinet Office*, 4 June 2013, www.gov.uk

46 Q 827

47 Q 827

36. Sir Bob told us, however, that the 2012 Civil Service Reform Plan would not be “the last word on reform”.⁴⁸ A Civil Service capabilities plan, *Meeting the Challenge of Change*, was published in April 2013, setting out four priorities for training: leading and managing change; commercial skills and behaviour; delivering successful projects and programmes; and redesigning services and delivering them digitally. The plan stated that its implementation would mean “more civil servants will become more skilled, delivering a 21st century service for Ministers and the public”.⁴⁹

37. In the Policy Exchange speech, the Minister raised “questions” to be considered for future reforms to the Civil Service, on four topics:

- a) Whitehall structure: the Minister considered whether the federal structure of Whitehall departments was still sustainable and whether a unified operating system, or “one set of high standards” would work better.⁵⁰
- b) Accountability: the Minister questioned why there had been no implementation of reforms proposed by the then Prime Minister, Tony Blair, in 2004, to place all permanent secretaries on four-year terms, with no presumption of renewal.⁵¹
- c) Further changes to the appointment process for permanent secretaries: the Minister stated that the Government wanted to go further than the “modest” changes made by the Civil Service Commissioner and change the process “so the selection panel would submit to the Secretary of State a choice of candidates and leave the final choice to the Secretary of State”.⁵²
- d) Increased support for ministers: the Minister cited the greater support available to ministers in America, France, Canada, Australia and New Zealand. He did not commit to any of the systems, but suggested that “it could be about being able to bring in from outside people of experience and ability. These may be found beyond Whitehall but they can just as easily be career civil servants”.⁵³ Mr Maude added that “what they must be is personally responsible to and chosen by the minister – that’s the key to sharpening accountability”.⁵⁴

38. The Policy Exchange speech contained a number of more radical proposals reflecting frustration with the pace of change since the Civil Service Reform Plan. This slow and unsatisfactory pace of change is all too typical of attempts to reform the Civil Service in recent decades. We found Sir Bob Kerslake’s and Sir Jeremy Heywood’s response to questions about the pace of change unconvincing and defensive, reinforcing the impression of a fatal division and lack of consensus amongst those leading reform. This demonstrates that reforms conceived and conducted purely by the government of the day are bound to be limited in scope and by the limited attention

48 Q 838

49 Civil Service, *Meeting the Challenge of Change* (April 2013)

50 “Ministers and Mandarins: speaking truth unto power”, *Cabinet Office*, 4 June 2013, www.gov.uk

51 “Ministers and Mandarins: speaking truth unto power”, *Cabinet Office*, 4 June 2013, www.gov.uk

52 Q 1090, “Ministers and Mandarins: speaking truth unto power”, *Cabinet Office*, 4 June 2013, www.gov.uk

53 “Ministers and Mandarins: speaking truth unto power”, *Cabinet Office*, 4 June 2013, www.gov.uk

54 “Ministers and Mandarins: speaking truth unto power”, *Cabinet Office*, 4 June 2013, www.gov.uk

which the Prime Minister and senior ministers can devote to it, and highlights why fundamental change of the Civil Service requires an independent review.

39. In evidence to us following his Policy Exchange speech the Minister told us that he does not believe there is “a fundamental problem with the Civil Service”.⁵⁵ He was “loath to believe that fundamental change is needed” and, in his Policy Exchange speech, argued that instead, through “incremental change”, the Government could “create a transformed modern 21st century service able to sustain Britain in the global race”. He commented that “there was nothing terribly new” in the questions he raised in the Policy Exchange speech.⁵⁶ The Minister added that “if there was any suggestion of doing anything that imperilled having a properly politically impartial Civil Service, then [the Government] would not want to go anywhere near it”.⁵⁷ He has also stated that he was “not persuaded” that the Northcote Trevelyan model of “a permanent, politically impartial Civil Service where appointments are made on merit” should be changed.⁵⁸

40. Given the vehemence of Ministers’ criticism of the Civil Service, in public as well as in private, we are surprised that the Minister for the Cabinet Office has not identified any fundamental problems with the Civil Service and does not believe that fundamental change is necessary. Instead the Minister insisted that there are a range of problems which can be addressed individually but this is not a comprehensive approach. As we have already concluded, “incremental change” has severe limitations. Unless change is clearly heralded and given high profile leadership by a united team of ministers and senior officials, it is bound to fail.

Further reforms: the IPPR report

41. PASC requested that the Minister publish the Institute for Public Policy Research (IPPR) report into Civil Service accountability shortly after the Policy Exchange speech, and appear again before the Committee to be cross-examined on the contents of his speech. The IPPR Report was commissioned using part of the Government’s new contestable policy-making fund, at a cost of approximately £50,000.⁵⁹ The IPPR was tasked with producing “a detailed and substantial evidence-based review and assessment of government machinery in other countries and multilateral organisations” to include “a range of specific options and recommendations for further reform of the British Civil Service [and] that explore alternative models of government to the Northcote-Trevelyan model, as well as any recommendations that build on the existing model”.⁶⁰ The IPPR’s report recommended:

- a) Giving the Prime Minister the power to appoint permanent secretaries from a list of appointable candidates;

55 Q 1113

56 Q 1115

57 Q 1178

58 “Ministers and Mandarins: speaking truth unto power”, *Cabinet Office*, 4 June 2013, www.gov.uk

59 “Operation and structure of government machinery review”, *Contracts Finder*, 6 August 2012, online.contractsfinder.businesslink.gov.uk

60 Q 1096

- b) Providing secretaries of state and ministers who run departments with an extended office of ministerial staff that they personally appoint and who work directly on their behalf (but not a [French-style] *Cabinet* model exclusively comprised of political appointees);
- c) Making the Head of the Civil Service a full-time post managing all permanent secretaries;
- d) Introducing four-year (renewable) fixed-term contracts for new permanent secretaries;
- e) Making Senior Responsible Owners directly accountable to Parliament; and
- f) Seconding civil servants into the offices of Her Majesty's Opposition to help them with policy development.⁶¹

42. The report stated that these measures would “strengthen the accountability of senior officials and improve ministerial confidence in the Civil Service”, but posed no risk to the “core traditions of the UK Civil Service”.⁶² The IPPR argued that it was possible to have “personalised”, rather than “politicised” support for ministers, through extended private offices directly accountable to ministers. The Minister agreed, stating:

It is possible to get a bit overexcited about the constitutional effects of anything in the IPPR Report. They are very modest, incremental proposals they are making.⁶³

43. Questions have been posed about the use of the Contestable Policy-Making Fund in this situation.⁶⁴ The Minister stated that the decision was taken to commission this research to “get an outside perspective and some much more detailed research”, following concerns from the Minister that the preparation undertaken by officials for the Civil Service Reform Plan did not provide “very much insight” into the history of Civil Service reform, or international examples.⁶⁵ The Minister added that the Cabinet Office “did not have all that many bids” to carry out the work, with several academics and think tanks choosing not to tender for the contract as they did not wish to carry out sponsored research.⁶⁶

44. We welcome the Minister’s publication of the Institute of Public Policy Research report on Civil Service accountability systems. This publication establishes the important precedent that research commissioned by the Contestable Policy Fund should be published and should not be treated in confidence as “advice to ministers”.

45. There is a close correlation between the Institute of Public Policy Research (IPPR) report and the Minister’s thinking, as expressed in his Policy Exchange speech. This does raise questions about how objective research commissioned by ministers in this

61 Cabinet Office, *Accountability and responsiveness in the senior Civil Service: Lessons from Overseas: A Report by the IPPR*, June 2013, p 112

62 Cabinet Office, *Accountability and responsiveness in the senior Civil Service: Lessons from Overseas: A Report by the IPPR*, June 2013, p 112

63 Q 1212

64 Richard, D and Smith, M.J, *Ministers and Mandarins : The IPPR’s 2013 Review of the Senior Civil Service: A Commentary*, Whitehallwatch.org.

65 Q 1137

66 Qq 1140, 81

way might be. It should not be a means of simply validating the opinions of ministers. As we shall see later, the fundamental weakness of the IPPR's paper is that it cherry-picks in isolation particular aspects of different countries' systems without understanding the balancing of the cultural, political, administrative and constitutional context in each case. In addition, the IPPR report did not and was not asked to evaluate whether, in practice, other models in various countries resulted in better government than ours. It provides, however, useful international research and insight into the Government's thinking.

46. We note the IPPR's distinction between politicisation and personalisation of support for ministers. We believe this is a crucial point that goes to the heart of the debate around ministerial accountability and selection of key officials.

Further reforms: the *One Year On Report*

47. The Government's *Civil Service Reform Plan: One Year On Report* was published on 10 July 2013. In a joint foreword the Minister and the Head of the Civil Service stated that they had come to a "joint assessment that too little of what was set out to be delivered by this point has been fully executed".⁶⁷ This was not, the foreword stated, a criticism of the Civil Service, but was "if anything a criticism of ourselves as leaders", for being "too slow to mobilise" after the publication of the Plan, citing a failure to identify adequate resources for the implementation of the Plan, and to identify leadership for the Plan's implementation.⁶⁸ Mr Maude and Sir Bob expressed confidence that the pace of Civil Service reform would be increased.⁶⁹

48. The *One Year On* document reported on progress towards the implementation of the original 18 actions in the Civil Service Reform Plan, and also set out five further reform actions:

- a) Strengthening accountability: The paper commits the Government to "implement proposals to move to a fixed tenure appointment for permanent secretaries for all new appointments with immediate effect", as recommended in the IPPR's report on Civil Service accountability. This would "formalise the presumption that individuals will not continue in their roles once the fixed term of five years ends, unless their tenure is explicitly extended". The paper also committed to publishing a revised version of the Osmotherly Rules in Autumn 2013, following consultation with the Liaison Committee, to strengthen accountability.
- b) Supporting ministers more effectively: The paper cited the IPPR's conclusion that ministers in the UK government were less well-supported than ministers in comparable "Westminster-model" systems—such as Australia, Canada, New Zealand and Singapore—and stated that "the Government will provide for Ministers in charge of departments the ability to appoint an 'Extended Ministerial Office' subject to the agreement of the Prime Minister". This would be staffed by career civil servants

67 Civil Service, *Civil Service Reform Plan: One Year On Report*, July 2013, p 4

68 Civil Service, *Civil Service Reform Plan: One Year On Report*, July 2013, p 5

69 Civil Service, *Civil Service Reform Plan: One Year On Report*, July 2013, p 5

(appointed in line with Civil Service Commission recruitment principles), external appointees and special advisers, with all staff being appointed directly by the minister, to whom they would be personally accountable.

- c) Further integration of corporate functions: The paper stated an aim of securing “at least £1 billion of efficiency savings by 2015/16” through stronger corporate functional leadership, including in HR, IT, procurement and commercial services.
- d) Further improving delivery of major projects: Further reforms to the management of major projects (including reforms to “project initiation, assurance and intervention, and post-project audit”) are to be implemented by the Major Projects Authority by April 2014.
- e) Building capability by deploying talent more effectively: A contract will be put out to tender under the Contestable Policy Fund “on possible interventions to remove any blockages to our most talented people succeeding in the Civil Service, and on how we support them more effectively in their roles”. A new “diversity strategy” will be published by March 2014.⁷⁰

49. The very last action in the original 2012 Reform Plan was to change the “culture and behaviours” in the Civil Service, citing the new competency framework as a driver for this change.⁷¹ The *One Year On* document stated that “with hindsight, this action did not go far enough to meet the challenges that the Civil Service faces”.⁷² Instead, the paper stated that the Minister and the Head of the Civil Service had decided “to develop a longer-term vision for a reformed Civil Service—the 21st Century Civil Service”.⁷³ This vision would include:

defining the key features of a reformed Civil Service; mapping out how the Reform Plan actions already help deliver the 21st Century Civil Service, and which are the actions that will create the biggest impact; and identifying the best way to measure progress.⁷⁴

Details of this longer-term vision were not included in the *One Year On* document.

50. The *One Year On* report attempts to reconcile the differences between senior officials and ministers about the pace of reform, but the protest that the “joint assessment” is “not a criticism of the Civil Service” serves to underline the tensions between ministers and officials. In the event, the new proposals in the *One Year On* report were modest. The proposals themselves are a watered down version of the Policy Exchange speech and the IPPR report, suggesting that in the end, the Cabinet shrank from approving more radical proposals, in particular the granting of the final choice of permanent secretaries to the departmental minister. The compromise proposed by the Civil Service Commission in respect of the appointment of departmental permanent secretaries remains in place, but on probation.

70 Civil Service, *Civil Service Reform Plan: One Year On Report*, July 2013

71 HM Government, *Civil Service Reform Plan*, June 2012

72 Civil Service, *Civil Service Reform Plan: One Year On Report*, July 2013

73 Civil Service, *Civil Service Reform Plan: One Year On Report*, July 2013

74 Civil Service, *Civil Service Reform Plan: One Year On Report*, July 2013

51. Neither the Civil Service Reform Plan nor the *One Year On* paper are strategic documents. The Government has admitted they were never intended to be so, but we continue to maintain that the lack of a strategic vision for the future of the Civil Service means reform will continue to be confined to a number of disjointed initiatives, some of which may prove permanent, but most of which will either prove to be temporary or will fail to be implemented altogether. The Civil Service Capabilities Plan sets out the skills needed for a 21st century Civil Service without ever defining what the role of the Civil Service perhaps should and could be in the 21st century. The IPPR paper, while a welcome addition to discussion around the future of the Civil Service, was not asked to look at the overall state of the Civil Service, or consider structural changes to the Whitehall model or role of ministers, for example. Once again, we have to reiterate that there has been no comprehensive assessment of the problems and challenges facing the Civil Service, and therefore no case for reform has been articulated. This reflects the lack of any assessment of the capacity for leadership in the Civil Service in order to lead and to implement change.

52. The Government has not set out the challenges facing the Civil Service in the future, or attempted to answer the question of what the Civil Service is for in the modern age. We therefore very much welcome the new emphasis in the *One Year On* report on addressing “culture and behaviours” in the Civil Service, in the commitment “to develop a longer-term vision for a reformed Civil Service—the 21st Century Civil Service”. This very much reflects our own thinking, but we remain sceptical about how this is to be achieved.

4 The state of the Civil Service

53. Some witnesses argued that the conflict between ministers and officials was overstated. Lord Hennessy suggested that, while the “governing marriage” between ministers and civil servants was “in trouble”, it was typical for ministers, halfway through a Parliament, to blame the Civil Service.⁷⁵ Former Cabinet Secretary and Head of the Civil Service, Lord O’Donnell, told us that, based on his conversation with “a number of ministers [...] there are a lot of ministers who are happy” with their officials, and that the frustrations of some other ministers are not entirely attributable to the Civil Service.⁷⁶ Others argued that major failures in the Civil Service had not increased in frequency, but were more prominent due to greater transparency. Professor Hood argued that the frequency of “major errors” in Whitehall had not, in his view, increased.⁷⁷ Jonathan Powell, former civil servant and chief of staff to Tony Blair as Prime Minister, concurred, suggesting that “there is more transparency about the failures that happen, rather than their being covered up”.⁷⁸

54. Lord O’Donnell also cited the employee engagement index in the Civil Service People Survey, which showed a slight increase in 2012, compared to 2011 and 2010.⁷⁹ The Civil Service average engagement score in 2012 was 58%, with wide variation across departments and agencies. In the now-defunct UK Border Agency engagement was only 36%, compared to 81% in the Attorney General’s office. In the main departments, engagement was as low as 43% in the Department for Communities and Local Government and 45% in the Department for Culture, Media and Sport, and reached 71% in the Department for International Development.⁸⁰ The polling company Gallup have described “world class” levels of employee engagement as 67%.⁸¹

55. Professor Andrew Kakabadse cited evidence from his global study of why it is so challenging for the leadership of the organisation to win engagement with staff, management and other critical stakeholders. In his written evidence, he stated:

Engagement or the lack of it is emerging as a deep concern for private and public sector organisations alike [...] Research highlights that over 66% of the world’s private and public sector organisations have a leadership where infighting, lack of shared vision/mission and fear to speak and raise known concerns are the norm. The Civil Service in the UK is no exception [...] the signs of disengagement are evident in the Civil Service: a transactional mindset as opposed to focusing on delivering value, low trust in the leadership to find sustainable ways forward, silo mentality, a lack of innovation and an eroding culture of service delivery. To combat such a deep seated

75 Q 3

76 Q 329

77 Q 19

78 Q 19

79 Q 323, Civil Service, *Civil Service People Survey 2012 Benchmark Results*, www.civilservice.gov.uk

80 Civil Service, *Civil Service People Survey 2012 Benchmark Results*, www.civilservice.gov.uk

81 Gallup, *Employee engagement overview brochure*, gallup.com

malaise research does offer particular steps to take so as to break with the past and nurture a performance oriented culture and a mindset of diversity of thinking.⁸²

56. We very much welcome the fact that the Civil Service conducts an annual engagement survey, and that, at 58% in 2012, the average engagement score across departments was encouraging, given the world-class level of 67%. We are most disappointed, however, that this data does not provoke more concern and debate about how to share best practice with the parts of the Civil Service where engagement is so much lower. This demonstrates the need for more independent assessment of this data, and of what actions are required to address it, than the internal Civil Service leadership can provide.

Trust between ministers and officials

57. Media reports at the start of 2013 depicted a “Whitehall at War”, stressing tensions between ministers and officials.⁸³ Media reports focused in part on the statement by the Minister for the Cabinet Office in October 2012 that civil servants had blocked decisions made by ministers, both in the current and previous Governments. The Minister repeated these allegations in evidence to us, stating:

it has not been contested that that has happened—deliberate obstruction. I am not saying it is a routine daily event, but the discovery that on particular occasions officials had blocked clear ministerial decisions, failed to implement them or instructed that, in some cases, what Ministers had decided should not be implemented, has not been subject to any contest.⁸⁴

58. The Minister highlighted an example of a decision of his being “countermanded” by “a very senior figure”, who had failed to speak up to express any concerns or objections to the decision when they met, but later reneged on the commitment to implement the decision.⁸⁵ There was, Mr Maude suggested, an attitude among civil servants that “ministers come and ministers go. We are the permanent Civil Service. We have been here, and our forebears have been here, for 150 years, and the system will exist after ministers go”.⁸⁶

59. Sean Worth, a former special adviser in the Coalition Government, reported that, while he had not personally experienced civil servants blocking requests, he had faced civil servants employing delaying tactics. He told us:

You ask for something to happen and it sort of disappears into a blancmange, and then a paper comes back that is slightly different from what you asked for, because it is very clear that they do not want to actually address the question.⁸⁷

82 CSR 36

83 “No, Minister: Whitehall in ‘worst’ crisis”, *The Times*, 14 January 2013, p 1

84 Oral evidence taken before the Public Administration Select Committee, 28 November 2012, HC (2012–13) 663-iii, q 171

85 Qq 1044, 1045

86 Q 1048

87 Q 66

60. The Head of the Civil Service, Sir Bob Kerslake, said that there had been only “up to five” examples of decisions blocked in the 16 months he had been in post and where it had happened he had “sought to tackle them in a very robust way”.⁸⁸ Sir Bob added that, while ministers felt their decisions were being blocked, the situations were a mixture of misunderstandings and insufficient enthusiasm from officials.⁸⁹ Sir Bob’s predecessor, Lord O’Donnell, suggested that some instances of civil servants allegedly blocking ministerial decisions were in fact instances of ministers disagreeing with each other, but choosing not to say it to each other directly.⁹⁰

61. The level of trust between ministers and officials had also been affected, we heard, by public criticism of the Civil Service. Former Cabinet Secretary, Lord Wilson of Dinton, suggested that ministers had “undermine[d] trust” by publicly blaming officials for government failures, which he viewed as “unnecessary” and “very demoralising to the Civil Service”.⁹¹ This view was shared by former Cabinet Minister the Rt Hon Jack Straw MP, who told us that “it is weak ministers who blame officials”.⁹² Former Permanent Secretary Sir John Elvidge warned that it was “unrealistic to expect citizens to sustain their respect and trust in government if it is evident that respect and trust are lacking within government, between ministers and civil servants”.⁹³ Historian Lord Hennessy argued that, while ministers might have found criticising the Civil Service to be cathartic, to do so “snaps the bonds of loyalty” between officials and ministers, and broke one of the “essential deals” of the Northcote-Trevelyan arrangement “that you carry the can in public for your Department if you are a Secretary of State, even if things have gone wrong that you did not have much control over in the first place”.⁹⁴

62. In response, the Minister stated:

To try to pretend that everything is fine when it is not is as demoralising to civil servants, who can see that things are not right, as to hear the criticisms. What they do not want to hear is criticism for the sake of criticism: criticism without solutions.⁹⁵

63. The Head of the Civil Service, Sir Bob Kerslake, argued that “much” of the media coverage of problems between ministers and officials was “overstated. Taken as a whole, there is a high level of trust between ministers and their civil servants”.⁹⁶

64. Professor Kakabadse’s written evidence cited his research that demonstrated that:

Most people in a failing organisation know it is failing, but they do not know how to talk about it with their work colleagues in order to address it. In failing organisations, many people attend meetings and agree to things in that meeting, but then leave the

88 Qq 829, 833

89 Q 835

90 Q 343

91 Q 164

92 Q 679

93 CSR 13

94 Q 34

95 Q 1176

96 Q 837

meeting and express something different. It tends to be good people who leave a failing organisation, and the less good who remain and stay quiet. In failing organisations, the leadership are the last to admit the seriousness of the challenges they face.⁹⁷

65. There is no question that any blocking of ministerial decisions by civil servants would be unacceptable. The perception that ministerial decisions are being deliberately blocked or frustrated points to deeper failures in our system of government. Professor Kakabadse’s research has highlighted how failing organisations demonstrate common characteristics, and while these may not be evident in all parts of Whitehall, they are certainly evident in some departments and agencies. In our deliberations with ministers and civil servants, most recognise a prevalence of these behaviours. We remain unconvinced that the Government has developed the policies and leadership to address these problems. We have found that both ministers and senior civil servants are still somewhat in denial about their respective accountabilities in respect of the problems of the Civil Service.

Culture

66. In his Policy Exchange speech, the Minister for the Cabinet Office said:

Most of all civil servants themselves are impatient for change. I recently spoke at a gathering of newly-entered members of the Senior Civil Service. They were fabulous. Able, bright, energetic, ambitious to change the world. But to a man and woman – frustrated. Frustrated by a culture that weighs them down. A culture that is overly bureaucratic, risk averse, hierarchical and focused on process rather than outcomes. That makes the whole somehow less than the sum of the parts.⁹⁸

He added that “hierarchy is not just about structure and organisation; it is about behaviour.”⁹⁹ We return to the wider consequence of this in the next section.

67. The allegations of “blocked” ministerial decisions are linked to wider questions about culture in the Civil Service. Francis Maude depicted the Civil Service as having “a bias towards inertia”.¹⁰⁰ Former Cabinet Minister Lord Adonis, while not experiencing “ideological objections”, found that within the Civil Service there were “plenty of brakes [on ministerial requests] in the sense of just inadequate energy and drive”.¹⁰¹ He added:

Whitehall is often at its best in a crisis, because then things have to be done, and they have to be done that day. Where you are not dealing with a crisis, it can always wait until tomorrow, and often not just tomorrow but next week or next month.¹⁰²

97 CSR 36

98 “Ministers and Mandarins: speaking truth unto power”, *Cabinet Office*, 4 June 2013, www.gov.uk

99 “Video of Q&A following Ministers and Mandarins: speaking truth unto power”, *Policy Exchange*, 4 June 2013

100 Q 1027

101 Q 205

102 Q 220

68. Jonathan Powell described the Civil Service as “a bit like a monastic order. People still join at 21 and leave when they retire at 60 [...] they all think the same way”.¹⁰³ Former civil servant and special adviser Damian McBride suggested that some civil servants would prevent ministers from considering some policy options because of an “attitude that there are some technical and administrative things that are nothing to do with Ministers”.¹⁰⁴ Mr McBride also commented that civil servants sometimes needed to be made aware that they were, inadvertently, regulating in a way that could block enterprise.¹⁰⁵ Lord Browne has argued that “the biggest single obstacle to progress in government” could be a cultural issue: a failure to learn from failure and a tendency to turn “everything into some sort of achievement [...] people say not that something went badly, but that it went ‘less well’ than they had hoped”.¹⁰⁶ Lord Browne added:

An obsession with successes is not the fault of individuals; it is the result of an organisation’s induced behaviour. To tell stories of failure, you need to record them. But why would a civil servant want to do that? The only consequence would be discovery through a Freedom of Information request, followed by a hue and cry to search for those to blame.¹⁰⁷

69. We agree with Lord Browne’s analysis that the failure to learn from failure is a major obstacle to more effective government, arising from leadership that does not affirm the value of learning. This is something which the Civil Service has yet to learn from successful organisations. The present culture promotes the filtering of honest and complete assessments to ministers and is the antithesis of ‘truth to power’. It is a denial of responsibility and accountability.

Lack of support for ministers

70. Nick Herbert MP told us that ministers’ private offices were not “sufficiently strong” for ministers to achieve their policy programmes. Mr Herbert added that he felt as if he had less support as a minister than he had had in opposition.¹⁰⁸ We have found this to be a typical view amongst current and former ministers. He felt that this lack of support is at odds with the requirement for a minister to be held accountable to Parliament for the performance of his brief. He said the system is “no longer fit for purpose”.¹⁰⁹ Mr Herbert told us that he would have benefited from having policy advisers working directly for him to help him “interrogate the system” more effectively.¹¹⁰ Former Cabinet Minister Rt Hon Jack Straw MP recommended the introduction of “central policy units in Departments made up of career officials, some people brought in on contracts, and political

103 Q 720

104 Q 548

105 Q 562

106 “Business and Government: Lessons Learned - in conversation with Lord Browne”, *Institute for Government*, 6 June 2013, instituteforgovernment.org.uk

107 “Business and Government: Lessons Learned - in conversation with Lord Browne”, *Institute for Government*, 6 June 2013, instituteforgovernment.org.uk

108 Q 202

109 Q 221

110 Q 222

appointments” to improve “the interface between the political leadership and the Civil Service”.¹¹¹

71. Francis Maude spoke of ministers experiencing “a lack of firepower to get things done: people to do progress chasing, people whose overwhelming loyalty is to the Minister”.¹¹² He made a related point following his Policy Exchange speech, entitled “Ministers and Mandarins: speaking truth to power”, when he commented:

[Do] the people you appoint only tell you what you want to hear?... Ask any minister! You are much more likely to get that candid and often brutal advice from your special advisers who have no tenure at all except at your will – they want the minister to succeed.¹¹³

72. The IPPR concluded in favour of a *Cabinet* in all but name:

There is a compelling case for strengthening the level of support given to Secretaries of State (and other Ministers who run departments). This, we argue, should form part of a wider reform of the key functions in Government that need to be performed ‘close’ to Ministers. The objective should be to ensure that Secretaries of State have an extended office of people who work directly on their behalf in the department, in whom they have complete trust.¹¹⁴

73. Academic Patrick Diamond warned, however, that for thirty to forty years ministers had tried to bring in new officials, in the form of consultants, academics and special advisers, but that experience had shown it to be “often a very unsatisfactory solution, because what you are doing is creating pockets around a Minister that are not properly linked into the rest of the Civil Service and not properly worked into the rest of the system of public administration”.¹¹⁵ Professor Kakabadse also warns about the effects of “the separation of policy input from implementation at the departmental level.”¹¹⁶ Sir John Elvidge commented that strategy units, delivery units, and the introduction of non-executive directors were “all attempts to make organisational solutions to something that is not fundamentally an organisational problem [...] it is a problem about trust, respect and the quality of relationships, not about the mechanisms that you use to put particular people in particular places”.¹¹⁷

74. The Civil Service Reform Plan does not address the fact that effective organisations depend on the relationships between ministers and officials, which in turn depend on the “subtle understandings” between individuals. Instead the Reform Plan is based too much on the notion that it is possible to solve confusions in working relationships simply through structures and ministerial direction. We are therefore concerned that

111 Q 702

112 Q 1171

113 “Ministers and Mandarins: speaking truth unto power”, *Cabinet Office*, 4 June 2013, www.gov.uk

114 *Cabinet Office, Accountability and responsiveness in the senior Civil Service: Lessons from Overseas: A Report by the IPPR*, June 2013, p 112

115 Q 37

116 CSR 36

117 Q 125

the proposal for increasing the staffing of lead ministers, in the *One Year On* document, is not made on the basis of any evidence except that ministers, like Nick Herbert, feel accountable but feel unable to rely on their officials to achieve their objectives. The fundamental issue is why some civil servants feel resistant to what ministers want, and this question has not been considered in any systematic way. If lead departmental ministers require additional support, what about the challenges faced by junior ministers, for it is they who express this lack of support more vehemently than secretaries of state? Such an increase in ministerial support should, however, obviate the need for so many junior ministers, in accordance with the recommendations made in our 2011 Report, *Smaller Government: What do ministers do?*, in which we pointed out that, at that time, the UK Government contained many more ministers (95) than in France (31) or Germany (46). The same question could apply to the number of departments.

75. Concerns about the support offered to ministers poses fundamental questions about the nature of leadership and management in Whitehall and about what it means for individuals, institutions and societies when people are expected and permitted to use discretion. This in turn rests on the embedded culture of Whitehall and the Civil Service. In answer to questions following his Policy Exchange speech, the Minister referred to the way in which some Armed Forces operate— “the culture there” —and said:

It is about huge empowerment of often very young soldiers who don't have the massive kind of hierarchical structure above them. They have two things. They are entrusted with quite a lot of decision taking and required to exercise it. That's the kind of freedom and empowerment part. Second is an acute sense of responsibility—that they can't pass that on to anybody else. And the danger with an organisation that behaves in a hierarchical way is that people don't take responsibility for what they do [...] The Civil Service is much less good at defining the space that an individual civil servant has to take decisions, and the good organisations mark out your ground—this is what you are expected to deliver; these are the outcomes or outputs that we are expecting from you. And actually that's the space within which you can operate. That's a very liberating and empowering thing [...] Setting out the space within which people have the scope to make decisions and then are expected to take responsibility for it: that's a strong organisation. But we are not good at that in the Civil Service.¹¹⁸

76. We fully concur with the Minister about the need to empower civil servants to take decisions and take responsibility for those decisions. The fact that he cites the Armed Forces which have to operate in a very agile manner demonstrates a key point: that the more uncertain and volatile the environment of politics and government becomes, the greater the need for the exercise of discretion and judgment at all levels, not just at the top. This is well understood by our own Armed Forces by the concept of “delegated mission command”. This latter concept does, however, depend on a coherent intent—shared understanding of purpose. Good leadership provides a framework within which people feel they are trusted to use their judgment. The Minister's need for “progress chasing” and “loyalty” suggests that the more uncertain and volatile the environment

118 “Video of Q&A following Ministers and Mandarins: speaking truth unto power”, *Policy Exchange*, 4 June 2013

becomes, the more anxious that ministers and senior officials are to maintain a culture of control.

77. This in turn begs the question: to whom should officials be expected to owe their loyalty? Haldane established that ministers and officials should be “indivisible”, but the reality is that this has more and more created an implicit but artificial division between “policy” and “implementation”, when in reality policy conceived without equal attention given to implementation is bound to fail. This separation increases as Parliament gives greater attention to the direct accountability of permanent secretaries to Parliament in their role as accounting officers. There is a growing expectation that other officials will give evidence to select committees about matters other than policy or advice to ministers. Now, Senior Responsible Officers for major projects are also to be made directly accountable. The direct accountability of civil servants to Parliament is not a novel doctrine and was anticipated in the Haldane Report, when it foreshadowed the formation of “departmental” (i.e. select) committees and said:

Any such Committees would require to be furnished with full information as to the course of administration pursued by the Departments with which they were concerned; and for this purpose it would be requisite that ministers, as well as the officers of Departments, should appear before them to explain and defend the acts for which they were responsible.¹¹⁹

78. This implied that the innovation envisaged would be that ministers rather than only officials would appear to give evidence before them. Today, this somewhat artificial division of roles has been further amplified by an increasing tendency for policy to be driven from No 10 and the Treasury, while implementation is left to departments or even more remote agencies and private contractors. This undermines the Minister’s view that civil servant actions should be accountable to their ministers and through their ministers to Parliament.¹²⁰

79. Departmental civil servants are in an invidious position with conflicting loyalties. The already delicate leadership role of the combination of the secretary of state and his or her permanent secretary makes it extremely difficult for subordinate officials to understand what may be the "shared vision" for the department. The well-documented tensions in that relationship also reflect confusion of messages from the top that may be perceived as contradictory, which leaves the official wondering, “Which should I please: the minister or the permanent secretary? Whose vision do I follow?” This conflict is further compounded by the complexity of relationships between departments, No 10 (the Cabinet Secretary) and the Cabinet Office (the Head of the Civil Service). Ministers have for some years been relying on Special Advisers, specialist temporary civil servants or outside consultants. Even policy-making is now being “outsourced” to think tanks. We find it unsurprising that many officials find resistance is perhaps the only rational response. Adding more “personalised” ministerial appointments to this confusion will not address the fundamental problem, and could add to the chaos.

119 Ministry of Reconstruction, Report of the Machinery of Government Committee, Cm 9230, 1918

120 Public Administration Select Committee, Fifth Report of Session 2010–12, *Smaller Government: Shrinking the quango state*, HC 6537, Q 50

80. We are far from persuaded that the creation of separate enclaves of ministerial appointees, who would owe their first loyalty to ministers, will address the concerns for “increased accountability” expressed by the Minister for the Cabinet Office. This is likely to increase the dissonance between ministers and officials in what should be mutually dependent relationships. We sense many ministers aspire to this mutual dependence (Haldane’s indivisibility) and are all too aware of what has been lost but do not know how to restore it. As they stand, these proposals are at odds with the aspiration to trust, to empower and to delegate to lower tiers of departments where officials have the discretion to exercise their judgment and will be supported by those above when they do so.

81. We recognise that progress-chasing is a necessity in any system, but it is a counsel of despair to justify increased ministerial appointees on this basis. It is treating symptoms rather than causes. We find it hard to imagine an effective system of government in which ministers could or should be micro-managing their departments as many feel they must.

Skills

82. As we have highlighted in our Reports *Government and IT - “a recipe for rip-offs”: time for a new approach* (July 2011) and *Government Procurement* (July 2013), there are critical skills gaps within the Civil Service.¹²¹ Witnesses in this inquiry were united in arguing that Whitehall did not have the commercial and procurement skills it required. Lord Adonis commented that, while civil servants were able, “they [were] very poorly trained and their experience of the sectors in which they work [was] very poor”.¹²² Damian McBride spoke of “a tendency to throw people in at the deep end and expect them to swim straight away”.¹²³ Former Cabinet Secretary Lord Wilson suggested that “incompetence” rather than “malice” was usually the cause of failings in the Civil Service.¹²⁴ Andrew Haldenby, Director of the think tank Reform, reported that “the issue of competence does go quite deeply”.¹²⁵

83. One example of the skills gap was revealed in the collapse of the tendering process for the West Coast Main Line in October 2012. This followed a review of the franchise decision conducted by the Cabinet Secretary Sir Jeremy Heywood, at the request of the Prime Minister, which failed to identify fundamental flaws in the assessment of the franchise bid. The collapse of this decision provoked an outbreak of blame and recrimination, and the failure was publicly blamed on the key civil servants conducting the process. The subsequent review of the collapse, conducted by Sam Laidlaw, the lead non-executive director at the Department for Transport, and the Secretary of State for Transport, attributed it to “completely unacceptable mistakes” by Department for

121 Public Administration Select Committee, Twelfth Report of Session 2010–12. *Government and IT – “a recipe for rip-offs”: time for a new approach*, HC 715-I, Public Administration Select Committee, Sixth Report of Session 2013–14, *Government Procurement*, HC 123

122 Q 204

123 Q 565

124 Q 180

125 Q 61

Transport officials working on the franchise process.¹²⁶ In this specific example, former Transport Minister, Lord Adonis, referred to the retirement, after the 2010 general election, of a key senior civil servant with experience running a train company, which he said left the Department for Transport “essentially flying blind in dealing with the West Coast Mainline”.¹²⁷ Many took this episode to be symptomatic of a wider malaise in the Civil Service.

84. Witnesses doubted whether the Government’s reform plans would be sufficient to address the skills deficit. Lord Norton of Louth argued that the Civil Service Reform Plan paid insufficient focus to “subject-specific knowledge”, with an alternative objective of “a Civil Service that is more fit for purpose from a managerial point of view, so they can do the job, but not necessarily know that much about the substance of the sector they are working in”.¹²⁸ The National Audit Office recommended that the Head of the Civil Service and permanent secretaries should “encourage senior civil servants to be active members of a specialist profession and to keep their profession-specific skills and networks up to date”.¹²⁹ This supports the recommendation in our previous Report on *Government Procurement*, that “consideration be given to regenerating the professional civil service”.¹³⁰

85. We regard the collapse of the West Coast Main Line franchise as symptomatic of many wider questions concerning governance and leadership within the Civil Service, which have not been addressed in the rush to scapegoat a few officials. Why was the blanket ban on outside financial consultants made to apply in this case, when previously the process had always depended upon it? Why was the process of departmental downsizing not conducted in a more selective manner to avoid the departure of key skills? Why was the consequence of this departure not recognised by line management? What support did line management give to this relatively inexperienced team of officials, which in turn was led by a new official recruited from outside the Civil Service? Why was line management not held as responsible for the outcome as the officials themselves? What effect did the frequent change of ministers and of personnel have on all these questions? We are concerned that this episode demonstrates the tendency of Whitehall to locate blame for failure on a few individuals, rather than to use the lessons of failure, as Lord Browne recommended, to address wider shortcomings in systems and culture.

86. As we have made clear in our *Government IT* and *Government Procurement* Reports, the inability of the Civil Service to develop, recruit, and retain key skills is a fundamental failure of today’s Civil Service, which successive Governments and the leadership of the Civil Service have failed to address. The fact that so many with key skills just leave the service also underlines how counterproductive it is to maintain the existing restrictions on salaries and conditions for leading professionals in a modern Civil Service. No other Civil Service in a comparable country operates on the basis that

126 HC Deb, 15 October 2012, c46

127 Q 224

128 Q 624

129 NAO, *Building capability in the Senior Civil Service to meet today’s challenges*, HC 129, 19 June 2013

130 Public Administration Select Committee, Sixth Report of Session 2013–14, *Government Procurement*, HC 123, para 71

the Prime Minister’s salary should be a maximum. Such a myopic policy makes the UK Civil Service internationally uncompetitive.

Turnover

87. Only one of the sixteen Whitehall departments (HM Treasury) has not experienced a change of lead permanent secretary since the 2010 general election. This rapid rate of turnover at permanent secretary level extends throughout departments and their agencies at senior level. On average, the secretary of state has more experience in post than the permanent secretary: the Department for Transport, Home Office, Ministry of Defence and Cabinet Office have each had three different permanent secretaries in the last three years. Dr Chris Gibson-Smith, then Chairman of the London Stock Exchange, told us that this level of turnover was “completely incompatible with the objectives of good government”.¹³¹

88. Professors Flinders and Skelcher, and Doctors Tonkiss and Dommett, commented that “intra-civil service churn and turnover” was an even more fundamental issue than the turnover of permanent secretaries, as it undermined “any notion of institutional memory”.¹³² The Association for Project Management cited 2009 research by the Office of Government Commerce which revealed the “average duration for Senior Responsible Owners (SROs) on major government projects was only 18 months, while the projects themselves lasted between three and ten years”.¹³³ The NAO’s June 2013 report on the Senior Civil Service stated that accountability had been “weakened by turnover in key posts”.¹³⁴

89. Lord Adonis told us that there had been eight directors of the academy programme in ten years, with the best directors leaving the post before they had even served a year, in order to be promoted. The appointment of civil servants, in his experience, was related to the promotion prospects and management of careers by the civil servants, rather than by the needs of the Civil Service. Lord Adonis reported his efforts with the Cabinet Secretary, Sir Gus [now Lord] O’Donnell, to keep a talented official in post:

I was fighting to keep the civil servant who was being promoted into another Department in order to become a Director General, and was told by him that there was nothing he could do. As he put it to me, “My dear Andrew, I am only Head of the Civil Service; I do not manage it.”¹³⁵

90. He added “it is quite a misnomer to describe what we have as a permanent Civil Service”.¹³⁶ Jack Straw shared a similar experience:

If you are a Minister, you can develop a really good relationship with an official or set of officials, and suddenly, without being told, there is a meeting the following week.

131 Q 120

132 CSR 25, Q 62

133 CSR 21, NAO, *Identifying and Meeting Central Government’s Skills Requirements*, July 2011, p31

134 NAO, *Building capability in the Senior Civil Service to meet today’s challenges*, HC 129, 19 June 2013

135 Q 204

136 Q 199

You look round the room, and the senior official you have been dealing with—or it might have been a middle-ranking one who was really good—has gone. You say, “Where’s so and so?” “They’ve been promoted,” or “They’ve moved on. It’s all career development, Secretary of State.” “Thank you very much.”¹³⁷

91. Professor King argued that, while the Civil Service Reform Plan acknowledged the need for key officials to stay in post for longer, it also emphasised “the desirability of moving people around so that they acquire a wide variety of different skills”, which would maintain high levels of churn.¹³⁸

92. The rapid turnover of senior civil servants and in particular, of lead departmental permanent secretaries, at a faster rate than Secretaries of State, begs the question: why do we still use the term, “Permanent Civil Service”? Weak departmental leadership contributes to the risk of poor decisions, as demonstrated by the West Coast Main Line franchising debacle, where the department was on its third permanent secretary since the election. We find that this can only reflect a failure of the senior leadership of the Civil Service over a number of years, and a lack of concern about this failure from senior ministers, including recent prime ministers.

The Whitehall structure

93. As the Minister for the Cabinet Office emphasised, the Civil Service “is not a single entity”:

There are 17 principal Government Departments, which are separate entities, headed by Secretaries of State, who collectively form the Cabinet [...]. They run their own Departments, so of course there is going to be inconsistency across the piece.¹³⁹

94. The trade union Prospect commented that no Civil Service reform programme “has successfully joined up the rigid departmental silos, [which are] often jealously guarded by senior civil servants”.¹⁴⁰ Jonathan Powell argued that permanent secretaries “regard themselves as feudal barons, dependent on their secretaries of state and their budgets, and not answerable to the Cabinet Secretary or anyone else”.¹⁴¹ It was, he said, “the guilty secret of our system” that “No. 10 Downing Street and the Prime Minister are remarkably unpowerful in our system [...] It is very hard for the Prime Minister to get Departments to do things”.¹⁴²

95. Nick Herbert, who served as a joint minister in the Home Office and Ministry of Justice, reported that the whole federal department structure was “set up for conflict”, ensuring a “dislocation [that was] one of the big obstacles to getting things done”.¹⁴³ He added that when his agenda required both departments to work together, “there was a

137 Q 690

138 Q 666

139 Oral evidence taken before the Public Administration Select Committee, 12 October 2011 HC 902-vi, Q 530

140 CSR 3

141 Q 797

142 Q 741, 742

143 Q 205

competition and a lack of desire to work together that made it very difficult to get the process moving at all”.¹⁴⁴ Mr Herbert said that this “inbuilt” resistance was only broken down following the 2011 riots, as a result of the impetus brought by the Prime Minister’s interest in the area.¹⁴⁵ Sir Jeremy Heywood, the Cabinet Secretary, told us that the Cabinet Office had set up its “own SWAT team”—the 30 person Implementation Unit— that went into departments “to understand what the delivery blockages are getting in the way”.¹⁴⁶

96. On the retirement of Sir Gus O’Donnell (now Lord O’Donnell) at the end of 2011, his role was split into three separate posts: Cabinet Secretary; Head of the Civil Service; and Permanent Secretary, Cabinet Office. In our January 2012 Report *Leadership of change: new arrangements for the roles of the Head of the Civil Service and the Cabinet Secretary*, we warned that splitting of the role, and in particular the decision to combine the role of Head of the Civil Service with that of permanent secretary at another department, would weaken the leadership of the Civil Service and undermine the independence of the Cabinet Secretary.¹⁴⁷ We asked Lord O’Donnell if the new arrangement was working better than previously. He answered that it was “impossible to say”.¹⁴⁸

97. Former Cabinet Secretary, Lord Wilson, suggested that it was more difficult for the Cabinet Secretary to address ministerial concerns about the Civil Service when the roles of Cabinet Secretary and Head of the Civil Service were held by separate people.¹⁴⁹ Sir David Normington told us he believed that it was “always better to have a single line of authority from the Prime Minister through the Head of the Civil Service and the Cabinet Secretary”.¹⁵⁰ The June 2012 IPPR report called for the Head of the Civil Service to be “a full-time post, taking on all responsibilities for managing permanent secretaries”. This would, the report argued, strengthen the role of the Head of the Civil Service “in respect of holding permanent secretaries accountable”, and be a similar role to that performed by the New Zealand State Service Commissioner.¹⁵¹ We know of no former Cabinet Secretary who supports the present split arrangement.

98. The Minister responded that, while the system was “very siloed” and “overly hierarchical”, the problems in the Civil Service were not simply a result of the structure.¹⁵² He argued that the centre of Government needed to be strong, rather than large, and able to assess the progress of policy implementation across departments.¹⁵³ The Minister added that there was no evidence for the suggestion that departments had been emasculated and

144 Q 218

145 Q 218

146 Q 849

147 Public Administration Select Committee, Nineteenth Report of Session 2010–12, *Leadership of Change: new arrangements for the roles of Head of the Civil Service and the Cabinet Secretary*, HC 1582, para 91

148 Q 414

149 Q 169

150 Q 463

151 Cabinet Office, *Accountability and responsiveness in the senior Civil Service: Lessons from Overseas: A Report by the IPPR*, June 2013, p 112, Q 110

152 Q 1027, Oral evidence taken before the Public Administration Select Committee, 13 May 2013, HC 123-I, q 549

153 Q 1083

that policy was being driven by the centre, a suggestion which he said recurred periodically.¹⁵⁴

99. The split of the Head of the Civil Service and Cabinet Secretary roles have contributed to weak leadership and confusion over the division of roles, responsibilities and tasks between the centre and the departments. The two roles purport to be equal in status, but the division between “policy” departments responsible to the Cabinet Secretary, and “implementation” departments responsible to the Head of the Civil Service, not only reinforces an artificial separation of policy from implementation but the disparity in status between the roles.

100. The complexity of government structures contributes to the confusion between the centre and departments. Yet there has been no serious consideration of what the relationship between the centre and the departments of state should be, beyond the Minister for the Cabinet Office’s suggestion that a single operating system for Whitehall should be considered. This is again a crucial aspect of government that lacks strategic coherence and clear lines of accountability so that people in the organisation know where they stand, and again underlines the lack of clear analysis and clear strategy in the Government’s approach to civil service reform.

Role of non-executive directors (NEDs)

101. The Coalition Government reformed the Civil Service departmental boards in June 2010, with the aim of making departments more effective and business-like. These reforms included: making secretaries of state chairs of their departmental boards; altering the composition of boards to enable junior ministers to sit on them; reducing the number of officials on boards; and creating the position of Lead Non-Executive Director on each board.¹⁵⁵

102. Lord Browne, the Government’s Lead Non-Executive Director, has reported limited progress in the use of non-executive directors (NEDs) by departments. In evidence in July 2012, Lord Browne said that on a scale of one to ten, he would put his satisfaction with the contribution made so far by non-executive directors to departmental boards at “about two”.¹⁵⁶ He elevated this score to “four to five” in his evidence in February 2013, and added that NEDs “cannot be the magic bullet that makes everything perfect” but could help improve relationships between ministers and officials.¹⁵⁷

103. Lord Heseltine, in evidence in December 2012, argued that the new NEDs were not being given sufficient support to carry out their role.¹⁵⁸ Professor Andrew Kakabadse, our former specialist adviser, expressed “deep scepticism” about the reformed Whitehall

154 Q 1087

155 Cabinet Office, *Enhanced departmental boards protocol*, December 2010, www.gov.uk

156 Oral evidence taken by the Public Administration Select Committee on 10 July 2012, HC 405-I, q 2

157 Qq 260, 289

158 Oral evidence taken by the Public Administration Select Committee on 2 December 2012, HC 756-I, q 48

boards and lead NEDs, which he viewed as “people’s mates being appointed” in these roles.¹⁵⁹ He added:

There should be an independent investigation conducted about how these people were appointed, why they were appointed, for what roles they were appointed, what the reality of the chairmanship skills that apply are and how those boards work. Do many of those non-executives even understand what is happening in some of those Departments, except for those who have been civil servants beforehand? Of the ones I have spoken to, their greatest concern when they talk to me is, “I don’t know what my role is, I don’t know what I’m doing here and I don’t know if I’m providing any value”.¹⁶⁰

104. Non-Executive Directors (NEDs) within Whitehall departments have no defined role, no fiduciary duties, and it is not clear who can hold them to account. They are more like advisers or mentors than company directors. Their value depends entirely upon how ministers and senior officials seek to use them. Their experience has been mixed, with many departments failing to use the expertise of their NEDs, and a lack of clarity over their roles and responsibilities. NEDs play a key role in some departments in supporting both ministers and officials to work more effectively and efficiently, but this is a very different role from the role of an NED in the private sector. A review of their value and effectiveness should be part of any comprehensive review of the civil service.

Permanent secretary appointments

105. The Civil Service Reform Plan proposed that “to reflect Ministers’ accountability to Parliament for the performance of their departments” there would be a strengthening of the role of Ministers in departmental and Permanent Secretary appointments”. At present, the Prime Minister may veto the choice of the independent selection panel, but not select an alternative candidate. Providing ministers with the final say over the appointment process, would, the Plan stated, increase the chance of a successful relationship between a Secretary of State and his or her permanent secretary and as a result, increase the likelihood of the department operating effectively.¹⁶¹ The Plan committed the Government to consulting with the Civil Service Commission on its proposals.¹⁶²

106. The First Civil Service Commissioner, Sir David Normington, argued that giving ministers the final say in permanent secretary appointments would “not change the whole system overnight, but it [was] a step in the wrong direction” and “could lead to more personal favouritism and patronage”.¹⁶³ Sir David set out the difference between the Prime Minister’s veto, as in the law at present, and ministerial choice which he argued “risk[ed] a political choice being made”.¹⁶⁴ Sir David added that the judgment of the Civil Service

159 Q 114

160 Q 114

161 HM Government, *Civil Service Reform Plan*, June 2012, p21

162 HM Government, *Civil Service Reform Plan*, June 2012, p21

163 Q 431

164 Q 443

Commission was that it “should not concede this point because it is fundamental to the way in which the Commission was set up and to the way the Civil Service was developed”.¹⁶⁵

107. The Civil Service Commission instead set out revised guidance for permanent secretary appointments which set out a limited increase in the Secretary of State’s role in the appointment process. The Secretary of State would be consulted at the outset on the nature of the job, the skills required, and the best way of attracting a strong field; would agree the final job description and person specification, and the terms of the advertisement; would agree the composition of the selection panel, in particular to ensure that there was sufficient external challenge; would meet each of the shortlisted candidates to discuss his or her priorities and feed back to the panel on any strengths and weaknesses to probe at final interview; and would have the option of further consultation before the panel made its recommendation.¹⁶⁶

108. Under sections 10 and 11 of the Constitutional Reform and Governance Act 2010, appointments to the Civil Service are required to be carried out in line with the recruitment principles established (under the same statute) by the Civil Service Commission. If the Civil Service Commission did not change its position on this issue, the Minister would therefore require primary legislation to give the Secretary of State the final choice in the appointment of permanent secretaries.¹⁶⁷

109. Sir David Normington stated that the Government was “disappointed” with the Commission’s proposals, but ministers had agreed to trial the Civil Service Commission’s revised appointment principles over the course of a year.¹⁶⁸ Francis Maude stated that the Civil Service Commission’s objections were “mistaken”, but confirmed that the Government would allow time to test out the new appointment system, before proposing further involvement for ministers.¹⁶⁹ The Minister stated that he was not being kept “awake at night” by the prospect of the Civil Service Commission “absolutely [holding] fast to its current position”, requiring the Government to introduce primary legislation to give ministers the final say over permanent secretary appointments.¹⁷⁰

110. There was support for the Government’s proposals from some academics. Professor Flinders and the “Shrinking the state project” academics argued that giving ministers a choice from a shortlist of candidates “would not amount to the politicisation of the Civil Service as candidates would have been selected through an independent and merit-based appointments procedure”.¹⁷¹

111. Former ministers also supported the Minister’s proposal. Former Labour Cabinet Minister Jack Straw argued that the Civil Service Commission’s objections to the

165 Q 439

166 CSR 24

167 Constitutional Reform and Governance Act 2010, sections 10, 11

168 Q 428

169 Q 1162

170 Q 1215

171 CSR 25

Government's proposals were "narrow, self-defeating, and will not work", adding that senior civil servants would not accept their own powers of appointment to be limited in the same way as ministers.¹⁷² Nick Herbert argued that "if accountability is to rest with the politicians, the politicians are entitled to a greater degree of control about who works for them".¹⁷³ Caroline Spelman reported that when her departmental permanent secretary left, just a few months after she was appointed as Secretary of State, she was told that she was not allowed to interview the shortlisted candidates, although they could ask questions of her. (Her understanding has subsequently been contested.) She told us that as she was accountable for the department it felt "very strange" that she did not have more say in the appointment of her permanent secretary, on whom, she viewed, her "political life depend[ed]".¹⁷⁴ Mrs Spelman added:

It is actually a very tough experience to face the bullets flying at you [at a select committee hearing], especially over a difficult decision or something that has not gone well. That is why it is so important the Secretary of State has a say in who the permanent secretary will be, because when you go into bat together, you have got to be able to rely on each other in that situation.¹⁷⁵

This underlines the pressure on ministers who are answerable to Parliament for the performance of their departments which they do not feel they adequately control.

112. Former civil servants expressed serious concerns over the Government's proposal, however, with former Cabinet Secretary, Lord Wilson of Dinton, describing it as the "slippery slope" to "reintroducing patronage".¹⁷⁶ Lord Wilson added that he was "absolutely convinced" that ministers' frustrations with the Civil Service could be addressed without "going across the red lines" and giving ministers the final say in the appointment of their permanent secretary.¹⁷⁷

113. Former First Civil Service Commissioner, Dame Janet Paraskeva, expressed a concern that giving ministers the final say in the appointment of their permanent secretary would mean a higher turnover among permanent secretaries, as the appointed candidate would be seen as closely aligned with their minister, and thus potentially unable to serve a new minister in the post, particularly after a change of government.¹⁷⁸ Lord Wilson agreed that such a proposal would increase churn among permanent secretaries, rather than reduce it.¹⁷⁹

114. Sir John Elvidge, former permanent secretary at the Scottish Government, suggested that while ministers should have a veto on appointments, if they were able to pick the individual for a particular role, it could "narrow the base on which public confidence in

172 Q 686

173 Q 193

174 Q 192

175 Q 254

176 Q 136

177 Q 159

178 Q 138

179 Q 141

Government rests”.¹⁸⁰ Sir John added that introducing the Minister’s proposal would be incompatible with the accountability to Parliament by the permanent secretary as the department’s accounting officer:

you cannot really maintain our accounting officer concept if you move to this system, because if your Permanent Secretary is directly appointed by your Minister, the perceived credibility of that role as an independent servant of Parliament as well as of the Minister is very difficult to sustain. So you have to find a different mechanism for providing that kind of before-the-event check on the propriety of the use of public funds.¹⁸¹

115. The Civil Service trade unions also expressed caution about giving ministers the final say over the appointment of their permanent secretary. Hugh Lanning of PCS suggested that giving ministers the final say over permanent secretary appointments would “increase compartmentalism” in Whitehall, as ministerial-chosen permanent secretaries would not, he argued, “take the wider view of the Civil Service or the country as a whole”.¹⁸² Dave Penman of the FDA suggested that permanent secretaries chosen by ministers would be political appointments “either in reality or perception”. He added, “many ministers come with absolutely no management experience” to aid them in choosing the right permanent secretary to manage a large Civil Service department.¹⁸³

116. Lord Norton of Louth shared similar concerns about ministerial abilities to choose their permanent secretaries, suggesting that fears of politicisation “rather miss[ed] the wider point, namely that ministers usually have no training or qualifications in making managerial appointments”.¹⁸⁴ Historian Lord Hennessy argued that giving ministers greater involvement in the appointment of their permanent secretaries would entail a risk that “ministers will go for people who, by and large, share their ideological charge. You will have people there because they believe things, not because they know things”.¹⁸⁵

117. In local government, chief executives are appointed by a panel of councillors. This system created, in the view of Carolyn Downs of the Local Government Association, “a very strong ownership on both sides of the relationship between politicians and officials”.¹⁸⁶ Ms Downs added, however, that the cross-party nature of the appointment panel was “fundamentally important”.¹⁸⁷ The current First Civil Service Commissioner, Sir David Normington, told us that this is “a safeguard” in local authority appointments.¹⁸⁸ Sir David added that some local government chief executives are “identified very closely with

180 Q 111

181 Q 124

182 Q 512

183 Q 511

184 CSR 26

185 Q 39

186 Q 617

187 Q 617

188 Q 436

the party in power”, requiring a change of chief executive when a different party takes control of the authority.¹⁸⁹

118. Some witnesses argued that the Government’s proposals denoted “constitutional change”.¹⁹⁰ Dame Janet Paraskeva, who was First Civil Service Commissioner when the Constitutional Reform and Governance Act was passed in 2010, told us that there was all-party support” for the principle that “the final decision should be not of the Minister but of the appointments panel [and] the appointment should be made on merit, after fair and open competition”.¹⁹¹ Dame Janet’s successor, Sir David Normington, told us he was “very surprised and extremely disappointed” that ministers were seeking to change the settlement agreed in 2010.¹⁹² The Minister, however, suggested that, at the time the Act was passed, both he, and the Minister responsible for the Act, the Rt Hon Jack Straw MP, “believed there was nothing in that Act that prevented Ministers from having a choice of candidates for Permanent Secretary”.¹⁹³

119. The IPPR’s report on accountability recommended that the Prime Minister, rather than the Secretary of State, should choose permanent secretaries from a shortlist (as in Canada and Australia) chosen on merit, from a recruitment process overseen by the Civil Service Commission. The IPPR argued that, as head of government and Minister for the Civil Service, the Prime Minister would be better placed than the Secretary of State to make the final decision; would be better-placed to choose a permanent secretary who complemented the Minister’s skills and personality; and would be a further “bulwark against potential politicisation”, as the Prime Minister would want to select the most able and competent candidate.¹⁹⁴

120. The Prime Minister exercised his existing right to veto permanent secretary appointments in December 2012, during the recruitment process for a new Permanent Secretary at the Department of Energy and Climate Change.¹⁹⁵ The rejected candidate, David Kennedy, currently Chief Executive of the Committee on Climate Change, was recommended by a panel which was chaired by Sir David Normington, and also included Sir Bob Kerslake, Paul Walsh, Lead Non-Executive Director for DECC and CEO of Diageo Plc; Professor Nicholas Stern, Director, LSE; and Bronwyn Hill, Permanent Secretary at DEFRA.¹⁹⁶ It was reported by *The Financial Times* that the appointment was supported by Ed Davey, the Liberal Democrat Secretary of State at DECC.¹⁹⁷ The Prime Minister’s intervention was confirmed by his spokesman who said: “as Minister for the Civil Service, the Prime Minister oversees Senior Civil Service appointments”.¹⁹⁸ When questioned on

189 Q 436

190 Q 136 [Lord Wilson]

191 Q 134

192 Q 451

193 Q 1216

194 Cabinet Office, *Accountability and responsiveness in the senior Civil Service: Lessons from Overseas: A Report by the IPPR*, June 2013, p 112, Q 110

195 Oral evidence taken before the Liaison Committee on 11 December 2012, HC (2012–13), 484-ii, Q 34

196 HC Deb, 9 January 2013, c373W

197 “PM rejects climate expert for top job”, *Financial Times*, 29 November 2012

198 *Ibid.*

this issue by the House of Commons Liaison Committee, the Prime Minister said that while “it would be wrong to talk about specific individuals and specific cases [...] the most important thing we need now at the Department of Energy and Climate Change is commercial experience and the ability to do deals”.¹⁹⁹ A second candidate, Stephen Lovegrove, was appointed in January 2013.

121. We welcome the compromise between the Government and the Civil Service Commission on the appointment of departmental permanent secretaries, which allows for increased involvement for departmental ministers but leaves the recommendation with the Commission’s interview panel and the final decision with the Prime Minister. This should avoid any misunderstanding that the decision should bypass a Secretary of State altogether. We recognise the unique demands placed on ministers who do not control the appointment of their most senior official in their department, particularly as this previously almost secret relationship is today more than ever exposed to public scrutiny and to the glare of publicity. Tensions are bound to arise between politicians and their officials who seek to remain impartial, but we are sceptical about whether increased political influence over their appointment would resolve these tensions. Effective working relationships at the top of Whitehall departments depend on openness and trust, and it is far from clear how the Government’s original proposal would promote this. We remain concerned that the Government’s original proposal is only “on hold” and that the Minister still seems intent on pursuing it without the wider and deeper consideration of the future of the Civil Service which would be needed before taking more radical steps. We wish to make it clear that the Civil Service Commission has our fullest support.

Permanent secretary contracts

122. The IPPR report, published by the Cabinet Office in June 2013, recommended the introduction of four-year, renewable fixed-term contracts for new permanent secretaries, with the Prime Minister responsible for the renewal of contracts. The IPPR cited the experience of New Zealand where, the report stated, the introduction of such contracts was “widely considered to have sharpened the accountability of Chief Executives”.²⁰⁰

123. Patrick Diamond suggested that there would be a risk if the New Zealand model, which had been “created for a particular system in a particularly small country, with a set of particular parliamentary arrangements” was imposed onto the UK Civil Service, in which “our parliamentary arrangements are quite different”.²⁰¹ His written evidence expanded on this point, noting that the New Zealand model had the potential to “entrench the artificial distinction between ‘policy-making’ and ‘implementation’”.²⁰²

124. The Minister stated that he was unsure whether employment law permitted the Government to introduce fixed-term contracts for permanent secretaries.²⁰³ He also noted

199 Oral evidence taken before the Liaison Committee on 11 December 2012, HC (2012–13), 484-ii, Q 34

200 Cabinet Office, *Accountability and responsiveness in the senior Civil Service: Lessons from Overseas: A Report by the IPPR*, June 2013, p 112

201 Q 24

202 CSR 11

203 Q 1156

the potential cost of terminating a fixed-term contract as a possible reason not to move to such a system.²⁰⁴ He added, however, that fixed-tenure contracts could be introduced, and that they might have the effect of lengthening the average time spent in post by a permanent secretary.²⁰⁵

125. The current levels of turnover of lead permanent secretaries is incompatible with good government. We are sceptical of the Minister's suggestion that fixed-tenure for permanent secretaries will increase the average time spent in post. On the contrary, fixed-term contracts are a means of removing an incumbent, unless safeguards are included, similar to those in New Zealand, where the State Services Commissioner appoints and employs "Chief Executives" and it is he or she who recommends whether the permanent secretary should be reappointed. As the IPPR report points out, the New Zealand system is viewed as the least politicised of the Westminster systems. The Government has cherry-picked the fixed-tenure contracts while looking to enhance the ministerial role in appointments. The danger is that the personalisation of the appointments of permanent secretaries is that they will leave as the renewal point approaches, particularly if the minister who appointed them is no longer around. Our evidence does not suggest that fixed-tenure contracts will address the serious structural and cultural problems in the Civil Service.

204 Q 1167

205 Q 1166

5 A Parliamentary Commission?

126. This inquiry considered whether reform of Whitehall would be more effective if it was based on a coherent strategy for the future of the Civil Service. Witnesses considered the fact that, as Lord Hennessy remarked, “there has been no really wide look [at the Civil Service] since Fulton. A great deal has happened to the world and our dear country since the 1960s and it is high time, I think, that we had a look at that”.²⁰⁶ Professor Flinders argued that the challenges facing the Civil Service in the 21st century will be “far more fluid” than the challenges faced by the Northcote-Trevelyan Civil Service in 1854. This meant, he said, that “before going off and looking at any other countries” the Government should think “about what it is we are trying to design a Civil Service to address”.²⁰⁷ The Civil Service union, Prospect, recommended a “wide-ranging, high-calibre strategic review is needed which can look beyond the short-term electoral cycle”.²⁰⁸

127. Lord Browne, the Government’s lead Non-Executive Director, called for a “comprehensive and independent review of the Civil Service’s structures, processes and lines of accountability” and a “thorough review of the roles and responsibilities of Ministers and Parliament when it comes to their relationship with the Civil Service”. Both studies were, he stated, “long overdue”.²⁰⁹ He added:

Our model of governance was built for the 19th century, when government was small and uncomplicated. Today, the roles and duties of the permanent civil and wider public service need rethinking and realigning with a political system which has moved on considerably from the time of Northcote-Trevelyan.²¹⁰

128. Jonathan Powell, former Chief of Staff to Tony Blair, told us that there was “a strong case for a really good look at the Civil Service—properly, right across the board and thinking about how to change it rather more dramatically”.²¹¹ Without a Commission, Mr Powell warned that “we will lose opportunities to be better governed and to get more stuff done that Governments want to get done. It would be a lost opportunity”.²¹²

129. Witnesses were clear that the June 2012 Civil Service Reform Plan did not offer this strategic review. Lord Hennessy said that the Plan was “only a fragment of the picture” and needed “context, background, synthesis and a proper discussion about the many possibilities”.²¹³ Evidence from Patrick Diamond, Professor David Richards and Professor Martin Smith stated that the Reform Plan did not include more than “a series of rather piecemeal often unrelated proposals [...] it is difficult to establish the case for reform when

206 Q 14

207 Q 636

208 CSR 3

209 “Business and Government: Lessons Learned – in conversation with Lord Browne”, *Institute for Government*, 6 June 2013, instituteforgovernment.org.uk

210 “Business and Government: Lessons Learned – in conversation with Lord Browne”, *Institute for Government*, 6 June 2013, instituteforgovernment.org.uk

211 Q 764

212 Q 799

213 Q 14

there is a lack of an over-arching vision of what the civil service is and does”.²¹⁴ The “Shrinking the State” Economic and Social Research Council Research Project commented that there was “tension” between the reforms in the Civil Service Reform Plan and the Government’s wider public service reform plans, and warned that “the risk is that fuzzy governance structures will produce even fuzzier accountability systems at a time when clear lines of accountability (and therefore leadership) are required”.²¹⁵

130. Professor Matthew Flinders commented that the Government did not appear to “have a model or a blueprint” for the Civil Service or “any clear strategy for where we are going, or why”.²¹⁶ Instead, there was “a whole number of different reforms taking us in different directions”.²¹⁷ Lord Norton of Louth agreed that there was not much “strategic thought” behind the Government’s reform plans. He added that it was “too much a response to events [...] rather than thinking overall, ‘what is the strategy we want to achieve? How do we get there?’”.²¹⁸ Lord Wilson of Dinton warned that ministers could not simply pick and choose elements of a new Civil Service structure by taking “bits of America, bits of local government, bits of France, the bits you like, and keep[ing] the rest of the position as it is”, as they would face unforeseen consequences from these changes.²¹⁹

131. Hugh Lanning of PCS argued that successful reform of the Civil Service needed to be based on a consensus, following a public debate: in contrast, he viewed the Civil Service Reform Plan as “essentially a private discussion that took place without consultation and it was rushed”.²²⁰ PCS argued that the Civil Service Reform Plan “present[ed] further changes as low-key when they could lead, without proper debate, to radical shifts in the role of the civil service”.²²¹ The union added that the Plan did not demonstrate that its proposed solutions really reflected “the type of change which the public and civil servants themselves are asking for, or that it will achieve the modern public services it wants”.²²²

132. Former Cabinet Secretary, Lord O’Donnell, told us that “of itself [the Civil Service Reform Plan] is not going to make a dramatic difference to the effectiveness of Government [...] if you really want to improve public sector outcomes, I think there is a radical transformation necessary. It is really thinking about the very basics of what Governments need to do and how they need to do it”.²²³ Lord Hennessy questioned whether the Civil Service Reform Plan would be able to address all of the failings identified in the Civil Service, arguing that to do so would require “a Second Coming”.²²⁴ He doubted

214 CSR 11

215 CSR 1

216 Q 624

217 Q 624

218 Q 643

219 Q 160

220 Q 485

221 CSR 4

222 CSR 4

223 Qq 361-362

224 Q 6

whether the Reform Plan would “go down in the annals of administrative history as one of the great documents”.²²⁵

133. Lord Browne argued that there were limitations to the Government’s present plan of reforming through “incremental” changes, stating that: “there is only so much that independent directors and a reform plan can do. They can make valuable and long-lasting changes within existing structures. But our system of public administration faces deeper, existential questions”.²²⁶ Jonathan Powell concurred, stating that the Blair Government had been mistaken in trying to achieve “incremental changes” to the Civil Service and that the present Government “would be better off with a root-and-branch look at it through a Royal Commission [...] you need to look at the whole system. What you tend to do is introduce perverse incentives. If you change one bit over here and one bit over there they work against each other and you would be much better having an overall plan, like a new Northcote-Trevelyan”.²²⁷

134. Peter Riddell, Director of the Institute for Government, has also argued that “incrementalism is not enough”, adding:

The current scale of change—and the certainty that it will continue for the rest of the decade—raises big questions about the way Whitehall operates and services are delivered, as well as the more frequently highlighted issues of accountability and Secretary of State/Permanent Secretary relations [...] These are proper issues for an inquiry, running alongside but in no way undermining existing reform efforts. An inquiry might offer the chance of building both greater consensus between politicians and civil servants, and cross-party support, around the purpose and shape of the Civil Service.²²⁸

135. Lord Norton of Louth said that “over time there have been plenty of initiatives [to reform Whitehall], plans come up, but very rarely a full-scale proper review that has identified the role of the Civil Service”.²²⁹ He emphasised that such a review should and could attempt to replace current plans but “would incorporate what is happening with the Government’s plans for the Civil Service”.²³⁰

136. Professor Andrew Kakabadse’s written evidence supported the call for a Parliamentary Commission into the Civil Service, which he believed would be “a penetrating and transparent inquiry identifying the nature and depth of disengagement and the consequences of not addressing this problem”. He stressed the need for such an inquiry to be independent; to understand the mindset of the organisation involved and protect the inquiry from internal resistance to change. It was critical, Professor Kakabadse

225 Q 8

226 “Business and Government: Lessons Learned – in conversation with Lord Browne”, *Institute for Government*, 6 June 2013, instituteforgovernment.org.uk

227 Q 799

228 “Be careful what you review”, *Institute for Government*, 19 June 2013, www.instituteforgovernment.org.uk/blog

229 Q 562

230 Q 669

argued, that such an inquiry was able to “gather evidence which accurately captures current reality and ensure that that evidence has the exposure and status to be heard”.²³¹

137. There has been considerable opposition from the Minister, the Cabinet Secretary and the Head of the Civil Service to the idea of a Parliamentary or Royal Commission on the Civil Service. The Cabinet Secretary, Sir Jeremy Heywood, stated that his “honest view is that we know very well the challenges facing the Civil Service right now” and argued that, as “the country is facing a major economic and fiscal challenge”, a Commission would be “a distraction” from the “very urgent and important task” of current reforms.²³² Sir Jeremy added that “the media debate about [the state of the Civil Service] is exaggerated”, and that looking at the issues in the Civil Service in a piecemeal fashion was “an adequate way of looking at it [...] The system quite rightly focuses on the important and urgent”.²³³ The Reform Plan, he said, has “all the ingredients” to be implemented successfully.²³⁴ The Head of the Civil Service, Sir Bob Kerslake, said that “it is a judgment whether a Commission would be a better way” of addressing concerns about the state of Whitehall, than the Government’s present reform programme. He cautioned that the “real risk” would be that “we lose a lot of time when vital change needs to happen now”.²³⁵ The comments of the Head of the Civil Service and Cabinet Secretary are echoes of the comments by the civil servants tasked with the implementation of the Fulton Report in 1969, who stated that the substantive reforms Fulton proposed could not be introduced as there were “pressing problems to be dealt with”.²³⁶

138. Sir Bob added that he was “doing that longer term thinking alongside” the Civil Service Reform Plan.²³⁷ He also refuted the suggestion that the Reform Plan focused solely on improving efficiency, arguing that it contained “some quite transformational things”.²³⁸

139. The Minister also expressed concerns over the time taken in the past to implement recommendations from strategic considerations of the Civil Service (such as Royal Commissions)—if recommendations have been implemented at all. In his June 2013 speech to Policy Exchange, the Minister commented that the Northcote-Trevelyan Report took 15 years to be implemented and also asked, “can anyone remember anything actually changing?” as a result of the Fulton Report.²³⁹ He echoed the words of Harold Wilson that “Royal Commissions take minutes and last years” and argued that they “act as a pretext for not doing stuff that needs to be addressed urgently”.²⁴⁰

140. The Minister told us that he did not want the “urgent” reforms the Government had not yet been able to implement “being put on hold or on the back burner while a sage and

231 CSR 36

232 Q 889, Q 884

233 Qq 985-986

234 Q 863

235 Q 885

236 Kellner and Hunt, *The Civil Servants: An inquiry into Britain’s ruling class* (London: 1980), p 66

237 Q 874

238 Q 877

239 “Ministers and Mandarins: speaking truth unto power”, *Cabinet Office*, 4 June 2013, www.gov.uk

240 Q 1107

wise Royal Commission scratches its head about this for the next two years”.²⁴¹ Mr Maude added that “even with the best will in the world” a Commission would prevent short-term changes happening to the Civil Service “because you then have a whole lot of possibilities being raised by the Commission for direction in the future, and so nothing happens in the meantime. It is difficult enough to get anything to happen at all”.²⁴²

141. The Minister accepted that “a lot of what is in the Civil Service Reform Plan does look quite mundane and gritty, and is not very high-flown at all”.²⁴³ He argued that there was not a “fundamental problem” in the Civil Service, but a “number of problems, all of which are soluble”, and identified—with solutions proposed—in the Civil Service Reform Plan.²⁴⁴ There was not, he argued, a common cause behind each problem.²⁴⁵ The Government was, however, making progress in the “grinding, hard work” of reforming the Civil Service and he did not want to “put it all on one side while we examine our navel for a period”.²⁴⁶ He admitted, though, that “exactly the things that need reform [in the Civil Service] make it difficult to reform”.²⁴⁷

142. In further evidence to us in June, the Minister stated that he had not “ruled out” a Commission on the Civil Service (and that it would not be for him to rule such a decision out), but that he “would need to be convinced” that such a commission would not prevent the implementation of “the current reform efforts, which are urgently needed and very broadly agreed”.²⁴⁸

143. Professor Matthew Flinders reported that ministerial resistance to the idea of such a commission was because they believed there to be “no votes in it”, and that it would look like “a very weak response” to current problems. He countered this, however, by stressing that “the benefits [of a Commission] clearly outweigh the costs for the Government of the country as a whole, not for whichever party might form the Government after 2015”.²⁴⁹

The role of Parliament

144. Patrick Diamond and Dr Andrew Blick pointed out that the Civil Service Reform Plan did not address fully the “crucial issue” of the role of Parliament in scrutinising the Civil Service.²⁵⁰ Dr Blick added that:

Any fundamental change to Whitehall should only take place overtly and on a basis of wide consultation and preferably consensus. An appropriate vehicle for ensuring that this kind of agreement can be sought would be a parliamentary committee [...]

241 Q 1107

242 Q 1109

243 Q 1028

244 Q 1113

245 Q 1118

246 Q 1110

247 Q 1071

248 Q 1209

249 Qq 653, 670

250 Q 9

The Constitutional Reform and Governance Act 2010 makes Parliament, rather than the Royal Prerogative, the source of the legal basis for the Civil Service. For this reason a heightened parliamentary involvement in Whitehall is apt.²⁵¹

Lord Norton of Louth agreed, stating that his “principal concern” with the Government’s reform plans was that they saw “the Civil Service largely in isolation of ministers and Parliament”.²⁵²

145. The Civil Service Commission argued that it was Parliament’s intention, in the passing of the Constitutional Reform and Governance Act, “to uphold the principle of an impartial Civil Service appointed on merit [...] we do not believe, therefore, that it is in our gift to sign that principle away even if we wanted to do so. The right place to do that, if it is to be done, is in Parliament and through legislation”.²⁵³

146. The First Civil Service Commissioner, Sir David Normington, has stated it is essential that any “significant changes to the Civil Service are supported by as broad a consensus as possible”: adding

While the civil service must serve the elected government with commitment, it is not the preserve of any one government or political party. That is why significant reforms should have wide political and public support, and reflect a broad consensus about the kind of civil service we need.²⁵⁴

147. His predecessor, Dame Janet Paraskeva, argued that if ministers sought “a different constitutional model for our Civil Service, where politicians do control the people who work to them most directly”, then this should be considered thoroughly, rather than as a small, piecemeal change.²⁵⁵

148. Following a discussion in the Liaison Committee, which comprises all the Chairs of the Select Committees of the House of Commons, it too unanimously resolved to support the principle of a Commission comprising a joint committee of both Houses to consider the future of the Civil Service.²⁵⁶ A letter from the Chair of the Liaison Committee is included at Appendix A.

149. The independent evidence in favour of some kind of comprehensive strategic review of the nature, role and purpose of the Civil Service is overwhelming. Our critique of the Civil Service Reform Plan and its limited implementation underlines this. The objections raised by the Minister for the Cabinet Office and by the Leadership of the Civil Service are unconvincing and can be seen as part of the “bias to inertia” which they say they are seeking to address. On the one hand, the Government insists that the present reforms are “urgent”. On the other hand, they are too modest and piecemeal to address the root causes of the frustrations which ministers feel beset them

251 CSR 2

252 CSR 26

253 CSR 24

254 “Sir David Normington: 3 key tests for reform”, *Civil Service World*, 28 June 2013,

255 Q 144

256 CSR 37

or to lead to the kind of transformational change that many believe the Civil Service needs. Parts of the Civil Service Reform Plan may be implemented but, as a change programme, it will fail. Sustained reform has to be initiated by cooperation and supported by external scrutiny and analysis that leads to a comprehensive set of recommendations for change. This cannot be done by ministers and officials who are, as they say themselves, so pressed by far more immediate and high-profile economic, political and international issues.

150. So we come to the sole and central recommendation of our inquiry and Report, recognising the sheer weight of the evidence which we have received: that a Parliamentary Commission should be established to consider the future of the Civil Service, established as a Joint Committee of both Houses on the same lines as the Parliamentary Commission on Banking Standards which reported earlier this year. We cannot emphasise enough the importance of this, reflected by the unanimous support of the House of Commons Liaison Committee. Such a Commission could draw on the extensive experience of government and the Civil Service in Parliament and its conclusions would enjoy cross-party consensus. The Commission should do its work alongside current Civil Service reforms, not as an alternative: the published reforms are aimed to address urgent short-term issues, while the Commission should focus on the strategic long-term vision for the Civil Service, for which the Government has, in its One Year On report, recognised the need. The fact that more radical measures that challenge the Northcote-Trevelyan settlement are also being discussed underlines the need for Parliament to oversee proper consideration of issues that are fundamental to the way our uncodified constitution operates. The Civil Service does not exist solely to serve the Government of the day, but also future Governments. It is right and proper that substantial reforms to the role of the Civil Service should be scrutinised by Parliament. Such a Parliamentary Commission could be established before the end of the year and report before the end of the current Parliament so that after the 2015 general election a comprehensive change programme can be implemented.

Issues that a Commission should consider:

A) The Context for the Civil Service of the Future

151. Our inquiry has been conducted against a background of a world which is struggling to become used to an ever faster pace of change. Technology has transformed management practices in business, the way politics works, and the relationship between the state and the citizen. Aspects of our present society would be unrecognisable to previous generations: devolution and decentralisation; the impact of the EU, the ECHR and the growth of international law; the Freedom of Information Act; the demands for openness and transparency; 24-7 media; what the citizen expects of the state of the services it provides—and what politicians think Government should be able to deliver; how the state looks today compared to 1968 (when Fulton reported); the change in the UK's role in the world; how differently Governments relate to each other; how globalisation has internationalised challenges—and decision-making.

152. Any inquiry into the Civil Service could usefully start by cataloguing how the nation, society and the world has changed since the Fulton Committee reported 45

years ago, in order to provide a fresh context for considering the future of the Civil Service. Some of these issues will have to be considered in greater detail.

B) The relationship between Parliament and the Civil Service

153. The relationship between Parliament and the Civil Service and the way Parliament holds Government to account will be affected by the Government's Civil Service reforms; in particular, the plans to increase the number of civil servants being held directly to account by Parliamentary select committees; and the Government's review of the Osmotherly Rules and the Armstrong Memorandum. This relationship is already fundamentally different from the time of Fulton, not least because of the creation and now the election of departmental select committees in the House of Commons. Future Whitehall reforms could also impact on this relationship: greater involvement for ministers in permanent secretary appointments would, Sir David Normington remarked, strengthen calls for Select Committees to hold pre-appointment hearings with the minister's chosen candidate.²⁵⁷ The House of Commons Liaison Committee has also called for a "review of the relationship between Government and select committees with the aim of producing joint guidelines for departments and committees, which recognise ministerial accountability, the proper role of the Civil Service and the legitimate wish of Parliament for more effective accountability".²⁵⁸

154. **The impact of these reforms on Parliament and the relationship between Government and Parliament warrant further and comprehensive consideration by Parliament. As former Cabinet Secretary Lord Wilson of Dinton commented, supposedly limited changes borrowed from other country's systems could lead to unforeseen consequences from these changes. This is not an excuse for any of the proposed changes to be delayed. It is, however, a reason for these changes to be considered by a Joint Committee of both Houses.**

C: The role of ministers

155. As noted previously, Fulton's remit excluded it from any consideration of the role of ministers or their relationship with officials. Most of our witnesses stressed that Civil Service reform would not be successful unless it considered the relationship between ministers and civil servants.²⁵⁹ Lord Norton of Louth stated that, "you cannot really produce a Civil Service that is fit for purpose unless you can do the same for ministers".²⁶⁰ PCS concurred, arguing that while it accepted there were problems in the Civil Service, the role of ministers also needed to be considered: "you have to look at two sides of the equation and not just at one, if you are going to come up with a solution".²⁶¹ Professor Hood described the fundamental problem of the Civil Service as "to do with the way that

257 Q 450

258 Liaison Committee, Second Report of Session 2012–13, *Select committee effectiveness, resources and powers*, HC 697, para 115

259 Q 64

260 Q 629

261 Q 485

management works, as between the professionals and the politicians”.²⁶² Jonathan Powell said that he would have the Commission look at the whole structure of government, including the relationship between ministers and officials, “to see whether they could find a way in the modern world to make it more responsive, more imaginative and more innovative without undermining the political independence”.²⁶³

156. It is crucial that the relationship between ministers and officials is not excluded from consideration by any inquiry into the future of the Civil Service.

D) The relationship between the centre of Government and departments

157. Fulton was also excluded from looking at the structure of government. We have highlighted how the silo-ed department structure in Whitehall impedes the operation of government and witnesses emphasised the need for this to be considered in an independent review of the Civil Service. Former minister, Nick Herbert MP, suggested that a radical approach to reforming Whitehall structures should be considered: “it is worth exploring those different options, because the silo system is a big contributor to the problem of short-termism”.²⁶⁴ Carolyn Downs of the Local Government Association told us that the Civil Service should move towards a single unified structure, noting that, when she worked as a civil servant, she was “taken aback” by the “lack of command and control”.²⁶⁵ Patrick Diamond called for “a much more fundamental rethink” of the relationship between departments and the centre of Government.²⁶⁶ Our 2012 Report *Strategic thinking in Government: without National Strategy, can viable Government strategy emerge?* cited evidence that the Treasury did not aid the strategic operation of government. Witnesses in this inquiry called for reforms to the way the Treasury worked with the Cabinet Office.²⁶⁷

158. In line with the Minister’s question about whether Whitehall should move towards “a more unified operating system”, this must be a major part of the inquiry, but only after the necessary data has been gathered and analysed and the conclusions to be drawn from it have been accepted by all concerned, so that organisational changes are a means to an end, and not an end in themselves.

E) Leadership

159. Professor Andrew Kakabadse called for a serious look at the “strategic leadership problem” that reduced the capacity of governments to reform the Civil Service.²⁶⁸ He added that this was not a new problem, describing “high inadequacy” of strategic leadership among the ministers of the Blair Government, and concluded that “the problem does not

262 Q 2

263 Q 765

264 Q 240

265 Q 604

266 Q 46

267 Public Administration Select Committee, Twenty-fourth Report of Session 2010–12, *Strategic thinking in Government: Without National Strategy can viable government strategy emerge?*, HC 1625, para 108. Q 773 [Jonathan Powell], Q 628 [Professor King]

268 Q 87

lie with the civil servants; it lies across an institutional basis and until this is examined, the same problems and frustrations will occur in the future”.²⁶⁹

160. The question of how to reconcile the political and institutional leadership of Whitehall so there is a shared understanding of what change is needed and how it is to be managed is an essential component of success. This flows from the consideration of the relationship between ministers, officials and Parliament. At present, there is little or no collective leadership in the accepted sense of the word and this issue can no longer be avoided.

F) Role of local government and the wider public sector

161. Professor Flinders stated that “the Civil Service is now just the centre of an incredibly complex delivery chain involving a whole range of different bodies. Unless you try to understand how those different bodies and layers fit together, the Civil Service at the centre will inevitably be troubled”.²⁷⁰ We heard that this attempt to take a wider view was not present in the Government’s approach to the Civil Service. Carolyn Downs of the Local Government Association remarked that the Civil Service Reform Plan was “written almost in the absence of the wider public sector”.²⁷¹ Derrick Anderson, Chief Executive of Lambeth Council, called for consideration of what he viewed as the “fundamental issue [of] renegotiating the relationship between what the Civil Service does and what happens at local government level”.²⁷² Without this wider perspective, Mr Anderson told us, Civil Service reform was “doomed to fail”.²⁷³

162. A review of the Civil Service must build on the work of the House of Commons Political and Constitutional Reform Committee regarding the relationship between central and local government.²⁷⁴

G) The relationship between the Civil Service and citizens

163. We noted in our Report, *Public engagement in policy-making*, that the Government is aiming to redefine the relationship between the citizen and the state, enabling and encouraging individuals to take a more active role in society. During this inquiry we heard that the Civil Service was failing to focus on the experience of people who interacted with the Government and its agencies.²⁷⁵ Lord Adonis reported that “there were very few civil servants who spent any time on the front line or had any real understanding of what these services were like from the viewpoint of the citizen”.²⁷⁶ Sir John Elvidge stressed that consideration of the Civil Service should not just focus on the relationship between

269 Q 88

270 Q 630

271 Q 587

272 Q 613

273 Q 588

274 Political and Constitutional Reform Committee, Third Report of Session 2012–13, *Prospects for codifying the relationship between central and local government*, HC 656-I

275 Q 78

276 Q 204

ministers and their officials, but on “that vital third party, the citizen”.²⁷⁷ As we concluded in our *Public engagement in policy-making* Report, “the process of policy-making is one where the public can play an active and meaningful role, and it is right that the citizen and people with knowledge and expertise from outside Government should have the opportunity to influence the decisions of Government” and this must be reflected in any inquiry.²⁷⁸

H) Training, skills and pay

164. Witnesses were in broad agreement that the Government’s current policy on Civil Service pay was failing. Lord O’Donnell stated that the £140,000 salary cap was “not helpful” for the Civil Service, and that Whitehall would “end up with second-rate people” if it failed “to pay the going rate”.²⁷⁹ Sean Worth, former special adviser, cited the advice of Terry Leahy, former CEO of Tesco, who argued that the Government “should just drop this obsession around pay [...] should just bus in commercial people and pay them a lot of money to get things right”.²⁸⁰ Peter Riddell called for a system where “you retain a Treasury-type control on the totality, [but] you allow the Departments more discretion, including probably on pay levels”, citing the higher salaries paid to officials working on the 2012 Olympics.²⁸¹

165. Lord Adonis argued that improved training for existing staff had to co-exist with attracting external expertise.²⁸² The FDA and PCS expressed concern about the abolition of the National School for Government: Hugh Lanning of PCS warned that its successor organisation, Civil Service Learning, had been established without a “debate about what skills are required” in the Civil Service.²⁸³

166. The decision to abolish the National School for Government with so little discussion or consultation must be revisited. The arguments for some such institution need to be reassessed. It should be an institution which promotes continuing change as well a centre of research, learning, history and wisdom.

I) Impact of devolution on the UK Civil Service

167. A Commission of the future of the Civil Service should consider what the current and future role of the UK Civil Service should be in a devolved UK. Civil servants in the Scottish and Welsh Governments are accountable to ministers in their respective Governments. This means, as Derek Jones, the Permanent Secretary to the Welsh Government commented, that there are parts of the Civil Service Reform Plan and wider

277 Q 106

278 Public Administration Select Committee, Second Report of Session 2013–14, *Public engagement in policy-making*, HC 75, para 11

279 Qq 398, 400

280 Q 62

281 Q 63

282 Q 229

283 Q 502

Civil Service reform agenda that are not applicable in Wales, due to the different political leadership.²⁸⁴ The Scottish Government’s evidence cited its two-fold responsibilities:

to deliver the policies of the elected Government of Scotland, which includes delivering the current Scottish Government's Purpose of creating a more successful country by increasing sustainable economic growth with an opportunity for all of Scotland to flourish; and to act with integrity, impartiality, objectivity and honesty.²⁸⁵

168. Mr Jones emphasised the “very big challenge” of increasing “understanding in Whitehall of our devolution settlement and what we are trying to do here in Wales”.²⁸⁶ He called for civil servants in all parts of the UK to have “a good understanding of the developing constitutional make-up of the UK; of what devolution means in practice; and of the approach required to acknowledge difference and readily serve three governments from one unified, but flexible, Service”.²⁸⁷

169. The impact of devolution and decentralisation on one of our central institutions of state has hardly been given any external consideration, and yet the consequences are potentially very significant and underappreciated.

J) The Civil Service of the future

170. Our Reports in this Parliament, *Strategic thinking in Government* and *Public engagement in policy-making*, noted the complex and unpredictable challenges in the globalised world that the UK is facing. Journalist Philip Stephens has commented on “diffusion of power—from states to other actors and from old elites to citizens” facing the Civil Service, citing also the “proliferation of non-state organisations and with religious and ethnic identities that have no respect for national borders”.²⁸⁸ The Cabinet Office cited the “economic and financial challenges, public service reform and rising consumer expectations” faced by Whitehall.²⁸⁹

171. Our evidence suggested that it was difficult for ministers to look at issues on a long-term basis.²⁹⁰ One example was the finding of the House of Lords Select Committee on Public Service and Demographic Change that the Government had failed to consider, in a holistic manner, the long-term challenge to society of an ageing population—just one of many complex long-term challenges facing the country.²⁹¹

172. Lord Norton of Louth said that the present Civil Service reforms contained:

284 CSR 31

285 CSR 32

286 CSR 31

287 CSR 31

288 “Do not blame democracy for the rise of the populists”, *Financial Times*, 16 May 2013

289 CSR 29

290 Q 507 [Dave Penman]

291 House of Lords, Report of the Select Committee on Public Service and Demographic Change, Session 2012–13, HL paper 140, para 44

too much the immediacy of someone coming into office, feeling there is a “something must be done” mentality, or “I must have my big Bill,” rather than taking the long-term view, which Ministers are not good at, because, for political reasons, they take the short-term view. They are not thinking, “Where do we want to be in this area in five or 10 years’ time?”²⁹²

Jonathan Powell stated that a fifteen year, or longer, timescale is necessary to reform the Civil Service.²⁹³

173. Sir Bob Kerslake told us that the Government’s *One Year On* document would “look to some of these longer-term changes that need to be made”.²⁹⁴ The Paper stated that the Minister and Head of the Civil Service had decided “to develop a longer-term vision for a reformed Civil Service—the 21st Century Civil Service”. This vision was not included in the *One Year On* document.

174. *The draft remit of the Parliamentary Commission on the Civil Service should be to consider and report on:*

- a) *The relationship between the Government and the people, and how the Civil Service should be made more responsive to the citizens to ensure government by the people for the people in today’s world;*
- b) *the purpose, structure, skills and culture of Cabinet Government and the UK Civil Service, taking account of the challenges facing the Civil Service and the country as a whole; and*
- c) *the importance of leadership within the Civil Service, and the relationship between ministers and officials.*
- d) *The Commission should make recommendations for legislative and other action and determine how any recommendations shall be implemented within a fixed timescale, and how such implementation will be independently monitored.*

175. *Until the present Parliament the House of Commons used to hold a full one-day debate on the Civil Service every year. There has been no such debate on the Civil Service in this Parliament and the Government should ensure that such a debate is held at the earliest opportunity on a motion to establish the proposed Commission as quickly as possible.*

292 Q 643

293 Q 736

294 Q 873

6 Conclusion

176. The Government, like many of its predecessors, is committed to reforming the Civil Service. It has not, however, learnt the key lesson from past failed attempts at reform. The Minister for the Cabinet Office has admitted that the failings in the Civil Service which need reform are also the key obstacles to that reform of the Civil Service. This internal resistance to reform was not addressed by past reform programmes, which either chose not to, or were prevented from, looking at the Civil Service in a strategic manner, and considering the issue of accountability—which emerged as the central theme in our evidence.

177. In line with previous reform programmes, the Civil Service Reform Plan and the *One Year On* update paper do not look strategically at the challenges facing the Civil Service of the future. These challenges will be more fluid and complex than those of the present, and will require the Civil Service to operate in a more open and engaged manner. Furthermore, “speaking truth to power” may be a more complex concept if power has diffused out of nation states: civil servants are already confronting ministers with the need to consider the question of whose truth to whose power, in respect of international law and, more immediately, in respect of our EU and ECHR treaty obligations.

178. We have recommended the establishment of a Parliamentary Commission into the Civil Service. The aim of this Commission should be to ensure that the Civil Service has the values, philosophy and structure capable of constant regeneration in the face of a faster pace of change. The importance of this review to the future working of government in this country means that it is fitting for the Treasury to fund this work, in the same manner as the Parliamentary Commission on Banking Standards.

179. We do not call for a Parliamentary Commission into the Civil Service to obstruct or slow the Government’s current reforms. In fact we support many of these reforms. We believe, however, that a long-term look at the Civil Service will enable these reforms to be implemented and embedded in a more effective and strategic Civil Service to serve both the current and future Governments. We believe it would be unwise and an example of short-term thinking to reject a strategic consideration of the Civil Service, when it can and should exist alongside the implementation of urgent reforms. We do not believe that the Government’s reform plans can be successful without this deeper analysis taking place. Without a Parliamentary Commission, ministers may find that in the next Parliament it will become ever harder to get those things done that must be done if our country is to survive and prosper.

Conclusions and recommendations

1. Ministers have expressed their intention to maintain the politically impartial Civil Service proposed by Northcote and Trevelyan in 1854. We welcome this, as it remains the most effective way of supporting the democratically elected Government and future administrations in the UK, and of maintaining the stability of the UK's largely uncodified constitution. For more than 150 years, this settlement has seen the nation through depression, the general strike, two world wars, the cold war and into the age of globalisation and high technology. Nobody, however, argues that the Civil Service should be immune from change. This Report considers whether the Government's proposed reforms will remain consistent with the Northcote-Trevelyan settlement. (Paragraph 9)
2. The Haldane doctrine of ministerial accountability is not only crucial to Parliament's ability to hold the executive to account, it is at the core of the relationship between ministers and officials. It is this relationship which has become subject to intense scrutiny and is now being questioned. The tension between ministers and officials reflects that Whitehall is struggling to adapt to the demands of modern politics. Ministers are accountable for all that occurs within their department, but we were told that, for example, they are without the power and the authority to select their own key officials. Ministers are also unable to remove civil servants whom they regard as under-performing or obstructive, despite being held accountable for the performance of their department. The ministers we heard from told us that this is necessary in order to be able to implement their policy programme and to drive change within their departments. In the private sector, executives are given the authority to choose their teams and this is at the core of their accountability to their board and shareholders. It is understandable that ministers wish to be able to choose the officials upon whom they should be able to rely. The doctrine of ministerial accountability is therefore increasingly subject to question and this leads to failure of the doctrine itself. (Paragraph 15)
3. The failure to be clear about the authority and responsibilities of officials means that officials themselves do not feel accountable or empowered to take full responsibility for their part in delivering ministerial priorities. This underlines the recommendation from our previous Report, *Change in Government: The Agenda for Leadership*, that a review of the Haldane doctrine would be timely. (Paragraph 16)
4. Much has changed since the Haldane model of ministerial accountability became established nearly a century ago, not least the size, role and complexity of departments for which ministers are accountable. In recent decades, citizens as consumers have hugely increased their demands and expectations of what Government should be able to deliver. Technology has transformed the way business operates, which has adopted new structures and management practices which would seem unrecognisable to previous generations. Modern business structures have far fewer tiers of management, and delegate far more to empowered, autonomous managers who are accountable for standards and performance, but this has hardly

happened at all in the Civil Service, despite the fact that many believe in these principles. At the same time, the demands of 24-7 media, Parliamentary select committees, the Freedom of Information Act, and the demand for open data, openness and transparency now subject the system and the people and their relationships within it to unparalleled scrutiny and exposure. Furthermore, society has changed; we no longer live in an age of deference which tended to respect established institutions and cultures, but in a new ‘age of reference’, in which anyone can obtain almost unlimited information about almost everything, empowering individuals to challenge people with power and their motives. (Paragraph 17)

5. Ministers say they want to strengthen ministerial accountability, but a comprehensive reassessment of how the Haldane doctrine can operate in today’s world is long overdue. Much of the rhetoric of the present administration was about embracing change of this nature—the word “change” was the watchword of the Prime Minister’s approach to his new Government—but this has exposed an increasing dysfunctionality in aspects of the Civil Service key skills: procurement, IT, strategic thinking, and implementation. Ministers tend to blame failures in defence procurement or the Borders Agency on civil servants or previous governments and we believe that Civil Servants may attribute such failures to inexperienced ministers with party political agendas. Either way, few ministers or officials seem to be held accountable when things go wrong. More importantly, there is a risk that an atmosphere of blame overshadows acknowledgement of excellent work. The need to address this may not invalidate the traditional doctrine of ministerial responsibility, but it needs to be redefined and adapted in order to serve good process and effective government in the modern context. (Paragraph 18)
6. The lesson of the Fulton Committee is not that a formal inquiry into the future of the Civil Service should never be considered, but that the Civil Service’s own natural internal resistance to change (common to all large organisations) should not be allowed to limit the remit of such an inquiry in order to allay Civil Service fear of change. Moreover, any proposals for change must include a plan and timetable for implementation, against which Parliament, and others outside the Government, can measure progress. We also observe how often resistance to change need not reflect bad motives amongst civil servants. Confused messages from divided and ineffective leadership will make this resistance difficult to overcome. Civil Servants face disparate messages about their role: ministers outwardly stress the need for officials to be business-like and outward facing, but signal to them to work closely and face upwards not outwards. They face similar contrasting messages from their permanent secretaries, who emphasise the need to focus on delivery and meet targets, but still indicate that policy roles are the most prized. It is little wonder that the system is frequently characterised as defensive, risk-averse and slow. The lines of communication and responsibility between ministers and officials must be clearer, so that officials feel accountable for delivering ministerial priorities. (Paragraph 24)
7. Effective resistance to change is a mark of the resilience of the Civil Service. This energy needs to be harnessed as a force for change. In fact, we note that far more change has taken place in the Civil Service than is ever acknowledged, though change without a clear analysis, declaration of intent and plan for implementation tends to be disjointed, harder to sustain and altogether less effective. (Paragraph 25)

8. The Fulton Committee was prevented from considering the relationship between ministers and officials, and was therefore unable to tackle the issue of accountability. The increase in government activity and the increasingly complex challenges facing the Civil Service in the 45 years since Fulton reported mean that a review of the role of the Civil Service, which includes the relationship between ministers and officials, is now long overdue. (Paragraph 26)
9. We concluded in two Reports this Parliament (Strategic thinking in Government: without National Strategy, can viable Government strategy emerge? and Who does UK National Strategy?) that Government appears to have lost the art of strategic thinking. We also concluded in our 2011 Report, Change in Government: The Agenda for Leadership, that successive governments had failed to reform the Civil Service, because they had failed to consider what the Civil Service is for and what it should do. We stand by our conclusion. There may be superficial changes, but the core of the system will continue to revert to type, rather than to change permanently. There is little to suggest that the latest attempt at Civil Service reform will be any different. (Paragraph 28)
10. We very much welcome the fact that, subsequent to its response to our Change in Government Report, the Government reversed its position and agreed to publish a Civil Service reform plan. The burden of our criticism in this Report is not that the 2012 Civil Service Reform Plan is too radical but that it is not comprehensive. (Paragraph 30)
11. The Policy Exchange speech contained a number of more radical proposals reflecting frustration with the pace of change since the Civil Service Reform Plan. This slow and unsatisfactory pace of change is all too typical of attempts to reform the Civil Service in recent decades. We found Sir Bob Kerslake's and Sir Jeremy Heywood's response to questions about the pace of change unconvincing and defensive, reinforcing the impression of a fatal division and lack of consensus amongst those leading reform. This demonstrates that reforms conceived and conducted purely by the government of the day are bound to be limited in scope and by the limited attention which the Prime Minister and senior ministers can devote to it, and highlights why fundamental change of the Civil Service requires an independent review. (Paragraph 38)
12. Given the vehemence of Ministers' criticism of the Civil Service, in public as well as in private, we are surprised that the Minister for the Cabinet Office has not identified any fundamental problems with the Civil Service and does not believe that fundamental change is necessary. Instead the Minister insisted that there are a range of problems which can be addressed individually but this is not a comprehensive approach. As we have already concluded, "incremental change" has severe limitations. Unless change is clearly heralded and given high profile leadership by a united team of ministers and senior officials, it is bound to fail. (Paragraph 40)
13. We welcome the Minister's publication of the Institute of Public Policy Research report on Civil Service accountability systems. This publication establishes the important precedent that research commissioned by the Contestable Policy Fund

should be published and should not be treated in confidence as “advice to ministers”. (Paragraph 44)

14. There is a close correlation between the Institute of Public Policy Research (IPPR) report and the Minister’s thinking, as expressed in his Policy Exchange speech. This does raise questions about how objective research commissioned by ministers in this way might be. It should not be a means of simply validating the opinions of ministers. As we shall see later, the fundamental weakness of the IPPR’s paper is that it cherry-picks in isolation particular aspects of different countries’ systems without understanding the balancing of the cultural, political, administrative and constitutional context in each case. In addition, the IPPR report did not and was not asked to evaluate whether, in practice, other models in various countries resulted in better government than ours. It provides, however, useful international research and insight into the Government’s thinking. (Paragraph 45)
15. We note the IPPR’s distinction between politicisation and personalisation of support for ministers. We believe this is a crucial point that goes to the heart of the debate around ministerial accountability and selection of key officials. (Paragraph 46)
16. The *One Year On* report attempts to reconcile the differences between senior officials and ministers about the pace of reform, but the protest that the “joint assessment” is “not a criticism of the Civil Service” serves to underline the tensions between ministers and officials. In the event, the new proposals in the *One Year On* report were modest. The proposals themselves are a watered down version of the Policy Exchange speech and the IPPR report, suggesting that in the end, the Cabinet shrank from approving more radical proposals, in particular the granting of the final choice of permanent secretaries to the departmental minister. The compromise proposed by the Civil Service Commission in respect of the appointment of departmental permanent secretaries remains in place, but on probation. (Paragraph 50)
17. Neither the Civil Service Reform Plan nor the *One Year On* paper are strategic documents. The Government has admitted they were never intended to be so, but we continue to maintain that the lack of a strategic vision for the future of the Civil Service means reform will continue to be confined to a number of disjointed initiatives, some of which may prove permanent, but most of which will either prove to be temporary or will fail to be implemented altogether. The Civil Service Capabilities Plan sets out the skills needed for a 21st century Civil Service without ever defining what the role of the Civil Service perhaps should and could be in the 21st century. The IPPR paper, while a welcome addition to discussion around the future of the Civil Service, was not asked to look at the overall state of the Civil Service, or consider structural changes to the Whitehall model or role of ministers, for example. Once again, we have to reiterate that there has been no comprehensive assessment of the problems and challenges facing the Civil Service, and therefore no case for reform has been articulated. This reflects the lack of any assessment of the capacity for leadership in the Civil Service in order to lead and to implement change. (Paragraph 51)
18. The Government has not set out the challenges facing the Civil Service in the future, or attempted to answer the question of what the Civil Service is for in the modern

age. We therefore very much welcome the new emphasis in the *One Year On* report on addressing “culture and behaviours” in the Civil Service, in the commitment “to develop a longer-term vision for a reformed Civil Service—the 21st Century Civil Service”. This very much reflects our own thinking, but we remain sceptical about how this is to be achieved. (Paragraph 52)

19. We very much welcome the fact that the Civil Service conducts an annual engagement survey, and that, at 58% in 2012, the average engagement score across departments was encouraging, given the world-class level of 67%. We are most disappointed, however, that this data does not provoke more concern and debate about how to share best practice with the parts of the Civil Service where engagement is so much lower. This demonstrates the need for more independent assessment of this data, and of what actions are required to address it, than the internal Civil Service leadership can provide. (Paragraph 56)
20. There is no question that any blocking of ministerial decisions by civil servants would be unacceptable. The perception that ministerial decisions are being deliberately blocked or frustrated points to deeper failures in our system of government. Professor Kakabadse’s research has highlighted how failing organisations demonstrate common characteristics, and while these may not be evident in all parts of Whitehall, they are certainly evident in some departments and agencies. In our deliberations with ministers and civil servants, most recognise a prevalence of these behaviours. We remain unconvinced that the Government has developed the policies and leadership to address these problems. We have found that both ministers and senior civil servants are still somewhat in denial about their respective accountabilities in respect of the problems of the Civil Service. (Paragraph 65)
21. We agree with Lord Browne’s analysis that the failure to learn from failure is a major obstacle to more effective government, arising from leadership that does not affirm the value of learning. This is something which the Civil Service has yet to learn from successful organisations. The present culture promotes the filtering of honest and complete assessments to ministers and is the antithesis of ‘truth to power’. It is a denial of responsibility and accountability. (Paragraph 69)
22. The Civil Service Reform Plan does not address the fact that effective organisations depend on the relationships between ministers and officials, which in turn depend on the “subtle understandings” between individuals. Instead the Reform Plan is based too much on the notion that it is possible to solve confusions in working relationships simply through structures and ministerial direction. We are therefore concerned that the proposal for increasing the staffing of lead ministers, in the *One Year On* document, is not made on the basis of any evidence except that ministers, like Nick Herbert, feel accountable but feel unable to rely on their officials to achieve their objectives. The fundamental issue is why some civil servants feel resistant to what ministers want, and this question has not been considered in any systematic way. If lead departmental ministers require additional support, what about the challenges faced by junior ministers, for it is they who express this lack of support more vehemently than secretaries of state? Such an increase in ministerial support should, however, obviate the need for so many junior ministers, in accordance with

the recommendations made in our 2011 Report, *Smaller Government: What do ministers do?*, in which we pointed out that, at that time, the UK Government contained many more ministers (95) than in France (31) or Germany (46). The same question could apply to the number of departments. (Paragraph 74)

23. We fully concur with the Minister about the need to empower civil servants to take decisions and take responsibility for those decisions. The fact that he cites the Armed Forces which have to operate in a very agile manner demonstrates a key point: that the more uncertain and volatile the environment of politics and government becomes, the greater the need for the exercise of discretion and judgment at all levels, not just at the top. This is well understood by our own Armed Forces by the concept of “delegated mission command”. This latter concept does, however, depend on a coherent intent—shared understanding of purpose. Good leadership provides a framework within which people feel they are trusted to use their judgment. The Minister’s need for “progress chasing” and “loyalty” suggests that the more uncertain and volatile the environment becomes, the more anxious that ministers and senior officials are to maintain a culture of control. (Paragraph 76)
24. Departmental civil servants are in an invidious position with conflicting loyalties. The already delicate leadership role of the combination of the secretary of state and his or her permanent secretary makes it extremely difficult for subordinate officials to understand what may be the “shared vision” for the department. The well-documented tensions in that relationship also reflect confusion of messages from the top that may be perceived as contradictory, which leaves the official wondering, “Which should I please: the minister or the permanent secretary? Whose vision do I follow?” This conflict is further compounded by the complexity of relationships between departments, No 10 (the Cabinet Secretary) and the Cabinet Office (the Head of the Civil Service). Ministers have for some years been relying on Special Advisers, specialist temporary civil servants or outside consultants. Even policy-making is now being “outsourced” to think tanks. We find it unsurprising that many officials find resistance is perhaps the only rational response. Adding more “personalised” ministerial appointments to this confusion will not address the fundamental problem, and could add to the chaos. (Paragraph 79)
25. We are far from persuaded that the creation of separate enclaves of ministerial appointees, who would owe their first loyalty to ministers, will address the concerns for “increased accountability” expressed by the Minister for the Cabinet Office. This is likely to increase the dissonance between ministers and officials in what should be mutually dependent relationships. We sense many ministers aspire to this mutual dependence (Haldane’s indivisibility) and are all too aware of what has been lost but do not know how to restore it. As they stand, these proposals are at odds with the aspiration to trust, to empower and to delegate to lower tiers of departments where officials have the discretion to exercise their judgment and will be supported by those above when they do so. (Paragraph 80)
26. We recognise that progress-chasing is a necessity in any system, but it is a counsel of despair to justify increased ministerial appointees on this basis. It is treating symptoms rather than causes. We find it hard to imagine an effective system of

government in which ministers could or should be micro-managing their departments as many feel they must. (Paragraph 81)

27. We regard the collapse of the West Coast Main Line franchise as symptomatic of many wider questions concerning governance and leadership within the Civil Service, which have not been addressed in the rush to scapegoat a few officials. Why was the blanket ban on outside financial consultants made to apply in this case, when previously the process had always depended upon it? Why was the process of departmental downsizing not conducted in a more selective manner to avoid the departure of key skills? Why was the consequence of this departure not recognised by line management? What support did line management give to this relatively inexperienced team of officials, which in turn was led by a new official recruited from outside the Civil Service? Why was line management not held as responsible for the outcome as the officials themselves? What effect did the frequent change of ministers and of personnel have on all these questions? We are concerned that this episode demonstrates the tendency of Whitehall to locate blame for failure on a few individuals, rather than to use the lessons of failure, as Lord Browne recommended, to address wider shortcomings in systems and culture. (Paragraph 85)
28. As we have made clear in our *Government IT* and *Government Procurement* Reports, the inability of the Civil Service to develop, recruit, and retain key skills is a fundamental failure of today's Civil Service, which successive Governments and the leadership of the Civil Service have failed to address. The fact that so many with key skills just leave the service also underlines how counterproductive it is to maintain the existing restrictions on salaries and conditions for leading professionals in a modern Civil Service. No other Civil Service in a comparable country operates on the basis that the Prime Minister's salary should be a maximum. Such a myopic policy makes the UK Civil Service internationally uncompetitive. (Paragraph 86)
29. The rapid turnover of senior civil servants and in particular, of lead departmental permanent secretaries, at a faster rate than Secretaries of State, begs the question: why do we still use the term, "Permanent Civil Service"? Weak departmental leadership contributes to the risk of poor decisions, as demonstrated by the West Coast Main Line franchising debacle, where the department was on its third permanent secretary since the election. We find that this can only reflect a failure of the senior leadership of the Civil Service over a number of years, and a lack of concern about this failure from senior ministers, including recent prime ministers. (Paragraph 92)
30. The split of the Head of the Civil Service and Cabinet Secretary roles have contributed to weak leadership and confusion over the division of roles, responsibilities and tasks between the centre and the departments. The two roles purport to be equal in status, but the division between "policy" departments responsible to the Cabinet Secretary, and "implementation" departments responsible to the Head of the Civil Service, not only reinforces an artificial separation of policy from implementation but the disparity in status between the roles. (Paragraph 99)
31. The complexity of government structures contributes to the confusion between the centre and departments. Yet there has been no serious consideration of what the

relationship between the centre and the departments of state should be, beyond the Minister for the Cabinet Office's suggestion that a single operating system for Whitehall should be considered. This is again a crucial aspect of government that lacks strategic coherence and clear lines of accountability so that people in the organisation know where they stand, and again underlines the lack of clear analysis and clear strategy in the Government's approach to civil service reform. (Paragraph 100)

32. Non-Executive Directors (NEDs) within Whitehall departments have no defined role, no fiduciary duties, and it is not clear who can hold them to account. They are more like advisers or mentors than company directors. Their value depends entirely upon how ministers and senior officials seek to use them. Their experience has been mixed, with many departments failing to use the expertise of their NEDS, and a lack of clarity over their roles and responsibilities. NEDs play a key role in some departments in supporting both ministers and officials to work more effectively and efficiently, but this is a very different role from the role of an NED in the private sector. A review of their value and effectiveness should be part of any comprehensive review of the civil service. (Paragraph 104)
33. We welcome the compromise between the Government and the Civil Service Commission on the appointment of departmental permanent secretaries, which allows for increased involvement for departmental ministers but leaves the recommendation with the Commission's interview panel and the final decision with the Prime Minister. This should avoid any misunderstanding that the decision should bypass a Secretary of State altogether. We recognise the unique demands placed on ministers who do not control the appointment of their most senior official in their department, particularly as this previously almost secret relationship is today more than ever exposed to public scrutiny and to the glare of publicity. Tensions are bound to arise between politicians and their officials who seek to remain impartial, but we are sceptical about whether increased political influence over their appointment would resolve these tensions. Effective working relationships at the top of Whitehall departments depend on openness and trust, and it is far from clear how the Government's original proposal would promote this. We remain concerned that the Government's original proposal is only "on hold" and that the Minister still seems intent on pursuing it without the wider and deeper consideration of the future of the Civil Service which would be needed before taking more radical steps. We wish to make it clear that the Civil Service Commission has our fullest support. (Paragraph 121)
34. The current levels of turnover of lead permanent secretaries is incompatible with good government. We are sceptical of the Minister's suggestion that fixed-tenure for permanent secretaries will increase the average time spent in post. On the contrary, fixed-term contracts are a means of removing an incumbent, unless safeguards are included, similar to those in New Zealand, where the State Services Commissioner appoints and employs "Chief Executives" and it is he or she who recommends whether the permanent secretary should be reappointed. As the IPPR report points out, the New Zealand system is viewed as the least politicised of the Westminster systems. The Government has cherry-picked the fixed-tenure contracts while looking to enhance the ministerial role in appointments. The danger is that the

personalisation of the appointments of permanent secretaries is that they will leave as the renewal point approaches, particularly if the minister who appointed them is no longer around. Our evidence does not suggest that fixed-tenure contracts will address the serious structural and cultural problems in the Civil Service. (Paragraph 125)

35. The independent evidence in favour of some kind of comprehensive strategic review of the nature, role and purpose of the Civil Service is overwhelming. Our critique of the Civil Service Reform Plan and its limited implementation underlines this. The objections raised by the Minister for the Cabinet Office and by the Leadership of the Civil Service are unconvincing and can be seen as part of the “bias to inertia” which they say they are seeking to address. On the one hand, the Government insists that the present reforms are “urgent”. On the other hand, they are too modest and piecemeal to address the root causes of the frustrations which ministers feel beset them or to lead to the kind of transformational change that many believe the Civil Service needs. Parts of the Civil Service Reform Plan may be implemented but, as a change programme, it will fail. Sustained reform has to be initiated by cooperation and supported by external scrutiny and analysis that leads to a comprehensive set of recommendations for change. This cannot be done by ministers and officials who are, as they say themselves, so pressed by far more immediate and high-profile economic, political and international issues. (Paragraph 149)
36. So we come to the sole and central recommendation of our inquiry and Report, recognising the sheer weight of the evidence which we have received: that a Parliamentary Commission should be established to consider the future of the Civil Service, established as a Joint Committee of both Houses on the same lines as the Parliamentary Commission on Banking Standards which reported earlier this year. We cannot emphasise enough the importance of this, reflected by the unanimous support of the House of Commons Liaison Committee. Such a Commission could draw on the extensive experience of government and the Civil Service in Parliament and its conclusions would enjoy cross-party consensus. The Commission should do its work alongside current Civil Service reforms, not as an alternative: the published reforms are aimed to address urgent short-term issues, while the Commission should focus on the strategic long-term vision for the Civil Service, for which the Government has, in its *One Year On* report, recognised the need. The fact that more radical measures that challenge the Northcote-Trevelyan settlement are also being discussed underlines the need for Parliament to oversee proper consideration of issues that are fundamental to the way our uncodified constitution operates. The Civil Service does not exist solely to serve the Government of the day, but also future Governments. It is right and proper that substantial reforms to the role of the Civil Service should be scrutinised by Parliament. Such a Parliamentary Commission could be established before the end of the year and report before the end of the current Parliament so that after the 2015 general election a comprehensive change programme can be implemented. (Paragraph 150)
37. Any inquiry into the Civil Service could usefully start by cataloguing how the nation, society and the world has changed since the Fulton Committee reported 45 years ago, in order to provide a fresh context for considering the future of the Civil Service. Some of these issues will have to be considered in greater detail. (Paragraph 152)

38. The impact of these reforms on Parliament and the relationship between Government and Parliament warrant further and comprehensive consideration by Parliament. As former Cabinet Secretary Lord Wilson of Dinton commented, supposedly limited changes borrowed from other country's systems could lead to unforeseen consequences from these changes. This is not an excuse for any of the proposed changes to be delayed. It is, however, a reason for these changes to be considered by a Joint Committee of both Houses. (Paragraph 154)
39. It is crucial that the relationship between ministers and officials is not excluded from consideration by any inquiry into the future of the Civil Service. (Paragraph 156)
40. In line with the Minister's question about whether Whitehall should move towards "a more unified operating system", this must be a major part of the inquiry, but only after the necessary data has been gathered and analysed and the conclusions to be drawn from it have been accepted by all concerned, so that organisational changes are a means to an end, and not an end in themselves. (Paragraph 158)
41. The question of how to reconcile the political and institutional leadership of Whitehall so there is a shared understanding of what change is needed and how it is to be managed is an essential component of success. This flows from the consideration of the relationship between ministers, officials and Parliament. At present, there is little or no collective leadership in the accepted sense of the word and this issue can no longer be avoided. (Paragraph 160)
42. A review of the Civil Service must build on the work of the House of Commons Political and Constitutional Reform Committee regarding the relationship between central and local government. (Paragraph 162)
43. The decision to abolish the National School for Government with so little discussion or consultation must be revisited. The arguments for some such institution need to be reassessed. It should be an institution which promotes continuing change as well a centre of research, learning, history and wisdom. (Paragraph 166)
44. The impact of devolution and decentralisation on one of our central institutions of state has hardly been given any external consideration, and yet the consequences are potentially very significant and underappreciated. (Paragraph 169)
45. The draft remit of the Parliamentary Commission on the Civil Service should be to consider and report on:
- a) The relationship between the Government and the people, and how the Civil Service should be made more responsive to the citizens to ensure government by the people for the people in today's world;
 - b) the purpose, structure, skills and culture of Cabinet Government and the UK Civil Service, taking account of the challenges facing the Civil Service and the country as a whole; and
 - c) the importance of leadership within the Civil Service, and the relationship between ministers and officials.

- d) The Commission should make recommendations for legislative and other action and determine how any recommendations shall be implemented within a fixed timescale, and how such implementation will be independently monitored. (Paragraph 174)
46. Until the present Parliament the House of Commons used to hold a full one-day debate on the Civil Service every year. There has been no such debate on the Civil Service in this Parliament and the Government should ensure that such a debate is held at the earliest opportunity on a motion to establish the proposed Commission as quickly as possible. (Paragraph 175)
47. The Government, like many of its predecessors, is committed to reforming the Civil Service. It has not, however, learnt the key lesson from past failed attempts at reform. The Minister for the Cabinet Office has admitted that the failings in the Civil Service which need reform are also the key obstacles to that reform of the Civil Service. This internal resistance to reform was not addressed by past reform programmes, which either chose not to, or were prevented from, looking at the Civil Service in a strategic manner, and considering the issue of accountability—which emerged as the central theme in our evidence. (Paragraph 176)
48. In line with previous reform programmes, the Civil Service Reform Plan and the *One Year On* update paper do not look strategically at the challenges facing the Civil Service of the future. These challenges will be more fluid and complex than those of the present, and will require the Civil Service to operate in a more open and engaged manner. Furthermore, “speaking truth to power” may be a more complex concept if power has diffused out of nation states: civil servants are already confronting ministers with the need to consider the question of whose truth to whose power, in respect of international law and, more immediately, in respect of our EU and ECHR treaty obligations. (Paragraph 177)
49. We have recommended the establishment of a Parliamentary Commission into the Civil Service. The aim of this Commission should be to ensure that the Civil Service has the values, philosophy and structure capable of constant regeneration in the face of a faster pace of change. The importance of this review to the future working of government in this country means that it is fitting for the Treasury to fund this work, in the same manner as the Parliamentary Commission on Banking Standards. (Paragraph 178)
50. We do not call for a Parliamentary Commission into the Civil Service to obstruct or slow the Government’s current reforms. In fact we support many of these reforms. We believe, however, that a long-term look at the Civil Service will enable these reforms to be implemented and embedded in a more effective and strategic Civil Service to serve both the current and future Governments. We believe it would be unwise and an example of short-term thinking to reject a strategic consideration of the Civil Service, when it can and should exist alongside the implementation of urgent reforms. We do not believe that the Government’s reform plans can be successful without this deeper analysis taking place. Without a Parliamentary Commission, ministers may find that in the next Parliament it will become ever

harder to get those things done that must be done if our country is to survive and prosper. (Paragraph 179)

Formal Minutes

Tuesday 3 September 2013

Members present:

Mr Bernard Jenkin, in the Chair

Alun Cairns
Robert Halfon
Kelvin Hopkins
Greg Mulholland

Priti Patel
Mr Steve Reed
Lindsay Roy

Draft Report (*Truth to power: how Civil Service reform can succeed*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 179 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Eighth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing.

[Adjourned till Tuesday 8 October at 9.15am

Witnesses

Tuesday 8 January 2013

Page

Patrick Diamond, University of Manchester, **Lord Hennessy of Nympsfield**, Queen Mary University of London, and **Professor Christopher Hood**, University of Oxford

Ev 1

Sean Worth, Policy Exchange, **Rt Hon Peter Riddell**, Institute for Government, and **Andrew Haldenby**, Reform

Ev15

Tuesday 15 January

Professor Andrew Kakabadse, Cranfield School of Management, **Dr Chris Gibson-Smith**, Chair, London Stock Exchange, **Sir John Elvidge**, former Permanent Secretary, Scottish Government, **Dr Suzy Walton**, former civil servant

Ev 23

Tuesday 29 January

Lord Wilson of Dinton GCB, former Cabinet Secretary, and **Rt Hon Dame Janet Paraskeva**, former First Civil Service Commissioner

Ev 36

Rt Hon Lord Adonis, **Sir Nick Harvey MP**, **Rt Hon Nick Herbert MP**, **Rt Hon Caroline Spelman MP**

Ev 44

Tuesday 12 February

Lord Browne of Madingley, Government Lead Non-Executive

Ev 58

Lord O'Donnell GCB, former Cabinet Secretary

Ev 65

Wednesday 13 February

Sir David Normington GCB, Commissioner for Public Appointments and First Civil Service Commissioner

Ev 78

Dave Penman, General Secretary, FDA, and **Hugh Lanning**, Deputy General Secretary, PCS

Ev 88

Tuesday 27 February

Damian McBride, Head of Communications, CAFOD

Ev 97

Caroline Downs, Chief Executive, Local Government Association and **Derrick Anderson**, Chief Executive, Lambeth Council

Ev 110

Tuesday 5 March

Professor Matthew Flinders, University of Sheffield, **Lord Norton**, University of Hull, and **Professor Anthony King**, University of Essex

Ev 117

Wednesday 20 March

Rt Hon Jack Straw MP, former Cabinet Minister

Ev 131

Tuesday 16 April**Jonathan Powell**, former 10 Downing Street Chief of Staff Ev 141**Thursday 18 April****Sir Jeremy Heywood KCB CVO**, Cabinet Secretary, and **Sir Bob Kerslake**, Head of the Civil Service Ev 156**Monday 13 May****Rt Hon Francis Maude MP**, Minister for the Cabinet Office Ev 182**Monday 24 June****Rt Hon Francis Maude MP**, Minister for the Cabinet Office Ev 192

List of printed written evidence

1	Shrinking the State ESRC Research Project (CSR 1)	Ev 205
2	Public and Commercial Services Union (CSR 4)	Ev 206
3	FDA (CSR 6)	Ev 210
4	Cabinet Office (CSR 9)	Ev 216
5	Supplementary written evidence submitted by FDA (CSR 22)	Ev 217
6	Patrick Diamond, Professor David Richards, Professor Martin Smith (CSR 11)	Ev 222
7	Dr Suzy Walton (CSR 12)	Ev 225
8	Sir John Elvidge (CSR 13)	Ev 226
9	Professor Howard Elcock, AcSS (CSR 15)	Ev 229
10	Dr Chris Gibson-Smith (CSR 16)	Ev 231
11	Dr Ruth Levitt and William Solesbury (CSR 17)	Ev 233
12	Active Operations Management International LLP (CSR 20)	Ev 236
13	Association for Project Management (CSR 21)	Ev 239
14	Dr John Parkinson (CSR 23)	Ev 241
15	Civil Service Commission (CSR 24)	Ev 243
16	Professor Matthew Flinders, Professor Chris Skelcher, Dr Katherine Dommett and Dr Katherine Tonkiss (CSR 25)	Ev 250
17	Professor the Lord Norton of Louth (CSR 26)	Ev 251
18	Rt Hon Jack Straw MP (CSR 27)	Ev 254
19	Sir David Normington, First Civil Service Commissioner (CSR 28)	Ev 256
20	Additional written evidence submitted by Cabinet Office (CSR 29)	Ev 258
21	Additional written evidence submitted by Dr Ruth Levitt and William Solesbury (CSR 30)	Ev 260
22	Derek Jones, Permanent Secretary, Welsh Government (CSR 31)	Ev 263
23	Scottish Government (CSR 32)	Ev 268
24	Universities of Exeter, Cardiff and Kentucky (CSR 33)	Ev 270
25	Sir Bob Kerslake (CSR 34)	Ev 272

26	Cabinet Office (CSR 35)	Ev 280
27	Professor Andrew Kakabadse (CSR 36)	Ev 281
28	Sir Alan Beith, Chair of Liaison Committee (CSR 37)	Ev 282

List of additional written evidence

(published in Volume II on the Committee's website www.parliament.uk/pasc)

1	Dr Andrew Blick, Centre for Political Constitutional Studies (CSR 2)	Ev w1
2	Prospect (CSR 3)	Ev w4
3	Institute for Government (CSR 5)	Ev w7
4	Project Management Institute (CSR 7)	Ev w12
5	Parliamentary and Health Service Ombudsman (CSR 8)	Ev w14
6	Martin Surr (CSR 10)	Ev w15
7	Mark Balchin (CSR 14)	Ev w16
8	D H Owen (CSR 18)	Ev w17
9	Philip Virgo (CSR 19)	Ev w21

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2013–14

First Special Report	Public Trust in Government Statistics: A review of the operation of the Statistics and Registration Service Act 2007: Government and UK Statistics Authority Responses to the Committee's Ninth Report of Session 2012–13	HC 77
Second Special Report	Special advisers in the thick of it: Government Response to the Committee's Sixth Report of Session 2012–13	HC 515
First Report	Communicating statistics: not just true but also fair	HC 190
Second Report	Public engagement in policy-making	HC 75
Third Report	The role of the Charity Commission and "public benefit": Postlegislative scrutiny of the Charities Act 2006	HC 76
Fourth Report	Engaging the public in National Strategy	HC 435
Fifth Report	Appointment of the Chair of the Committee on Standards in Public Life	HC 516
Sixth Report	Government Procurement	HC 123
Seventh Report	Migration Statistics	HC 523

Session 2012–13

First Special Report	Public Appointments: regulation, recruitment and pay: Government Response to the Committee's Fourteenth Report of Session 2010–12	HC 18
Second Special Report	Leadership of change: new arrangements for the roles of the Head of the Civil Service and the Cabinet Secretary: Further Report: Government Response to the Committee's Twenty Third Report of Session 2010–12	HC 313
Third Special Report	Strategic thinking in Government: without National Strategy, can viable Government strategy emerge? Government Response to the Committee's Twenty Fourth Report of Session 2010–12	HC 573
Fourth Special Report	The Role of the Cabinet Secretary and the Resignation of the Chief Whip: Government Response to the Committee's Eighth Report of Session 2012–13	HC 968
Fifth Special Report	The Prime Minister's Adviser on Ministers' Interests: independent or not? Government Response to the Committee's Twenty Second Report of Session 2010–12	HC 976
First Report	The Big Society: Further Report with the Government Response to the Committee's Seventeenth Report of Session 2010–12	HC 98

Second Report	The Honours System	HC 19
Third Report	Business Appointment Rules	HC 404
Fourth Report	Appointment of the Chair of the Charity Commission	HC 315-I
Fifth Report	End of term report: 2011–12	HC 316
Sixth Report	Special advisers in the thick of it	HC 134
Seventh Report	The Honours System: Further Report with the Government Response to the Committee's Second Report of Session 2012–13	HC 728
Eighth Report	The Role of the Cabinet Secretary and the Resignation of the Chief Whip	HC 864 (HC 968)
Ninth Report	Public Trust in Government Statistics, A review of the operation of the Statistics and Registration Service Act 2007	HC 406
Session 2010–12		
First Report	Who does UK National Strategy?	HC 435 (HC 713)
Second Report	Government Responses to the Committee's Eighth and Ninth Reports of Session 2009–10: Goats and Tsars: Ministerial and other appointments from outside Parliament and Too Many Ministers?	HC 150
Third Report	Equitable Life	HC 485 (Cm 7960)
Fourth Report	Pre-appointment hearing for the dual post of First Civil Service Commissioner and Commissioner for Public Appointments	HC 601
Fifth Report	Smaller Government: Shrinking the Quango State	HC 537 (Cm 8044)
Sixth Report	Who Does UK National Strategy? Further Report with the Government Response to the Committee's First Report of Session 2010–11	HC 713
Seventh Report	Smaller Government: What do Ministers do?	HC 530 (HC 1540)
Eighth Report	Cabinet Manual	HC 900 (HC 1127, Cm 8213)
First Special Report	Cabinet Manual: Government Interim Response to the Committee's Eighth Report of Session 2010–12	HC 1127
Ninth Report	Pre-appointment hearing for the post of Parliamentary and Health Service Ombudsman	HC 1220-I
Tenth Report	Remuneration of the Parliamentary and Health Service Ombudsman	HC 1350
Eleventh Report	Good Governance and Civil Service Reform: 'End of Term' report on Whitehall plans for structural reform	HC 901 (HC 1746)
Twelfth Report	Government and IT — "a recipe for rip-offs": time for a new approach	HC 715-I (HC 1724)
Thirteenth Report	Change in Government: the agenda for leadership	HC 714 (HC 1746)
Fourteenth Report	Public Appointments: regulation, recruitment and pay	HC 1389
Fifteenth Report	Smaller Government: What do Ministers do? Further Report with the Government Response to the Committee's Seventh Report of Session 2010–12	HC 1540 (HC 1746)
Sixteenth Report	Appointment of the Chair of the UK Statistics	HC 910

	Authority	
Seventeenth Report	The Big Society	HC 902
Eighteenth Report	Change in Government: the agenda for leadership: Further Report, with the Government Responses to the Committee's Eleventh, Thirteenth and Fifteenth Reports of Session 2010–12	HC 1746
Nineteenth Report	Leadership of change: new arrangements for the roles of the Head of the Civil Service and the Cabinet Secretary	HC 1582
Twentieth Report	Government and IT—"a recipe for rip-offs": time for a new approach: Further Report, with the Government response to the Committee's Twelfth Report of Session 2010–12	HC 1724
Twenty First Report	Future oversight of administrative justice: the proposed abolition of the Administrative Justice and Tribunals Council	HC 1621
Twenty Second Report	The Prime Minister's adviser on Ministers' interests: independent or not?	HC 1761
Twenty Third Report	Leadership of change: new arrangements for the roles of the Head of the Civil Service and the Cabinet Secretary, Further Report, with the Government Response to the Committee's Nineteenth Report of Session 2010–12	HC 1914
Twenty Fourth Report	Strategic thinking in Government: without National Strategy, can viable Government strategy emerge?	HC 1625

Oral evidence

Taken before the Public Administration Select Committee on Tuesday 8 January 2013

Members present:

Mr Bernard Jenkin (Chair)

Alun Cairns
Charlie Elphicke
Paul Flynn
Kelvin Hopkins

Greg Mulholland
Priti Patel
Mr Steve Reed
Lindsay Roy

Examination of Witnesses

Witnesses: **Patrick Diamond**, University of Manchester, **Lord Hennessy of Nympsfield**, Queen Mary, University of London, and **Professor Christopher Hood**, University of Oxford, gave evidence.

Chair: May I welcome our three witnesses to this first session of evidence on the future of the Civil Service? Could I ask each of you to identify yourselves for the record?

Professor Hood: I am Christopher Hood from the University of Oxford.

Lord Hennessy: Peter Hennessy, Queen Mary, University of London, and the House of Lords.

Patrick Diamond: Patrick Diamond from the University of Manchester.

Chair: And a former special adviser in the Labour Government.

Patrick Diamond: Yes, I was a special adviser in the previous administration between 2000 and 2005, and then between 2009 and 2010.

Q1 Chair: Your perspective will be extremely interesting. Can I start by asking each of you just to say, in no more than three sentences, what is wrong with the Civil Service? What is going wrong with the Civil Service? What is your analysis of the issues that must be addressed by a Civil Service Reform Plan?

Professor Hood: From my perspective, I have just done an analysis of 30 years of running cost control or the lack of it in the Civil Service, and what I found was that, over successive attempts to contain costs, running costs rose in real terms over that time. I think that is a major challenge for the Civil Service, but I do not think it is the only one.

Q2 Chair: That would seem to be a symptom. What are the causes of that particular failing that represent the fundamental problem with the Civil Service?

Professor Hood: It is something to do with the way that management works, as between the professionals and the politicians.

Lord Hennessy: In the long sweep of the history of the Civil Service since Victorian times, when its modern shape was pretty well determined by Gladstone, it is under-performance, because it is less than the sum of its parts. It has always attracted a remarkable array of gifted people but, somehow, it is always less than the sum of its parts. On top of that, the particular circumstance now that worries me is that the governing marriage, as one might call it, is in trouble. The governing marriage is essentially two

groups of people, transient Ministers and career lifers, civil servants, but there is a half in it now—Patrick's old trade, special advisers, who can sometimes make it even harder for the marriage to work.

The marriage, to an outside observer like myself, at the moment seems to be in more trouble than usual. The relationships are particularly scratchy. The whole system depends on confident Secretaries of State and very confident senior civil servants if it is going to work. At the moment, there is a high degree of mutual antipathy, which is not completely widespread across Departments—of course it is not—but it is at a much higher level than usual. The Civil Service Reform Plan, particularly the section that I have no doubt we will come to, action 11 on ministerial choice in permanent secretaries and all that, reflects this lack of self-confidence on the part of the two governing professions and the particular scratchiness of the relationship since 2010.

Q3 Chair: But what is the cause of that breakdown?

Lord Hennessy: It has been long in the making because when you have a country that is in steep economic difficulty most of the time, there is a high level of disappointment and political life has its adversarial element at all times, there is a tremendous trouble when the country is in tremendous danger, or when a country is in some trouble, of mutual scapegoating. The easiest target for Ministers who are not up to it, who are exhausted, or who feel immensely got at by everybody, is to blame the servants. I used to say in the old days—in the Thatcher years actually, when we had a version of this although it was different from the version we are now looking at—that the First Division Association should put in a bid for extra pay, the national scapegoating premium, because they are always blamed by Ministers first. It usually happens halfway into a Parliament. It is almost on cue this time, two to two and a half years in. The first people you blame is the press office, because “The message is terrific; it's just you tossers are no good at putting it out.” The second group of people you blame is the career Civil Service as a whole, so the coalition has been absolutely on cue, but it is scratchier than it has usually been in the past.

Q4 Chair: You seem to be saying that this is a problem of leadership.

Lord Hennessy: Yes, there is, in both senses, because the self-confidence point covers that. You have to have some very self-confident Ministers who want a group of self-confident civil servants, who really are going to speak truth unto power, to spare you nothing, to always and everywhere tell you what you need to know rather than what you wish to hear. That requires leadership on both sides of the governing marriage. I do not think the permanent secretaries are in particularly good nick either.

Chair: We are using a lot of colons and semi-colons in our three sentences.

Patrick Diamond: I will just add to what has been said and make two very brief comments. The first is that I think one would have to understand that the context in which Civil Service performance is being assessed has changed, in some ways quite radically, over the last 30 years. To give one more concrete example, I would say that the increasing focus on delivery in government and the capacity of the Civil Service to contribute towards the delivery of public services and state services as a whole is a relatively recent development. It did not start under the Labour administration; it began, in some respects, under John Major's Government in the 1990s and has been developed and accelerated since then. That has changed quite significantly wider sets of political and public expectations about what the public service and the Civil Service are expected to deliver.

The only other point I would add briefly is that one has to make assessments of Civil Service performance in the context of the broader shape of the political system, and one would have to say the United Kingdom is a relatively centralised polity. The Civil Service is having to work within the context of a high degree of centralisation and central organisation of services, and that does affect the way in which it works. One has to have that broader context in making judgments about how the Civil Service performs.

Q5 Chair: Peter Hennessy seemed to be saying that actually the politicians get the Civil Service they deserve.

Patrick Diamond: Of course there is some truth in that, and Lord Hennessy is quite right to suggest that relationships between the Civil Service and politicians have become more contested and more contentious over the last 20 or 30 years for a wide variety of reasons, but with an important set of implications.

Q6 Chair: Do we think the Government's Reform Plan is going to address all these failings?

Lord Hennessy: It would take a Second Coming to do that, Chairman. This Coalition has got virtues, but it ain't in the business of the Second Coming is it?

Professor Hood: To start with the problem that I adverted to, the cost issue, if you compare the reform document that we are speaking about with its equivalent 30 years ago, the "Efficiency in Government" reform paper that came from the Thatcher Government then, in that case the efficiency and reform plan put containing costs at centre stage. It did contain, in contrast to the 2011 document, some

evidence about what was happening to costs and how they could be contained. It was, in that sense, a paper that contained more evidence and a clearer, more coherent argument; nevertheless, running costs rose under the Thatcher Government and did not fall.

Q7 Chair: Does the Civil Service Reform Plan, in the view of each of our witnesses, set out a vision for the whole of the Civil Service about what the Civil Service is for, how it should be constructed, and how it should be led and governed?

Professor Hood: May I comment on that?

Chair: Lord Hennessy shook his head or indicated dissent, as they say in Hansard.

Lord Hennessy: One of the problems with it, and again I am very much to blame as well as others, is that we tend to concentrate when we get a Reform Plan on the bit that is truly contentious. There is a pacemaker element to these plans, which captures the imagination and the press pick it up, quite rightly. In this case, it is the ministerial choice in the top permanent secretary jobs. Putting that to one side—

Q8 Chair: Is that the fundamental problem?

Lord Hennessy: It goes to the problem we have already been talking about, the scratchiness of the relationship and the nature of the governing marriage. It is not really good on the first order question of what you keep a Civil Service for, but it touches pretty well everywhere on the wider question of whether or not the model of Crown service, recruited and promoted on the basis of merit rather than political belief, is the model to stick with; so in that sense, it does address the first-order question and the Gladstonian settlement, if you want to call it that, from the mid-19th century, on which we have operated.

Each generation revisits this particular question and each administration finds its frustrations with it so, in that sense, it goes to the heart of one of the problems, but I do not think this will go down in the annals of administrative history as one of the great documents. In many ways, it does not have the bite that Ted Heath and The Reorganisation of Central Government had in 1970–71, which was much more applied to the needs of high-quality policy-making, because we have been distracted to some degree by the curse of management babble in the last 30 years. The creeping virus of the MBA has come into all these documents, the endless acronymia. If these Herberts had written the Sermon on the Mount, not one of us would be Christians, Chairman.

Chair: He had 12 spads.

Professor Hood: Of course I take Lord Hennessy's point, but I think that this Reform Plan does not really tell us which country we are talking about, and surely there are major issues about the future of the United Kingdom, or even of Great Britain, that are just not covered at all in this document. Surely, looking ahead, those are really big issues that will be facing the Civil Service. It also does not refer to the trade-offs that inevitably have to be faced when you are designing organisations, and it assumes that it is possible to have it all—cheaper, high quality, for example. It does not really talk about how we might trade off these rival desiderata. Thirdly, it does not give us any indication

of the standards on which we should judge whether these reforms have been successful or not. We are not given any indication of that. Looking from the perspective of an evaluator, how will I know whether it has worked or not?

Patrick Diamond: I would add two points. Firstly, the Plan is not always clear about what exactly is being defined as the object of reform and what exactly the Civil Service it is attempting to reform is. I do not think there is sufficient clarity in the document between the Civil Service in Whitehall and the broader Civil Service, as in the civil servants who are employed in a range of different Government agencies and public bodies, many of whom are closer to the task of delivering services. That does have implications.

The second point I would make is that there is an age-old debate in civil service reform, which goes back to the mid-19th century, about whether we want civil servants to be generalists or whether we want them to be specialists. There are some allusions to this debate in the Plan, but again a lack of clarity about what is really envisaged in terms of that distinction. Just to emphasise that, we cite in our evidence a very interesting speech that Oliver Letwin gave in September to the Institute for Government, in which he appeared to celebrate in many ways the tradition of the generalist public administrator in British public life. One would have to say, firstly, is the account that Oliver Letwin is giving completely sound? I think some would have reason to doubt it. Secondly, how does one square Oliver Letwin's account with the kind of Civil Service reform that is envisaged in the Plan? I think one would have to say there are some contradictions.

Q9 Chair: We will probably draw these points out as we go through, but just very briefly on the Northcote-Trevelyan point, in a word, if we are throwing out Northcote-Trevelyan with the Civil Service Reform Plan, are we throwing the baby out with the bathwater? Should we stick with Northcote-Trevelyan?

Lord Hennessy: Most certainly we should. The danger is it will be like losing a good clean water supply: we will only realise we have lost it when it has gone. The danger of seeping politicisation is very real in this document—even though the admirable Joshua Chambers, in *Civil Service World*, the last edition, indicated that Francis Maude is having a pause on all this. That is the real worry. If that goes, the 19th-century settlement will be undone but, if it does, it will not be in a great dramatic fashion necessarily, although I think it would need primary legislation, given the CRAG Act. That is my view, but it would be a huge own goal, a national own goal of serious proportions, if we got rid of the Northcote-Trevelyan principles.

Professor Hood: I would not put it as strongly as that, but I would fully agree that there are real dangers of moving away from an impartial professional appointment system. I think that it might be possible to retain what Lord Hennessy calls the “marriage” in other parts of the system while creating a new class of civil servants, as was done with the creation of

special advisers in the 1970s. I think that the risks are real; I would agree with that.

Patrick Diamond: I would just add that, firstly, the values that the Northcote-Trevelyan settlement embodies are clearly very important ones. In a debate where there is a tendency to criticise both British democracy but also the performance of the Civil Service, it is worth reminding ourselves that, as a country, our administrative and public administrative history is in many ways a very proud one and has many elements in it that are worth cherishing and valuing.

One would have to say, secondly, that there have been instances in which some of those values have come under pressure. Politicisation is a real issue, as Lord Hennessy refers to it. I would put the problem in a broader context and say it is not just a question of politicisation; it is a question of what are the arrangements that are overseeing and regulating the kinds of relationships, particularly the relationships between Government Ministers and civil servants in Government. In his evidence to this Committee, Dr Andrew Blick talks about the importance of Parliament and the role of Parliament in overseeing the Civil Service. Again, that is a crucial issue that is not really alluded to or referenced in this Reform Plan.

Chair: Thank you for the flattery.

Q10 Lindsay Roy: Mr Diamond, you mentioned a trend for increasing centralisation. Is not the real issue a lack of coherent strategic planning, a lack of clear overview and, indeed, the power of individual Departments—the silo mentality?

Patrick Diamond: I should perhaps preface my earlier remarks about centralisation by saying that, since the late 1990s, the devolution settlement has had again very important implications for the organisation of the Civil Service. Another piece of evidence that was presented to this Committee by Sir John Elvidge from the Scottish Government does have important and interesting things to say about how the devolved Governments have gone about the task of reforming and restructuring the Civil Service. One important element of that has been the attempt to try to replace very rigid departmental boundaries with a more corporate approach to government, with Ministers sharing objectives and civil servants working in a more collaborative way. There are lessons that one can undoubtedly learn from devolution, and Whitehall has much to learn from the performance of the devolved administrations.

To address your question directly about strategic planning, clearly strategic planning is not something which the Civil Service has traditionally particularly excelled at. There have been various attempts to create central units, which have had the task of strategic planning as their main priority. Under the Heath Government, there was of course an attempt to create a central policy review staff, which lasted for 15 or so years. There was then under the Blair Government the attempt to create the Strategy Unit. In brief, my view would be that the attempts to create central strategy units have advantages, but the risk of them is that they actually become quite isolated from the rest of the Civil Service. It seems to me that there is more that

needs to be done in terms of embedding the capacity for good strategic thinking and good strategy within Government Departments, rather than resorting to a system in which we rely on the Cabinet Office and Number 10 to enforce that strategic planning from the centre.

Q11 Kelvin Hopkins: First of all, I agree very strongly with Lord Hennessy's passionate defence of Northcote-Trevelyan and all it stands for. Absolutely right. I like also his reference to it being like a governing marriage in trouble, but it is a marriage between incompatibles. On the one hand, you have a group of people who want a comfortable monogamy, the Civil Service; and you have another group of people, politicians mainly, who want to play the field, play around and do not really believe in the marriage at all in any case. There are ideological tensions. Would you agree that the ideological tension is between a civil service which has grown up hovering between one-nation conservatism and social democracy on one side, and on the other side you have politicians driven by Hayek and neoliberal ideology who do not really believe in the Civil Service? They believe in privatisation and the market. That is the tension at the heart of it all. It came to a peak under Tony Blair and Gordon Brown.

Lord Hennessy: It is very interesting that, in addition to the ideological element, which you have expressed so vividly, there is the anthropological problem. The two trades attract different sorts of people. I do not want to be unkind to your trade at all, but the Civil Service attracts people who are amazingly evidence-driven and believe in process almost to the level of fusspottery. In your trade, you do not rise to the top of your profession by the careful use of evidence, do you, Chairman? Some of you do, but some of you most certainly do not. The reason it is hard to make the governing marriage work, and the reason why it is so necessary to do so, is everybody brings different things to the table. It may be Treasury legend, but Hugh Dalton, as the first Chancellor of the Exchequer after the War, had this amazing outburst with his senior Treasury people when he called them congenital snag-hunters. Well, the state does need congenital snag-hunters to say to, in some cases, completely unformed politicians in terms of not having any previous ministerial experience, "It is not as simple as that. We tried it last time and it went wrong here. Are you aware of the following and are you sure?" That is what I meant about the need for self-confidence on both sides.

The anthropological problem that Mr Hopkins has put his finger on is perpetually there. It varies according to era, administration and the level of ideological charge in British political debate or government at any one time, but it is always lurking there, and that is what I meant about it being in a particularly poor state at the moment, for a variety of reasons. I do recognise your picture. Also, there is the human problem that the one great consistent factor in British central Government since 3 September 1939 is overload; both the Ministers and the lifers have been overloaded. They are extraordinarily extended, even when the state seems to be much diminished now, in terms of

privatisations, devolutions and so on. There is still the most overloaded and overworked set of people at the top in advanced countries in the UK, and this wears them out as time elapses in an administration. In the coalition it is even harder; the human tensions in the coalition are palpable, are they not? The Lib Dems are largely herbivorous and the Conservatives are largely carnivorous people.

Chair: There are many more lines on the organogram.

Lord Hennessy: That is right exactly, and people get worn out. You have more worn out and more overstretched Ministers and senior civil servants than is desirable, and that is a problem we never look at. Harold Macmillan, as one of his first acts as Prime Minister, commissioned a study on the burden on Ministers, which Clem Attlee chaired, but it has not been done since, and I would be delighted if one of your future investigations, Chairman, was on that. That is one of these consistent factors, but it feeds into what we are talking about today, because it wears people out in the governing marriage very quickly and the relationships get scratchy.

Q12 Priti Patel: Mr Diamond, in your evidence you have suggested that the Civil Service Reform Plan lacks any historical reference to what has gone on in the past and particularly what has been less successful in the past as well. Have you got any thoughts on this? Why do you think this is the case? In light of this, do you think what the Government is trying to achieve this time round, through the Reform Plan, can be successful at all?

Patrick Diamond: I would say on the historical reference point that, in our evidence, we were alluding to the fact that the Reform Plan goes into a lot of commentary about the failure of the Civil Service or the under-performance of the Civil Service. In fact, one could read very similar criticisms going back 30 or 40 years. In fact, if you were to read the Fulton report, which was published in 1968, I think you would see many of the criticisms in the Fulton report echoed in different ways in the 2012 Reform Plan. In that sense, what we were saying was that we did not necessarily want a document that was packed with historical references, but what we did want to see more of was a sense that the Government understood where previous reform initiatives have perhaps not succeeded in the way that the Government would have liked.

There is a tendency in all of these documents—as you know, I have in the past attempted to contribute to writing some of them—to use a very inflated form of rhetoric about the problem, but then, it is fair to say, to lack concrete measures as to how to solve that problem. I think it would be unfair to say that the Reform Plan that we are discussing today is entirely in that direction, but I think it is somewhat in that direction. That is something the Government needs to think more seriously about.

Q13 Priti Patel: Why do you think that is the case though? Is it simply that, while drafting this current Plan, there was perhaps an overall lack of vision and it is just about tackling certain aspects of the problem?

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Patrick Diamond: First of all, and Professor Hood alluded to this, there has to be a stronger account of what it is you want the Government as a whole to achieve. There are different conceptions of what different Governments want to achieve, and this Government has a particular set of priorities in terms of the Big Society, in terms of fiscal consolidation and in terms of moving “beyond the bureaucratic age”, as it puts it. You would need a Civil Service that was appropriately structured so as to fulfil those strategic priorities. There is not a very clear sense in the document about how the two things connect.

Another quick point I would just make is that, of course, one has to also accept that these reform plans are, by definition, produced by politicians, by Ministers, by special advisers, but also by civil servants. I think it would perhaps be unfair not to make the point that civil servants will themselves be attempting to shape, direct and influence the production of these documents. In that sense, one can start out with a very radical vision, which three or six months later becomes somewhat diminished. I would just say, very finally in conclusion on this point, that it is somewhat curious that for a Government that does have quite serious and quite radical ambitions, particularly in terms of reducing the size of the state, the solutions as posited in the document do not really match the radicalism of its ambitions. I think that that is curious and interesting, but I do not have the definitive answer as to why that is the case.

Q14 Priti Patel: Can I ask all three of you what is your overall view on how the future of the Civil Service should or could be considered? Should it be through some kind of parliamentary commission, or dare we go to a level much higher up—to a royal commission, in the manner of how the Fulton Commission was brought about?

Lord Hennessy: I am very struck by the fact that there has been no really wide look since Fulton. A great deal has happened to the world and our dear country since the 1960s and it is high time, I think, that we had a look at that. Fulton had one great weakness in it, because Harold Wilson insisted they did not look at the relationship between Ministers and civil servants, which is very perverse when you think about it, and it really weakened Fulton, but it was an attempt to look at it in the round and it was infused with a sense of history and how we got to where we were. I am open-minded about who does it really, but I do think a wider look would be beneficial.

Royal commissions are not in fashion these days; we have czars. I have often wondered about why we have czars, because the fate of the czars is not exactly an exemplary tale, is it? We have czars and taskforces. Taskforces in the Blair years were everywhere; they were like a virus and they produced the square root of buggery all, as far as I could see. You never hear about them anymore. I would not go for a taskforce. It is not for me to say which other Committees might want to come in on it, because it is a very wide thing to do. Your Committee, Chairman, are the central core of scrutiny on all this, but it does involve the whole range of Government. A parliamentary commission may be on the model of the financial one, Andrew

Tyrie’s one; that may be one way of doing it, or you could have a Fulton or indeed a royal commission, but we need to look at this in the round, because this is important and potentially very significant, but it is only a fragment of the picture. It needs context, background, synthesis and a proper discussion about the many possibilities. This gives me the feel of being written at relative speed and in a high degree of frustration and anger, which is not the best way to approach these problems. This is a hissy fit, this document.

Q15 Priti Patel: Mr Diamond, you had experience in Government and as a special adviser; was this subject ever raised or discussed in some detail? Was there a consideration in light of the fact that the Blair administration pushed devolution, more deregulation, and so on, and society has changed and the political map has changed quite heavily and significantly?

Patrick Diamond: Yes, there was a lot of discussion about the overall view that the then Government took about the role of the Civil Service and its performance. I do think it is important perhaps to just say that politicians and, in particular, Ministers do tend to have a very ambivalent view about the Civil Service. On the one hand, they become very frustrated and, as a consequence, produce hissy fits of the kind that Lord Hennessy referred to, in a sense of frustration about the perceived incapacity of the Civil Service to enable the politicians to deliver. On the other hand though, Ministers are hugely admiring of many of the features of the Civil Service. They admire the service that they receive in their private office; they admire the advice that they get from the very best policy officials; they admire often the work that is done on delivery and implementation, at least in some quarters of the Civil Service and the public service. It would be wrong to say that it is wholly based on conflict and based on a perception of under-performance. The relationship is more complex than that.

To come to your question about the Blair years directly, I think that the Governments were looking at the Civil Service reform issue from a particular perspective, which was the reform of public services. They had a view about the contribution that they wanted the Civil Service to make to, as they saw it, increasing the capacity of public services to deliver better services more quickly, but they never came to a clear conclusion about what the Civil Service’s role should be in that process, other than to focus on many of the issues that are alluded to in this Reform Plan about better project management and better implementation skills. I do not think that the previous administration ever came to a very coherent and clear view about what it saw the Civil Service as being for.

Q16 Chair: Do you want a royal commission or a parliamentary commission, Professor Hood?

Professor Hood: Let me just comment on the last four White Papers for reforming the Civil Service and compare them with the one that you are talking about now. The Heath Government’s 1970 White Paper was concerned with strategy; it wanted to have ways of improving strategic thinking within Departments, and

it thought that the way to do that was to bring Departments together into large enough units, so that they could really plan and think strategically for the future. It also was concerned with overall strategy in Government as a whole, and so it thought that the key deficit in the Civil Service was strategic weakness.

The Thatcher Government White Paper in 1981, “Efficiency in Government”, was solely focused, as I have already said, on costs. It was concerned with trying to reduce the costs of the Civil Service and make it more businesslike. That was its central focus, so it thought that the key weakness was an absence of cost control.

The John Major White Paper in 1991, the “Citizen’s Charter”, was concerned with the quality of services that users or citizens got out of the machine. It thought that the real weakness of the Civil Service, or public services more generally it should be said, was in terms of what came out for users and citizens.

The Blair Government’s White Paper, “Modernising Government”, 1999, was concerned with many things, but one of the key things it was concerned with was overall coordination in government, bringing things together, or so-called “joined-up government”.

Each of those four White Papers had a different recipe for what it thought was mainly wrong with the Civil Service—the question that the Chair asked us to answer at the outset. Each of those Papers thought something different. This most recent White Paper does not have a single core problem that it identifies, so it is a kind of melange of all of those previous four, in a sense. In that sense, this is why it is harder to get a sense of an overall problem to which this White Paper is an answer.

Q17 Lindsay Roy: From this melange then, can we try to put things into perspective? How serious and valid are the recent concerns that have been expressed about competency in the Civil Service?

Lord Hennessy: There have certainly been some spectacular failures, haven’t there?

Q18 Lindsay Roy: Absolutely. Is it pervasive?

Lord Hennessy: To be honest, I am not as up to speed as I should be on the rail one, which is the one in neon lights. It does seem to me to be a problem. Going back to something that was mentioned earlier, I am all in favour of the new emphasis on project management and the training system that has been put in. It should have been there years ago, ever since the state got into big businesses, which was in Lloyd George and Asquith’s time, when the labour exchanges were set up. There is a danger of something we have not talked about, which is the very high level of churn in the Civil Service, since the days when I used to come to the predecessor of this Committee and wrote about Whitehall for the first time in the 1970s—that was when I was a journalist. There is tremendous churn, lack of continuity and lack of collective memory.

In some cases, the hollowing-out of the state has meant that basic slogging capacities have been lost. The old routines of the National Audit Office and its predecessors, which the old Exchequer and Audit Act from the mid-19th century imposed upon Government, all of that goes on. It is just that the

hollowing-out has meant that the system is much more fragile. This is not an argument for a bigger Civil Service, but there has been a danger that the hollowing-out of the state has led to fragilities and vulnerabilities.

Of course, we only see the orgies, do we not? It is Victor Rothschild’s favourite quote—he used to run the think tank—that life, like government, is a matter of “routine punctuated by orgies”, which is an Aldous Huxley phrase. We all know the orgies, because the National Audit Office gets hold of them and the newspapers get hold of them and so on, but it is the routine you have to look at, and the routine worries me. I am not in a position to reach a judgment on that but, if you did have a parliamentary inquiry or a royal commission, that is exactly the sort of thing they should look at. It is related to the overload problem, which would also have to be a crucial element in such an inquiry. I cannot help at all, to be honest, Mr Roy, in terms of reaching a proper judgment or helping anybody else reach a proper judgment on the spectacular failures, but they are failures nonetheless.

Lindsay Roy: Can your colleague shed some light?

Patrick Diamond: I would just add by saying that, on the question of competence, one obviously has to think about the capacity of the Civil Service. On the question of capacity, it is important not to conflate two different issues. One is the numbers—i.e. how many civil servants we employ and where we employ them—but then another issue is what capabilities those civil servants actually have. Therefore, one should not necessarily conclude that a smaller Civil Service is a more incompetent Civil Service, although clearly it could lead you in that direction.

A comment I would add would be—we referenced this in our written evidence—that there are issues about capacity in some parts of the Civil Service. In his memoirs, Alistair Darling refers to his experiences in being Chancellor of the Exchequer during the last financial crisis, and he does make a number of important comments in those memoirs about what it was like to be Chancellor during a period in which he felt there was not the seniority, level of experience and expertise of the financial sector in the Treasury that one required to navigate through the particular challenges that were being thrown up in that point in political history. One would have to say we need to think harder about where we need good capacity in different parts of the service. That may not be about increasing numbers; it may be about seniority or bringing in good skills from outside, but there are issues, and those were only underlined by the case of the West Coast Main Line, where clearly there were big problems in how that contract was being managed from within Government.

Q19 Lindsay Roy: Are you aware of any successes then—highly effective practice within the Civil Service—which you can highlight for us?

Lord Hennessy: In terms of the coalition since 2010, the National Security Council is a very good innovation. We talked about this when you were doing your strategy inquiry, which was a hugely important inquiry. That is an example of innovation that is more than just process; it has led to a restoration of proper

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collective Cabinet Government, at least in that area of the Government. Also, it is the way to look at the problems overseas that face our country. Actually, it does not distinguish between threats; it is a sort of threat management body, but that is a success. It is very hard actually, because a lot of the success involves public money being properly raised and spent according to those purposes that Parliament has voted and no other. It is a clean and decent system. That is a success story. We still have, for all our anxieties, a clean, decent and proper system. When it goes wrong, we are still shockable and that is the test. If, as a country, we suddenly get to the position where we say, "Well, that is the way it is," and shrug our shoulders, then we would be lost, but we do expect a clean and decent public service and we have it.

Professor Hood: It is not obvious to me that the incidence of major errors has increased. At least, I do not think there is evidence for that. You do not have to think very far back, for example to the BSE issue of the 1980s and 1990s, to find equivalent kinds of major problems. In that case, we wiped out an entire industry. I would have to say that I do not know that there is evidence that the incidence of these problems is increasing.

As far as what there is evidence for, the document itself includes some numbers on survey attitudes towards civil servants and what citizens and voters think of civil servants. I have looked at a number of these survey questions over 30 to 40 years; in general, you do not see much change in those numbers. It is not obvious that there is a story that shouts out at you that suddenly public trust in the Civil Service is collapsing. That is not clear from the survey evidence. Where you do see more interesting change is if you start to look at numbers for, for example, the incidence of complaints to the Parliamentary Commissioner, which of course reports to your Committee, which go through you, as MPs, from your constituents. There you see an absolute explosion in the incidence of complaints to the PCA, really growing from the 1990s. There is clearly something going on there in terms of change over time. Similarly, if you look at litigation against Government in terms of applications for judicial review and its equivalent in Scotland and Northern Ireland, you do also see a very big rise in applications for such review. If you are looking for evidence of things that might be going wrong, then certainly you can see the incidence of complaints via the PCA massively increasing in the 1990s. You see a very big increase in all the jurisdictions in litigation against Government, even when you take out the immigration cases, which are the biggest source of litigation. It will be that kind of area where you do see some evidence that suggests stresses and strains. There are also issues that we could look at in terms of quality of preparation of legislation, on which I could talk more, but perhaps now is not the time for that.

Q20 Paul Flynn: Time is going on and we have not even mentioned what is probably the most serious threat to the Civil Service at the moment and the possibility of politicisation, evidenced by David Kennedy. Having been accepted by the normal panel,

headed by Bob Kerslake, and approved by the Secretary of State, he was then blackballed by the Prime Minister, possibly because his views on climate change were in opposition to the views of the flat-earthers and climate change deniers on the Tory back benches. Is this not a worrying trend to have a Prime Minister acting to make a political decision on the choice of a permanent secretary?

Lord Hennessy: In the past, there has been prime ministerial influence and, indeed, there has to be because the Prime Minister forwards the names to the Queen and all that, but I do worry about that and I do worry about that bit of the Reform Plan, which is action 11. It is not just the bit about the permanent secretaries either, Mr Flynn; it is that secondary tier of getting people in on the basis that they have skills that the career lifers do not have and allowing for that. That is the bit I would urge you to keep a very close eye on, because the permanent secretary level is the bit that is attracting attention, for understandable and necessary reasons, but it is that next tier down—the second bit of action 11, people coming in at director general level. I am all in favour of getting outside skills in. The most successful manifestation of central Government we have had was in World War II, when all sorts of gifted outsiders were brought in on the basis that they knew things rather than believed things. That should be the test this time, too. I am concerned in the way you are by that story, although I do not know the inside story.

Q21 Paul Flynn: I think many Members of the Committee might feel we have been short-changed, having been overdosing on routine and undersupplied on the orgy section of this, but the Members of the Committee are not running the Government, because we do believe in evidence-based policies, not on prejudice and pressure-based policies, which most Members of the Government are concerned with. Do you see the rubber levers that are pulled on by doctrinaire, pressure-driven and tabloid-driven Ministers as possibly an advantage in slowing down the excesses and eccentricities of Government?

Lord Hennessy: Again, it is an argument that you do need congenital snag-hunters so you do not rush into things. You can take that to extremes. There is always a reason for not doing something, and the past can be used as a precedent for blocking pretty well everything. I can understand the level of frustration, but I suppose I am deeply traditional about this. I know that. I am like Ralf Dahrendorf's description of the Social Democratic Party; he rather unkindly said what they want is 'a better yesterday'. I am a better yesterday man; I believe in the old model, but it does need attention and refreshing. One of the virtues of the old model was it was a "Come off it. Wait a minute; it's not that simple" virtue, which I think, Mr Flynn, is what you are alluding to.

Q22 Paul Flynn: The saying is that the future is always certain; it is the past that is always changing. I think that is true. We spend far too much time rewriting history. Could I ask this final question? One of the things that is said about the Civil Service looking back is that the overriding ethos of it is the

unimportance of being right. Those civil servants who go along with what their political masters do, their careers flourish. Those who object, their careers are often wrecked. I am thinking of one of the recent decisions, the disastrous decision, which was to go into Helmand province when we had lost two people in the Afghan war. We have now lost—there was another one this morning—439. There were people who said to go in there was stirring up a hornet's nest and they were overruled by the politicians, but those civil servants who said, "It's a great idea. We'll be out in three years without a shot being fired," are the ones who are still running the Ministry of Defence now.

Lord Hennessy: I would not know whether that is true or not, but again it goes back to that point with which I might have begun in reply to the Chairman. Really self-confident Ministers want really self-confident servants who do not spare them anything. You do not want cheerleaders. What is the point of having cheerleaders? If you want a cheerleader, send for a special adviser, some jovial youth who will tell you every morning that the beauty of your political thought is exemplary, even if the press and your colleagues think it is bollocks. Let the special advisers do the cheerleading, not the career civil servants.

Professor Hood: I wanted to say that the issue of civil servants' careers coming to grief as a result of falling out with Ministers is surely not a new one. I have interviewed people from many years back of whom that could be said. I am not convinced that it is a new problem.

Q23 Chair: Rather like Jesus in front of Pilate, Francis Maude, the Minister, asked the rhetorical question, "What is the risk of ministerial involvement?" He said he could not see any risks. Are there any risks?

Patrick Diamond: I would just add one comment, Chair, on the issue of politicisation, as Mr Flynn alludes to it. Clearly where politicisation has occurred in the post-War period, it has occurred within a system in which the constitutional checks and balances on the actions of Ministers are relatively ill defined and, in some cases, very unspecific and implicit. One of the issues that the Reform Plan raises is whether there is a case for trying to put appointments on a more formal statutory footing, in which there is stronger oversight, including from Parliament, in which you could have Ministers exercising some role in decisions about who is appointed to key posts within the Civil Service, but within a context in which there was absolutely transparency. There is an allusion in the Reform Plan to the New Zealand example, which I gather Francis Maude is particularly interested in. The New Zealand model raises a lot of very profound questions. To suppose that one could simply translate it into the British context—

Q24 Chair: And the risks are?

Patrick Diamond: The risks are that you are imposing a model that has been created for a particular system in a particularly small country, with a set of particular parliamentary arrangements. You are transplanting that into the British context, in which our parliamentary arrangements are quite different. You

would have to ask whether there was the likelihood of appropriate statutory oversight of the system.

Q25 Chair: What would it mean? What is the risk to the public?

Patrick Diamond: The risk to the public would be that you would be appointing permanent secretaries and senior civil servants. Ministers would be playing, arguably, too great a role in those appointments. As a consequence of that, the country is not being given the kind of governance that Lord Hennessy referred to in which there is a capacity for the Civil Service to say "no" where it thinks mistakes would be made.

Q26 Chair: They have this system in America and it does not seem to threaten them. Does it?

Lord Hennessy: It is a shambles, absolutely. I think so. I like and admire Francis Maude, but does he really want to go down in history as the man who undid Mr Gladstone?

Chair: I do not think he does actually.

Lord Hennessy: Good. I am relieved. We seem to be heaping calumny on Francis Maude's name, which I am not in the business of.

Q27 Chair: Before we leave this question of senior civil servants, what about this business of the churn at the top? It is probably very unfair of me to mention names, but Jon Thompson is an accountant who came from outside the Civil Service and is now the permanent secretary in the Ministry of Defence. He does not strike me as the apostolic successor to Sir Frank Cooper or Sir Michael Quinlan, who were world-renowned experts in defence and deterrence in their day. Have we lost a degree of corporate memory and expertise at the top of Departments and what effect does that have?

Professor Hood: The risk of loss of corporate memory is that you lose the knowledge of what has been done in the recent past. I did a study in the 1990s of a Civil Service organisation that had 40% turnover a year and, as a result, it had virtually no corporate memory; it could not even remember things that had happened three months before, and it had to spend its whole time in meetings socialising people to what had been happening. That is what happens when you have very high turnover and you cannot remember things. In fact, the only memory in that organisation, or serious memory, came from the consultants, who were the only people who stuck around for any time. It may be quite seriously something that the Civil Service needs to think about, even though consultancy is a dirty word at the moment. If you are going to have memory, that is one way of getting it.

Q28 Chair: I understand it was the directive not to use consultants that hamstringed an inexperienced and deluded team on the franchise in question in the Department for Transport.

Professor Hood: Indeed that too is an issue.

Patrick Diamond: When we talk about policy development in particular, we should just remind ourselves that of course a lot of policy in the Civil Service is being made not by permanent secretaries or by people right at the top of Departments, but by

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grade 7 and grade 5 civil servants, as they were formerly described. On the question of the evidence about churn, one would have to say that the evidence I have seen suggests that there is more churn in grade 7 and grade 5 appointments. Civil servants at that level are tending to spend a shorter amount of time in key posts. I think that raises issues about the quality of governance and about corporate memory because, if you have people moving very quickly through key policy management positions, then there is clearly a problem that experience of previous policy initiatives is lost and there is not sufficient memory about what has succeeded and what has failed in the past.

Q29 Chair: So we need to restore vertical career structures within Government Departments?

Patrick Diamond: I would not necessarily go that far, Chair, but I think we have to pay greater attention to career development and career structures within Departments, yes.

Lord Hennessy: One of the big changes was when the old Senior Appointments Selection Committee was replaced, in the sense that there was an era of succession planning, whereas now everybody has to compete for every job on the way up.

Q30 Chair: Is that not what Francis Maude is really complaining about? It is that you do not know who you are going to get as permanent secretary, because it is an open recruitment policy and everybody is allowed to apply.

Lord Hennessy: There are virtues and problems with that. I by and large think that there should be a republic of the intellect and that gifted people should be able to come in and out of Government and so on; you should not have to be a lifer. In the days of succession planning, it meant that the Quinlans of this world and the Frank Coopers were given a width of experience that went very wide, although usually related to their central core knowledge, though Frank Cooper ran the Northern Ireland Office and Michael Quinlan ran the Department of Employment. They were fully fashioned people by the time they got their—

Q31 Chair: It is impossible to groom people over a decade for a particular role, is it not?

Lord Hennessy: You think it is impossible.

Chair: It is now impossible.

Lord Hennessy: It is now, under the present circumstances, very difficult to do that.

Q32 Chair: You have got the complexity, albeit a laudable objective, of bringing forward more women, bringing forward more ethnic minorities, bringing forward people not from Oxbridge universities, not from public school, and then you have to give everybody a fair crack at the top jobs. It is impossible to plan people's careers now.

Lord Hennessy: Yes, it is very difficult. You also have to remember, in the Frank Cooper era, that they had grown up in a slump and been in a war. They were very grown-up people by the time they joined the Civil Service. They were an extraordinary generation. They were not perfect, no generation is, but they were

the most remarkable people, partly because Hitler had made them grow up so much. They had seen things that nobody should have to see, by the time they were 25. That applied to people who had grown up on the home front too. This is not an argument for a slump and a war to give us a better senior civil service, far from it, but the Frank Cooper generation was quite extraordinary and it was noticeably different. It is very unfair, therefore, Chairman, to compare that generation and its formation with today's formation, because it is very different.

Professor Hood: Can I just make one other point about churn and the worrying effects that it can have? Let us remember that we have been in a double-dip recession and, who knows, it may go on, but this is likely to be as good as it is going to be. When we get recovery eventually, whenever that is, then that churn is only likely to increase with more opportunities in the private sector. I cannot see this getting better in the future, which is why I think quite seriously, if you cannot keep memory in the system, you have to think about ways of outsourcing the memory and maybe consultancy is the only way to do that.

Q33 Chair: Or be prepared to pay top dollar to keep people in the system.

Professor Hood: Possibly so, yes.

Lord Hennessy: There are people called historians who can help now and again. I make the trade union point here.

Q34 Alun Cairns: Can I return to the frustration with Whitehall and address my questions to Lord Hennessy, in the first instance? There have been several examples of ministerial comments made in the public domain criticising civil servants. Does that help sharpen the Civil Service focus or does it increase greater frustration and is counter-productive?

Lord Hennessy: It can certainly diminish the bonds of loyalty. The Secretaries of State I have admired of all parties, in the past, if they have found things wrong with their Departments, will be very candid with the Department about what they think the deficiencies are, but they do not blab. They do not go public on it.

Indeed, the old arrangement, the Northcote-Trevelyan arrangement, has rested on three deals really. One of the deals is that you carry the can in public for your Department if you are a Secretary of State, even if things have gone wrong that you did not have much control over in the first place. The other deal is speaking truth unto power, which we have talked about. The third deal is the continuity between administrations of different colours. Those are the three essential deals of the old system, but one of those deals means that Ministers do not dump on the staff in public. It may be cathartic, it may be deeply felt, but it does not make anything easier and it also snaps the bonds of loyalty.

Q35 Alun Cairns: What should a Minister do then, if he or she is frustrated with the Whitehall Department or their support?

Lord Hennessy: I think you do what Michael Heseltine did, who has always been a very confident Secretary of State and never blamed his civil servants,

which was to produce a reform plan for the DoE, which he took to a Select Committee. He reviewed the 66 directorates of the Department of the Environment in the early 1980s and produced his own Management Information System for Ministers, MINIS, which was very good, I thought. He brought it to the relevant Select Committee. That is the way to do it. I am not here as Michael's press officer, but you have a model in how it can work and it worked very well. It led to real reform.

Q36 Alun Cairns: Lord Heseltine publicly criticised civil servants just recently, in general rather than in specifics.

Lord Hennessy: Did he really? I am surprised.

Alun Cairns: He did when he said "frustrated by their inability to make Whitehall work effectively". He talked about levers of elastic—I am paraphrasing somewhat—and that we need to get the gears back into the levers.

Lord Hennessy: Michael did put gears into the levers, to mix metaphors. He did it. I would not see that as a criticism of the senior Civil Service; I think it is an observation, isn't it?

Professor Hood: Could I say that letting civil servants take the blame rather than Ministers is not a new phenomenon either? If you can think far enough back—I think there might be one or two people in the room who can—to the Vehicle and General Insurance collapse in 1972, that is a case where the civil servant involved in the then DTI took the blame. That was 40 years ago. There are also plenty of examples you can find of Ministers blaming civil servants long before the current Government.

Q37 Alun Cairns: Can I come back to you, Professor Hood? What should a Minister do who is frustrated in that position?

Professor Hood: There is an accountability problem, in the sense that, if you really believe in the orthodox constitutional view, then Ministers become over-accountable and civil servants are under-accountable. The risk, however, is that if you start putting too much blame on the civil servants, Ministers become under-accountable and civil servants become over-accountable. That is basically the problem.

Patrick Diamond: I would just add one comment, which is in a sense a response to your question and also to the previous question. I think we should not forget that the Civil Service and Whitehall are both characterised in this country by hugely talented and well qualified civil servants. If you look at the data on those who are coming into the fast stream of the Civil Service, you can see that the Civil Service continues to be a very popular destination for some of our very best graduates. We should not forget that we have, in many ways, a very competent, very skilled and very administratively effective Civil Service. Lord Hennessy may be surprised to hear me, a former special adviser, saying that, but I do think that that is the case. I worked in my time in Whitehall among some really outstanding civil servants, including outstanding fast stream younger civil servants.

On your particular question about the sense of frustration with Whitehall, you are absolutely right to allude to it. In the 1970s, a number of trenchant criticisms were made of Whitehall, but they tended to be made by politicians in both political parties who were, I think it would be fair to say, on the more ideologically extreme sides of those parties. Tony Benn became very frustrated with his experience in Government, trying to run an industrial policy in the 1970s. Similarly, Keith Joseph became very frustrated with the difficulties of trying to slim down and make Government more efficient. In the intervening 30 years, the critique of Whitehall has become much more mainstream, and it is something that politicians are much more willing to have recourse to when they feel they need to blame somebody else for the failures of their own period in office.

To directly answer your question about what a Minister should do when they are frustrated, the classic response, and this goes back to administrations over the past 30 or 40 years and many different examples, is to bring in additional capacity. In other words, it is to try to sidetrack or steer around the problem by bringing alternative people in, be they consultants, special advisers, or even, in some cases, academics. It would have to be said that this is often a very unsatisfactory solution, because what you are doing is creating pockets around a Minister that are not properly linked into the rest of the Civil Service and not properly worked into the rest of the system of public administration.

Q38 Alun Cairns: Would you say that any one Department has been better than another in doing that, since 2010—the Department for Education, for example?

Patrick Diamond: I would not have the evidence to be able to comment on that.

Q39 Charlie Elphicke: On this issue about ministerial involvement in the selection of permanent secretaries and things like that, my concern is that we live in a fast-changing, fast-moving, 24-hour-news-cycle, globalised world and we need a Government machine that will move really quickly, and we need the ability for Ministers to be able to direct and govern, move that machine, make decisions and move things forward equally quickly, because we are now in a global race. Given that, what I am trying to work out is why Ministers should not have much greater decision making power over who the civil servants in their Department are, particularly at the senior level. What is the problem with that?

Lord Hennessy: Two things. I absolutely recognise the 24-hour cycle, globalisation and all that, but one of the problems with Government is that there is a tendency to over-react to breaking news. The rebuttal cycle that New Labour put in consumed them in the end. They disappeared up their own orifice on that. It became such a pacemaker that it was completely counterproductive, and the least believed people in the kingdom were those in Number 10, I think, who were operating that system of permanent rebuttal. I am not a great believer in the Government reacting in a

24-hour-news-cycle way. Maybe that is unfair. I know you were making a wider point.

The real reason, Mr Elphicke, for the anxiety about Secretaries of State in effect choosing their own chief executives is that they will go for people who, by and large, share their ideological charge. You will have people there because they believe things, not because they know things. That is the risk. You can have people like Patrick and all sorts of very gifted people from the outside to help you in that, if you like, semi-ideological way but, right at the core of the Department, you have to have somebody who is there because they know things rather than believe things, who have a remarkable competence and a considerable background in Government before they get there. Without that, the governing marriage will not work. For all its difficulties, the governing marriage will not work and, at a stroke, you would change the nature of British central Government. We would have gone through a valve through which we will never return. That is why I think it matters.

Q40 Charlie Elphicke: Your argument then is that the Northcote-Trevelyan reforms and the whole doctrine of the independence of the Civil Service and all the rest of it is something that you feel passionately about. What I am saying is, actually, the world has moved on. In America, they change the whole top tiers of their Civil Service.

Lord Hennessy: They always have and it is always a disaster.

Q41 Charlie Elphicke: It can be a very effective way of working in Government, changing Government, to actually have Ministers who can then decide, because Ministers are accountable to Parliament and the people. What you have is a machine under them, which is not really accountable to them. We should change that and enable Ministers to make real decisions and have a Civil Service at the top levels so that they can then say, "This is what we are going to do," and head in that direction. If it is the wrong thing to do, that is a matter for Parliament; it is not a matter for the Civil Service machine to hold back.

Lord Hennessy: We will have to disagree.

Charlie Elphicke: We will.

Q42 Chair: Does anyone agree with Mr Elphicke?

Professor Hood: Can I say that the American system is so massively different that we do have to think about that? In November, I did actually talk to the personnel directors who worked under both George W Bush and Bill Clinton, and both of them had been responsible for a pooled team of something like 13,000 people over the eight-year terms of those two Presidents. Think about it: this is one person with perhaps six graduate assistants appointing 13,000 people over eight years. It is just a totally different system.

As far as what is being considered here is concerned, the point about the risk might be that the Civil Service has a constitutional role; it is a constitutional bureaucracy and not simply an agent of whoever happens to be the Minister of the day. This is putting the view. This comes in, for example, when, as after

the last election, there is a hung parliament and someone has to give advice about how a Government might be formed in those circumstances. Where is that advice going to come from? If you are going to have a constitutional monarchy, you have to have a constitutional bureaucracy for that sort of job. I do not think you can reduce the Civil Service to simply being an agent of whoever is the Minister of the day. It is more complicated than that.

Patrick Diamond: I would just add, Mr Elphicke, that firstly one would have to say that the perspective that you are articulating is a very important one. It is shared by a lot of Ministers and by a lot of politicians, in the sense that they get elected, they come to office and they have a huge set of expectations about what the public wants them to deliver. As a consequence, politicians feel very strongly that they want a system that is amenable to the mandate that they have been given, which enables them to deliver quickly and provide a sense of momentum. One understands where the sense of frustration comes from.

There are two particular risks that I would identify with moving towards a system of very widespread political appointment of senior posts. The first is a point to do with transition. Professor Hood alluded to the American system. If one thinks back to the transition that brought the Obama administration to power in 2008, I remember from that time there was a situation where it actually took many months to appoint senior officials to the US Government in key positions in the US Treasury, during a very serious financial crisis, because of the process of appointments that was necessary in order to bring senior officials into American Government. If you have a system that is wholly based on appointment, you would run up against significant problems in relation to a transition between administrations.

The other point I would quickly make, which reinforces something that has already been said, is that one has to be clear about the tasks that Ministers want civil servants to perform. I mentioned a moment ago that politicians want a responsive civil service, but they also want a civil service that enables them to navigate through the byways of Westminster and Whitehall. That includes getting legislation through Parliament; it includes working policy positions through with other Departments. Those require a certain degree of institutional memory and experience. If you are recruiting people from outside every four years, you lose a lot of that, so there are some significant downside risks to moving towards that system of appointment.

Q43 Charlie Elphicke: I am making the case that it is not about the issue of accountability; it is about giving Ministers the ability to appoint the top 100 or 200 senior civil servants, or the ability to replace them because, at the moment, there is no reason for a permanent secretary to take any action whatsoever if they do not feel like it, because there is nothing that can be done about them by the Minister concerned. If those top echelons know that Ministers can make changes in relation to them and get someone else to do the job that needs to be done, then they are going to be far more responsive, far more on their toes and

hopefully far more productive. Lord Heseltine had his systems; Tony Blair, as you will know, had his systems of making them actually do what he wanted, which involved sitting on sofas and having chats. It is the same thing. It is different sides of the same coin, which is how to get things to happen. If you have the ability to fire, as well as hire, at the top level and have that ability to say, "If you don't do what I'm telling you to do, then this is what's going to happen," they are going to be more responsive, surely.

Patrick Diamond: That is a perspective that one could take. In my experience, in the last 20 years or so, permanent secretaries have become significantly more responsive. There are a number of examples of that. I do not think there are many permanent secretaries in Whitehall who believe that they can simply ignore the wishes of their Secretary of State. On the question of the previous administration, one of the methods that it developed was it tried to use information as a way of firstly assessing service performance in key Departments, or in relation to key Departments, but then trying to hold senior officials to account in terms of performance against those targets. The current administration has chosen to go in a different direction, which is of course quite legitimate, but there is an issue about how you use information in order to hold both senior officials and politicians to account, in terms of delivery. That may be an alternative to going towards a system in which you rely on lots and lots of churn and appointments, in a way that does have some significant risks.

Q44 Kelvin Hopkins: I disagree profoundly with everything that Mr Elphicke has said. I think he might have fitted very well into the Blair regime actually, but there we are. Talking about the Blair regime, it is a question to Mr Diamond. You have written that "Within the Number 10 Policy Unit, advisers were encouraged to be highly sceptical of departmental officials." Where did this instruction come from and what impact did it have on relationships between Ministers, special advisers and civil servants?

Patrick Diamond: In that comment, I was alluding to a general culture in the Policy Unit in Number 10 at that time and in other sections of Number 10, which was to be broadly sceptical about the policy development and implementation that was being carried out in Departments. I should caveat that by saying that the routine day-to-day relationships—the routine rather than the orgies, as Lord Hennessy would put it—between most Number 10 staff and Departments were actually very good. One should not paint a picture of perpetual conflict. As I say, there was a general culture in which there was scepticism to some degree about what Departments thought about policy, the capacity of Departments to deliver against the Prime Minister's objectives, a generally sceptical outlook and a view that said you should adopt a sceptical perspective on what Departments were saying.

Q45 Kelvin Hopkins: I have described that regime as Leninist, in the sense that it was a central committee with commissars deciding things. A classic example is Lord Adonis, or Andrew Adonis as he was,

who effectively ran the Department for Education. Indeed Estelle Morris walked away as Secretary of State because she felt she was redundant, and I suspect the permanent secretary felt the same. It was a profound political change, which I think we have rowed back from since then. Do you think that was a very bad relationship between Government and civil servants? Was it undermining of their confidence? Was it this marriage that stayed in being, but was really a marriage of people who disliked each other intensely?

Patrick Diamond: I would just add two points. The first would be that one should perhaps take into perspective that a lot of what the centre was trying to achieve through Number 10 was that, although there was an attempt by Number 10 to try to assert control over policy-making and implementation, in reality, the vast majority of policy decisions and the vast majority of delivery that was going on was being undertaken through Government Departments, not through Number 10. You allude to the example of Lord Adonis. He was indeed very influential on a number of key policy decisions undertaken by that Government, including most particularly the example of the city academies initiative, but to suppose that Andrew Adonis was therefore controlling all of the education policy coming out of the Department for Education would, in my view, be mistaken. In terms of your comments about whether the system that was created led to poor relationships, I think it did produce some poor relationships. There are many lessons that one could learn from the Blair administration, which I personally would not want to repeat.

Q46 Kelvin Hopkins: My final question: do you think that there are people in the Civil Service who would not want to live and work in that kind of relationship, in that kind of regime? Has it deterred perhaps some of these great intellects that we have traditionally had in the Civil Service from going forward? Have we actually got some second-raters now, because the top people do not want to do it anymore?

Patrick Diamond: As I mentioned a moment ago, I do not think the evidence necessarily supports that argument, because the numbers and quality of people coming into the fast stream of the Civil Service remain very high. I could not comment on your point about perhaps more creative or intellectual figures not necessarily wanting to come into the Service, other than to say that, anecdotally, that is not my perception; but I think you are right to say that civil servants want to operate within a mutually respectful relationship. If they are working in Departments, they want to feel that their voice is being heard on key decisions and that things are not being imposed from the centre. There always has to be a constructive relationship between the centre and Departments; otherwise, it produces bad policy and bad decisions. I think it is getting the partnership between the centre and Departments, Ministers and civil servants, right that is the key. Certainly the Blair Government did not get that right; no administration in post-War history has. The current administration is attempting to do so. I think that some of its reforms may work, but others

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are misguided. Overall, we need a much more fundamental rethink about the way these relationships work.

Q47 Greg Mulholland: Going back to the key issue of accountability, I notice, Mr Diamond, you talked about ministerial responsibility and said that “The doctrine of ministerial responsibility had been gradually obscured for at least three decades,” so that by the time of the 1997 election, “The doctrine of collective and individual ministerial accountability was largely a myth that New Labour had been content to discard, however vocal the protests of former Cabinet Secretaries and Whitehall commentators.” Really a question for the three of you is: do we still have this supposedly key concept in our system of ministerial accountability, or has it been eroded? Will it be eroded or, in fact, destroyed if we do move to an alternative model of accountability?

Lord Hennessy: I hope collective Cabinet responsibility remains the aspiration. Sometimes it is more of an aspiration than an achievement. One of the very interesting passages in Jack Straw’s memoirs that has not really been seized upon is his recommendation that we look at a Cabinet and Prime Minister Act to enshrine at least the notions of collective Cabinet responsibility, which are already there in the Ministerial Code. It is a very interesting passage in Jack’s memoirs, reflecting upon the world that Patrick has been describing, and it has been largely overlooked.

I am a collective Cabinet Government man for all sorts of reasons, not least because I am a traditionalist about most things, but also because not only do Prime Ministers who take shortcuts with collective Cabinet responsibility do considerable damage to their party and their Government, as it goes along, but it always ends in tears for them, because the gods of politics are wrathful bastards. If you take shortcuts with collective Cabinet responsibility, you light a fuse beneath yourself. For very practical, personal or, indeed, selfish reasons, if I was Prime Minister, I would take great care to keep that in real repair.

Indeed, the coalition has meant that it is a very collective approach, because it has to be—to be fair to David Cameron, he said he wanted to restore it anyway when he was leader of the Opposition. The National Security Council, which we talked a bit about earlier, is an indication that his instincts are that way. Cabinet Government has been written off at least five times in my lifetime, since I have been interested in Government, but it has had its little comebacks. John Major had a mini-comeback between 1990 and 1992, and then life became so difficult in his Cabinet that he could not discuss Europe, because people had collective nervous breakdowns on it. That rather diminished the quality of Cabinet Government for the remainder of his premiership. If it does not remain the governing aspiration, Mr Mulholland, we are in real trouble.

Q48 Greg Mulholland: Individual ministerial responsibility?

Lord Hennessy: In the end, they have to be the can-carrier number one. We have not talked about the

advent of the new Select Committee system in 1979, which made a big difference to accountability. It meant that civil servants were much more widely exposed to parliamentary scrutiny, which I think was a good thing, in a way that only the Public Accounts Committee really had routinely done it before—the Estimates Committee did it, up to a point; so did the Expenditure Committee, up to a point. That meant the accountabilities went wider. In the end, who was the number one can-carrier in chief? That is the question. If it is not the Secretary of State, who else would it be?

Professor Hood: I was going to say that I think that, alluding to this individual ministerial responsibility, rather than the Cabinet issues that Lord Hennessy has been speaking about, certainly there have been times in the recent past when Ministers have not acted as can-carrier in chief. Indeed, part of the whole architecture of creating special regulators and other intermediate bodies is that there is always someone else to fire if things go wrong. That certainly is a development that we have seen, such that the main thing that Ministers become accountable for is their own personal conduct, whether that is financial, sexual or whatever. That is where the lines have come to be drawn. I do agree with Lord Hennessy that some of the more extreme cases of Ministers blaming civil servants have tended to redound on those Ministers, because there is always some killer e-mail or some allegations that have come back to bite them. That does have a certain self-correcting effect.

Chair: I must ask you to be very brief.

Patrick Diamond: I am sorry; I will be very brief. Just to respond to the question, on the question of individual ministerial responsibility, the quote that you cited to me was one alluding to the complexity of the delivery machinery in Government, when you have a large number of public bodies, agencies and other organisations delivering services. That is clearly, to some degree, going to blur the boundaries, as they are perceived, of individual ministerial responsibility. On collective ministerial responsibility, I agree with a lot of what has been said. I would just underline it by saying that there has been a repeated issue going back a number of decades about coordination in Whitehall, the problem of departmentalism and the so-called issue of joining up. If you have a system in which collective ministerial responsibility is entirely eroded, then it is much more difficult to precisely achieve that kind of joining up. There are issues about where these doctrines become blurred and confused.

Chair: Moving on, Mr Reed. We are miles over time. This is a fascinating session, but I must ask you to finish off as quickly as we can.

Q49 Mr Reed: This is the problem with having a last question. Patrick, in your submission you talked about the Government missing an opportunity for a radical change in Whitehall structures. Indeed, the Plan does not propose changing the federalised system or removing the silos that underpin silo mentality and the problems that causes. Is it desirable for the Civil Service to work differently, as a single unified system?

Patrick Diamond: In my view, we should certainly look at reforms in that direction. In terms of the

radicalism of the proposals, there are actually three particular issues that I will very briefly allude to, in terms of taking a potentially more radical approach to Civil Service reform. The first, as I was just mentioning, would be one that sought to go beyond departmentalism and was an attempt to try to reorganise the structure of Government in ways that did encourage much more collaboration. As I mentioned in response to Mr Roy's question a few moments ago, in Scotland, there has been a very productive attempt to try to have a much more outcome-focused approach. Whitehall does need to think much more seriously about that.

The second point I would make is about open policy-making. This is a very interesting and important idea, which is alluded to in the Reform Plan. It raises a lot of issues about the secrecy and confidentiality that surrounds discussions between Ministers and civil servants, but this is something that has to be looked at, particularly in the context of freedom of information legislation.

The final point I would make about radicalism would be whether we want to move more in the direction of a unified public service. I know, Mr Reed, you obviously have considerable experience in local government. I would myself be interested in looking at reforms that did improve the degree of coherence and coordination between central and local government. I would conclude by saying I do think there is much that central Government can learn from local government, in terms of successful attempts to secure delivery and produce good policy around outcomes. There should be much more willingness in Whitehall to try to learn those lessons. I suspect you will not disagree with that view, but I think it is one that we have to take more seriously.

Professor Hood: May I put in a word for federalism, Mr Chairman? If you go to the Federal Republic of Germany, which has a very high reputation in terms of governance, you will find that the constitution requires that each Minister directs his Department, within the boundaries of the constitution, independently, so there is no equivalent of the Cabinet Office and all its many initiatives for reforming the Civil Service—no comparison. Is Germany much worse governed at federal level than the United Kingdom? I do not think so. It is called the Ressortprinzip, by the way, in the German constitution. The reason why it does not work that way is it means that each Department decides individually how to manage itself, and it only copies other Departments where other Departments have things that palpably work. That contrasts with the UK system, where you have a hyperactive Cabinet Office spewing out initiatives that perhaps have not been as fully thought out as they might be, with the consequence that the governance effects are not so good. There is something to be said for federalism.

Lord Hennessy: There will always be a federalist bias—I think one can call it that—because of the way we legislate: named Secretaries of States are given functions, which means resources, which means influence and all the rest of it, and legislative time, if you can get a place in the bill queue. In contrast, the statutes that say what the Prime Minister is for are

very limited indeed, so the whole bias of our system is to put out functions to named Secretaries of State and Departments. We try to mitigate, to temper, excessive federalism, as some might see it, through the Cabinet Office mechanism, since 1916 with overarching Cabinet committees. Again, the National Security Strategy is the most recent example of this. It always produces tensions. To undo the federalist arrangement, Mr Reed, would take an entirely different way of legislating and also we would need a Prime Minister's Department and a statute for the Prime Minister, neither of which I think is desirable.

Q50 Mr Reed: Can you do some of that through decentralisation, as Mr Diamond said? A lot of the radical thinking and change is happening at a local level, in cities or through local government. They feel quite stymied by the centralised grip of control that national Government retains over so many of the things that would work better if their communities had more control over them. Should we not be looking at a more decentralised model and, where we can achieve it, cutting through the silo mentality by abolishing silos and coming to a different structure for Government and decision-making?

Lord Hennessy: That would be dramatic, but every administration I can remember writing about either as a journalist or as a historian has had that as an impulse, but it has nearly always been the other way. Ever since the Attlee Cabinet in 1946 decided that they would nationalise the hospital service, make it a national service and take away the local authorities' hospitals, the bias has almost entirely been one way. Of course, when you get radical Ministers at the centre, for all their lip service to what you have just described very eloquently, they find that the blockage of local government is immensely infuriating. Why do they have to do this? Why do they get in the way?

Q51 Mr Reed: This is part of that problem, because they also operate in a silo.

Lord Hennessy: It is related to that, yes.

Q52 Chair: Is the problem not cross-departmental working? The Cabinet Office and 10 Downing Street have failed to address cross-departmental working just by accumulating more and more people who interfere more and more in Government Departments. All that does is create a sinking feeling in Government Departments when they hear somebody saying, "Number 10 wants this," or "Downing Street wants this."

Lord Hennessy: Receiving a phone call from Number 10 saying "Tony wants" was the low point of the week for everybody, for many years, wasn't it? I am sure you had to do that once or twice. One's heart sinks. One grieves for the people on the receiving end. I remember your session with Oliver Letwin, which I came to listen to, on strategy, which was fascinating about that, because it went right to the heart of this question. If you want a strategic grip at the centre and you want to push things through in your radical reforming Government, and the Deputy Prime Minister in his own way wants that as well, and yet you do not see it strategically, all this is very difficult.

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In the British way, we somehow muddle through. We have all sorts of conflicting competing systems. We have the anthropological differences we have been talking about, but somehow we muddle through. Maybe this is a concluding example, Chairman, of why we need a big proper look at this. We tend to look at it. We tend to isolate elements of these problems, and we do not look at it as a system. Perhaps it is time that we did.

Chair: We are doing our best.

Professor Hood: There are countries that have unified public services. Germany is a good example, where the same rules govern the public service at whatever level there is. As I have said, it is not obvious to me that Germany is a much worse country than the United Kingdom. In many respects, I think it is the opposite. As Lord Hennessy says, the constitutional and legislative changes that would have to take place to get from here to there are massive.

Q53 Charlie Elphicke: Mr Diamond, just a couple of very quick questions. First of all, when you were a

special adviser or indeed in the Policy Unit at Number 10, on how many occasions did you advise that there should be a royal commission set up on something?

Patrick Diamond: Never.

Q54 Charlie Elphicke: On how many occasions was a royal commission set up on something? Was a royal commission ever set up on anything while you were a special adviser or in the Number 10 Policy Unit in the previous Government?

Patrick Diamond: Not to my knowledge.

Q55 Chair: You have been fantastic. Thank you very much indeed for your evidence. As I say, we have gone miles over time, but that is because everything you were saying was of such great interest. Thank you very much indeed.

Examination of Witnesses

Witnesses: Sean Worth, Policy Exchange, Rt Hon. Peter Riddell, Institute for Government, and Andrew Haldenby, Reform, gave evidence.

Chair: We are going to try to end at 12. Can I ask each of you to identify yourselves for the record, please?

Sean Worth: I am Sean Worth, currently working with the Policy Exchange think tank on a better public services project.

Peter Riddell: I am Peter Riddell, Director of the Institute for Government.

Andrew Haldenby: Andrew Haldenby, Director of the think tank Reform.

Q56 Chair: Thank you for joining us. I will start by asking the same question as I started the previous session with. What is wrong with the Civil Service and does the Civil Service Reform Plan actually address the failings that you perceive to be in the Civil Service?

Peter Riddell: One thing that did not emerge sufficiently in the previous panel was the fiscal context. What is wrong with the Civil Service has two elements to it. One is the long-term one, which is that the role of the state is changing. What we want the state to do is changing and that puts new demands on the Civil Service. In terms of the delivery of public services, we want it to be more customer-friendly; we want different types of project done. We are increasingly outsourcing to the private sector. That demands different skills of the Civil Service. What is wrong there, and it is widely acknowledged—some would say it is the difference between Ministers and civil servants—is that commissioning skills have to be improved. Management of big projects, noticeably IT, has to be improved. Those are just examples.

In addition, we are operating in an environment of substantial public spending cuts and squeeze, which is clearly going to last for most of the rest of the decade.

Already there have been getting on for 30% cuts in the inner core, in administration, in terms of both manpower and the cost of central Government Departments. That puts immense strains on how the Civil Service copes in delivering services to your constituents. The real challenge is: can the Civil Service adapt to provide the services? For example, that means proper management information systems. Everyone goes on about MINIS. The interesting point Michael Heseltine always makes is of course it died when he ceased to be Defence Secretary—when he resigned over Westland in 1986. He tried to revive it when he came back later. It implies considerable strengthening of capabilities in various ways. There are a lot of long-term things wrong, because of the changes in the role of the state, which are accentuated by the change in the fiscal environment, which is putting enormous pressure on how to deliver good services to your constituents.

Sean Worth: First of all, I would echo the analysis. This is perhaps the first time when Government is being asked to do such a huge amount of system change on such a wide level of reforms, not just economically but socially as well. The analogy is often that we are trying to turn a super tanker, because you are trying to tweak system changes, but the problems—economic and social—are so huge that it would take such a long time to get those to work.

We have just done a survey on companies, charities and all the kinds of people who have to deal with Government—not us, not users of public services or whatever, but the actual contractors. They are all saying pretty much exactly as Peter said. Government is very good about the process knowledge; they value the institutional continuity, but they are terrible at the really important things like contracting and everything

else. If we are going to have a Government that is more open and creating services that are more open to choice for people, then we do need to bring in new skills. I think Francis Maude is right.

However, I absolutely despair at some of the stuff that was being said in the last panel of witnesses, that somehow the Civil Service is special and we cannot have chief executive-type figures coming in here, because they do not know how things work. In every sector, in every other industry, business, charity or whatever, in the free and open world, you hire outside yourself if you want to make big changes. You hire people from other countries; they are not going to know anything about how you operate and how you set yourself up, but you have a system of support in place. What you are bringing them over for is their skills. Can they drive change? Can they inspire people? Yes, I would absolutely say that we need to focus much more on allowing Ministers more discretion.

Q57 Chair: We will come to that. I asked you what the problems were and I think you answered the question very well. Andrew Haldenby, what are the problems?

Andrew Haldenby: I would try to sum it up in one word, which is competence. If there was confidence in the competence of the Civil Service, we would not be having this discussion. There would not be such a political focus on the whole issue, so it is competence. On the Civil Service Reform Plan, what has to be said is that the Civil Service Reform Plan has already been overtaken by events. The Plan was a defence of the status quo and was set up designed to do that. Francis Maude is on record giving evidence to the House of Lords Constitutional Reform Committee: "I do not think anything in our Civil Service Reform Plan is revolutionary, for sure." He presented a defence of the status quo.

Since then, something has changed and it is as if Lord Hennessy has turned around 180 degrees and become a huge supporter of Civil Service reform. So suddenly has Francis Maude. Shall I just quickly run through what has happened in the last six months? Giving evidence again to the Constitution Committee, in July, it was as if Francis Maude was a new man. He challenged the idea that political appointment was incompatible with the idea of appointment by merit. He said that, if Ministers had political appointment of officials, they would appoint the right ones to deliver policy; they would not choose the ones of their political flavour. He said that Ministers have actually long been able to choose permanent secretaries. In the debate on the Civil Service Reform Plan in the House, Jack Straw said that he had appointed three permanent secretaries whilst being a Secretary of State. Again, giving evidence to the Lords Committee, Charles Clarke said that he had moved a permanent secretary; he had lost confidence in Sir John Gieve. Michael Howard said that he had chosen a permanent secretary. Suddenly, there is this new mood, particularly from Francis Maude.

In August, the Cabinet Office announces the first ever open contract for research on policy. What is that doing? It is looking at radical reform ideas from

Australia, New Zealand and other countries. In October, Francis Maude said in a speech to Peter's organisation that permanent secretaries had blocked the implementation of Government policy. He never said that before. In November, the Department for Education produced its internal review of its Civil Service reform, which says that staff are pretty much working to their own devices on projects that have no endpoints and they are working on projects that are not aligned to ministerial responsibilities. Something, it seems to me, changed just after that.

Q58 Chair: Can I just test you on this?

Peter Riddell: Can I just say it is bizarre? Every single thing that Andrew said was in the Civil Service Reform Plan. The reference to the education review was in the Civil Service Reform Plan. All the permanent secretary stuff was in the Plan.

Q59 Chair: My question is: is the Civil Service Reform Plan therefore a wolf in sheep's clothing and it really is tearing up Northcote-Trevelyan; or is Northcote-Trevelyan actually a liberation, in that you can do a great deal under Northcote-Trevelyan, like giving Ministers more control over the appointments of senior civil servants, without actually threatening the Northcote-Trevelyan settlement at all?

Andrew Haldenby: The agreement between Peter and I, if there is to be one, might be that the Civil Service Reform Plan, like all Government papers, has got a lot of ideas, a lot of statements and a lot of principles, but it could go in many different directions. What I am absolutely certain of is that there was a change in the mood of the Cabinet Office in regard to the strength of the argument that it wanted to make on Civil Service reform. The tone of the argument—this is also reflected in briefings to newspapers—changed markedly from the first part of this Parliament to July onwards.

On Northcote-Trevelyan, I am sure each member of this Committee will of course be absolutely word-perfect in this document, so I hesitate to quote it, but Northcote-Trevelyan did say that "It is of course essential to the public service that men of the highest ability should be selected for the highest posts. It cannot be denied there are few situations where it will be necessary to fill these positions with persons who have distinguished themselves elsewhere within the Civil Service." There it is. What it wanted was appointment on merit, the right person for the job and the wrong people for the job out of those jobs. It then goes on to say that, at those times, too many political appointments were being made of "men of very slender abilities". Of course, no one is saying that, but slightly contrary to what Lord Hennessy was saying, Northcote-Trevelyan is consistent with the idea that there are some political appointments on merit.

Chair: Internal appointment as the default has become the culture, but that was not necessarily Northcote-Trevelyan. Very interesting.

Q60 Alun Cairns: Can I pursue the issue of competence a bit further and come to you, Mr Riddell, particularly in relation to your comments to Mr Haldenby's statements a little bit earlier, and refer us

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to the West Coast Main Line and the Laidlaw report? The Laidlaw report highlighted that the primary reason was that staff departing were replaced by more junior staff, that there was a ban on consultants and so on. Do you think those lessons have been learned across Government Departments, or has that report just been filed?

Peter Riddell: I think it was an enormous shockwave. Patrick McLoughlin was giving evidence to the Transport Committee yesterday. We are only part of the way through the process of learning the lessons and more will be coming this week on it. No, I think it caused a profound shock, both in the Department for Transport and to the Civil Service, and so it should do. There are questions about whether the process of the scale of cuts in staffing I referred to earlier has led to dysfunctional behaviour—in other words, not recruiting the right people.

One of the interesting points, and this is something which actually is in the Civil Service Reform Plan and something we have been advocating a lot at the Institute for Government, is there were three responsible officers for the franchise during the period of it. That is appalling. One of the key things is everyone goes on about turnover of Ministers, but actually as significant is turnover of civil servants, not necessarily at the top level but further down—at the key posts in charge of projects. If you look also at the regional fire service shambles, which cost £0.5 billion, which happened under the last Government, there was a whole succession of responsible officers. When you put someone in charge of something, you leave them there for some time. There are much wider lessons. Certainly my impression is, and as I say we are only part of the way through the process, the rest of Whitehall is looking very closely at that.

If I can give two further points that develop out of that, one is that there is a danger of looking at the Reform Plan, which came out in June—that is why I disagree with Andrew; I think the new mood was clear then—with the assumption that that was the beginning of everything. It was not. Individual Departments have been going through significant internal change programmes going back to 2010 and before. The Justice one started before the election. When you look at the Civil Service Reform Plan, it is only half of the story. The most interesting part of the story is what is happening inside Departments, because they have to cope with 30% cuts and major changes. The West Coast Main Line thing showed some of the problems with that. We at the Institute produced, two months ago, a report on transformation in Whitehall, which in many respects shows that the individual Department stories are actually more important than some of the things in the Reform Plan.

One thing I commend you to look at is a great success story: the Olympics. It is a success story for Government. Sorry, I am giving another plug to the Institute, which is producing a report on this in two weeks' time, which looks at if there are lessons from it. Some of the lessons from it are to leave the same people in place to do the job.

Q61 Alun Cairns: Mr Haldenby, do you accept the comments that have been made?

Andrew Haldenby: Yes, absolutely. I have very little to add. No, actually let me say this. One thing Lord Hennessy said was that all Governments have a timescale for their relationship with the Civil Service and, after a couple of years, it gets a bit scratchy. After whatever he said—30 months—they complain about the press office. He then actually said that he had not looked closely enough at the West Coast piece. I think if he had, he might conclude that there had been some rather significant things that have gone wrong, specifically under this Government.

Just a quick review of the reports by the Public Accounts Committee last year; I will not go through each one. Ministry of Justice: a complete failure to commission and manage its contract for language services in courts. Regional Growth Fund: the Department for Business and Department for Communities had no way of evaluating the spending of that fund of several billion pounds. Just the last two: Home Office, for mobile technology for the police, again had no way of evaluating value for money. Then major projects at the Ministry of Defence: great concern about the churn of civil servants.

The reason for saying this is we have heard this before. This Committee has commented throughout this Parliament on the absence of performance management in Whitehall Departments. You predecessors have as well. It is a perennial point made by Public Accounts Committee. The issue of competence does go quite deeply. The West Coast Main Line point is that it is here in every single detail. “The competition lacked strong project and programme management”, so they did not know what they were doing. “There has been considerable turnover in departmental senior positions”, “lack of management oversight and ownership”. It is a problem with management.

Q62 Alun Cairns: Mr Worth, do you think the Laidlaw report was fair and, from the perspective of Number 10 when you were there, could it have been foreseen?

Sean Worth: I would just pick up on that and a couple of points. Yes, the Civil Service is facing unprecedented budget pressures and there are headcount reductions, but there has always been staff turnover. If you look at the financial pressure they are facing, financial pressure is being faced by every other organisation in the entire country. You have to deal with it, and that is the problem: it is the adaptability, the capacity to adapt, change and bring in new skills. We had Sir Terry Leahy, the former CEO of Tesco, over at Policy Exchange. He did a bit of a review of Government procurement, which was very timely given the West Coast issue. His main thing was that, actually, we should just drop this obsession around pay, who is coming in and who is not, and just hire very good people and pay them much more to do those really important procurement jobs, because the Civil Service, the way it is currently set up—I think even Gus O'Donnell said this—just is not working on that front. We should just bus in commercial people and pay them a lot of money to get things right.

Q63 Chair: Can I press you on this? It was Ministers—we raised this in our report on change in Government and leadership of change—who agreed that cuts across Government Departments should be flat-rate percentage cuts and that departures from Departments should be voluntary, so the best people tended to leave to the private sector, leaving behind those who were perhaps less ambitious and less well motivated. It was Ministers who put the restriction on consultants, which meant for the first time a franchise was let without financial consultancy advice, and it was Ministers who signed off the decision without properly getting the figures checked. To be fair to Ministers, even Jeremy Heywood failed to spot that there were problems in the figures and the methodology that was used. Is this a Civil Service failing or actually a broader failing that the Government does not understand the Civil Service as it is? If Ministers are going to be effective, they have to understand the limitations of what they are working with.

Andrew Haldenby: Yes, that is absolutely right. The title of this inquiry is “The Future of the Civil Service”. If it was the future of Government in the UK, one leg of it would be the Civil Service and the other leg of it would be the political side. The think tank is producing papers; we are just finishing our latest thinking on Civil Service reform and doing interviews with people around Whitehall and Westminster. There is grave concern over not only the ability of Ministers to do their jobs, but also the performance management of Ministers, the ability of Ministers to do better and to move in their careers. My impression is, from the discussions that I have listened to, that Whitehall sees the West Coast Main Line problem as frankly more of a problem on the Civil Service side than the ministerial side, but that is not to say that the issues of improving Ministers are not just as important.

Peter Riddell: On your point there, there is a distinction in the time that the Government has been in. Initially when the Government came in, under Francis Maude, there was a shock-and-awe phase, if I may say. You cut consultants; you put a freeze on everything. The difficulty is moving on and having a transition to a more sustainable phase, when perhaps you say, “Here is the limit on your total budget, but you in the Department can then decide how you want to allocate it. If you want to bring in consultants, you bring in consultants, but you have to find the savings elsewhere.” One of the problems, which no doubt you will find from a lot of your future witnesses, is that the tight control you need for a period to shake the system up is not sustainable in the longer term. You now need a movement. You hear this; I have heard Bob Kerslake say this to the Civil Service too. You now need to move to a system where, albeit you retain a Treasury-type control on the totality, you allow the Departments more discretion, including probably on pay levels. The interesting point on the Olympics is that people were hired earlier at much higher salaries. Again, you do that within the overall budget and then you allow people to decide.

Q64 Mr Reed: I want to pick up on a point, Andrew, that you made. One of the things we are considering is whether we need some kind of commission to explore the future of the Civil Service. Taking up your point, are we being too constrained if we look at that only with regards to the Civil Service? Should we be looking at the future of Government or the relationship between the citizen and the state—big issues that are being debated out there, but which are not really impinging on what we are considering?

Andrew Haldenby: I suppose these are questions for the Committee to decide with respect to the scope. As I say, we have been doing interviews with people around Whitehall and Westminster in the last few months on the Civil Service issue. What we have found is that the abilities and the role of Ministers are the other side of the coin. They just are. There is endless discussion of performance management of civil servants, for example, but is there any discussion of performance management of Ministers? I do not believe that it happens in any way.

Peter Riddell: Can I take up that point? I agree. One of the key lessons, if you look at the successful transformation programmes in Departments, is the Secretary of State and the Civil Service leadership are aligned. It is absolutely clear-cut. In an area you know very well, Mr Chairman, Defence, a lot of the problems earlier, to put it politely, were that the three participants—it is a rather complicated marriage in Defence—the Ministry chiefs, the Civil Service and the Ministers were going in different directions. One of the crucial things there was to align them and that is absolutely clear. We have done a lot of work at the Institute on exactly that point Andrew makes. Looking at ministerial performance, of course, there is no proper assessment at all, nor is there any actual building-up of expertise, which there crucially needs to be, because you have to have the two together.

Q65 Kelvin Hopkins: On the West Coast Main Line franchise, I do not believe for a moment that it is to do with the incompetence of the Civil Service. Someone, somewhere, made a decision that they wanted to give the franchise to FirstGroup to get some upfront cash. That has been leaked in the press. They then tried to make the arguments fit that decision, and the civil servants were left with this problem of how to make it presentable. This decision was taken somewhere, we do not know by whom, but that is what it was really about. The question is whether what is effectively corruption is increasingly going to be the case with more contracts that are allocated by Government.

Peter Riddell: There is no evidence to back up what you are asserting. I would be very interested to see if there was evidence for that. There are arguments about the franchise process and there is a report coming out later this week on the broader franchise process, and we will see what that says. I think it is less corruption than the point Sean was making on competence. We have a big project in the Institute looking at outsourcing and how to do it. It is a complicated thing to do to get the contracts right. We have seen this with some of the welfare-to-work stuff and we are seeing it in various other areas, with just

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how competently it is done. It is less corruption than pure competence.

Sean Worth: You are absolutely right. We must not allow a few high-profile instances where contracting to the private sector allows us to think giving services to the private sector, rather than others or just generally, is a bad thing. The claims you have just made were countered by claims that information was suppressed by the Civil Service. In each case, I do not think you will ever get an answer unless there is a proper inquiry that fleshes it out. The principle is that the Government has to move to a position where it tries to deliver less itself and it gets much better at commissioning. Everybody agrees that now. The job, if you are outsourcing, is to make sure that you are contracting properly, not allowing gross profiteering and all that kind of stuff, and then the public will be much more confident in it.

Chair: 18 minutes to go if I am going to fulfil my obligation to you to let you go at 12 o'clock.

Q66 Paul Flynn: Mr Worth, with your experience as a special adviser, did it match what Francis Maude has said and others, including David Blunkett, have said, that in every Department, under every Minister, there are decisions taken that are not implemented that are blocked by the permanent secretaries?

Sean Worth: I heard a lot. I was in Number 10 and I worked in Departments as well, so I had a bit of a view across the whole piece. Yes, there is certainly that. You get reports of that. I personally found nobody blocked anything that I asked for, but there were a lot of delay tactics. You ask for something to happen and it sort of disappears into a blancmange, and then a paper comes back that is slightly different from what you asked for, because it is very clear that they do not want to actually address the question. There are a lot of games that can be played, yes.

Q67 Paul Flynn: You said, Mr Worth, "If you want to do tough things, then you need political people to do it rather than Civil Service." What are "tough things"?

Sean Worth: I mean taking tough decisions.

Q68 Paul Flynn: Such as?

Sean Worth: Like reducing budgets for public services, the tough decisions that are being made, like changing cultures in the Civil Service.

Q69 Paul Flynn: If you think of the decisions political taken over recent years by Governments, particularly by Prime Ministers, maybe things we were reminded of this morning—the Citizen's Charter, the Cones Hotline, the Third Way, the Big Society—all of them have ended in nothing. What we possibly need, above everything else, is stability, continuity and moderation in Government. Is it not a good thing that the Civil Service is acting as a brake on the extremes of political figures in Parliament? We are schizophrenic on this. We want the Civil Service to be prominent when our party is in opposition and politicians to be supremely important when our party is running for Government. If we take it that we are above these political considerations on this

Committee, for the great benefit of the country, we want moderation; we want stability; we want continuity and we will not get it from the politicians.

Sean Worth: You are right that they can act as a brake on extremes. If somebody in a political position who happens to hold a huge amount of power wants something very bizarre and extreme to happen, then it is right that that is checked. My point on this is that if you look at other countries, our country is imbalanced. We have an enormous Civil Service, literally huge, and we have very few special advisers and very little ability for Ministers to use their discretion to hire people who they want in key delivery positions to actually make change happen. As we have said and I think everybody has said, the Civil Service is great, but it is not very good at adapting to change. It is in that change context and that is what I mean by "tough decisions", when you are literally changing the way things have been done for decades.

Q70 Paul Flynn: It was said that, during the regime of Mrs Thatcher, when there was an appointment being made, she would always ask, "Are they one of us?" Would you be in favour of a fully politicised Civil Service?

Sean Worth: Not a fully politicised one. My point on politicisation is that, if appointments are transparent, everybody knows they are happening and they know exactly what they are for, then you do not have anything to fear from Ministers being able to hire in people. They are not necessarily party-political, but they are people who have expertise and want to, for example, bring about a whole load of transparency in the way the NHS works and its results, which we still cannot see. There is no league table anywhere that shows me what performance my local GP has in comparison to others, like we have for schools. There is a huge resistance to actually bringing that out, and we need political people who will be crusading for that on behalf of people to make that happen, because it currently does not.

Q71 Mr Reed: You heard Mr Cairns, who has now left the room, refer earlier to some of Lord Heseltine's frustrations when he was a Minister, pulling levers that did not have anything attached to them. What would need to happen to the Civil Service to make it more responsive to ministerial wishes and instruction?

Peter Riddell: Curiously, I think it is actually quite responsive. The question is a competence one. I do not buy the instructive model. *Yes Minister* is great fun, but it is 30 years out of date and the revivals show that. That is not the issue; it is an issue of competence in doing a very different task from the past. That is the challenge. We have talked about outsourcing and commissioning, but there are other areas. Management of big projects is where my worry lies. It is not so much that the civil servants are not responsive to Ministers. My impression is that they are extremely responsive. One of the arguments at the beginning of this Government is not that the civil servants are obstructive, but they ought to have said, at various stages, "Okay, this is your objective; there might be a better way of doing it." Curiously, they were so keen to show that they had not been

politicised by the previous regime that they were almost not performing their function of saying “Hold on.” My view is that it is the “hold on”, not the “no”. They should never say “no”, but “hold on”. That is my concern much more.

Andrew Haldenby: I wonder if some of this is not about a block in terms of something very dramatic and the writing of a letter. What is the word for the letter that is written?

Peter Riddell: Seeking a directive.

Andrew Haldenby: That’s right, making the Minister enforce their will. I suspect some of it is just down to the length of time that particularly new Ministers in this Government are finding for things to happen. Speaking to one or two of them recently, for example, they are very surprised by the ministerial office system. They are slightly confused that they cannot speak directly to civil servants. They think it is extremely time-consuming that papers have to come all the way from over there, through there—it is a very complicated system—and back again and often on it goes. There is something about the ways of working that lead to enormous delay. That is what this Government is finding. David Cameron made his initial comment about the enemies of enterprise back in early 2011, and what he actually put his finger on was bureaucrats in town halls “who take forever with those planning decisions”. That is just a statement about speed. It is not that those officials are contradicting Government policy; they are just taking longer than Ministers would want, so I suspect it is something about speed of action.

Q72 Greg Mulholland: Turning to the issue of trust, which is clearly a hugely important area, do you think that the announcements made as part of the Civil Service Reform Plan and other announcements have seriously undermined the trust between politicians and the civil servants?

Andrew Haldenby: As I was trying to say earlier, I think that something happened in that relationship in the run-up to the Plan and around the time of the Plan. A change of heart has taken place. A breakdown of trust of whatever kind had already taken place, and that has led to this new mood that I have tried to describe after the publication of the Plan, which is about a much clearer and a new willingness, on the part particularly of the Minister for the Cabinet Office, to make the case for radical change.

Peter Riddell: There inevitably is a time for such restructuring and cutbacks, and problems of trust. It is not helped when there are stories in the press and when there are things about “The Civil Service is no good and being obstructive” and vice versa. You get it both ways. There remains quite a lot of mutual suspicion, and it is vitally important that that is bridged if you are going to get effective reform. The only way it is going to work is if Ministers and civil servants work together. There are faults on both sides. A lot of it is to do with ignorance and mutual suspicion. It is unfortunate, but it is Ministers realising the Civil Service is going through a hell of a lot of change. Also, I would say, and we see this a lot at the Institute where we work below permanent secretary level as well as at permanent secretary level, that there

are a lot of very bright civil servants in their 40s who are very eager to change and reform, but they want that recognised, perfectly legitimately. They are keen on it.

Sean Worth: One point on that is you are right that briefings and counter-briefings between civil servants and political staff are not terribly helpful. They are usually spiteful rather than constructive but, actually, Andrew is right that to build a public case for change you have to expose some of the things that you do not like. If you even look at the Guido Fawkes blogs and exposés of the number of trade union officials who are being paid for full-time trade union activity on the public’s payroll, that led to Government looking at that issue and they found nearly 7,000 of them there. We are having a debate about politicisation around special advisers, but there you are: thousands of people are doing trade union work on the public payroll. It can be very helpful, but you have to get the balance right and act in a proportionate way.

Q73 Greg Mulholland: Do you think it would be possible to get trust back, considering that Richard Mottram said that trust had broken down, not just that it was not there?

Peter Riddell: It has to be demonstrated by individual leaders in the Civil Service. There are successful examples. To portray it as all negative is completely wrong; there are a lot of very good public services, which have been improved over the years. There is the recent example of the Olympics. Trust can exist, but the key to that is the leadership demonstrating it—enthusing people and rewarding them, not just in the financial way but otherwise, for success. That is why the Civil Service Reform Plan is only a start. They are good intentions, but they have to be demonstrated in practice. That has yet to be proven. In the mid-term review yesterday, there was a reference to a year-on review of the Civil Service Plan, a good thing too. The Civil Service needs to keep well up to it. You have heard evidence from Francis Maude saying some things have been slipping. Well, it is the role of your Committee to keep them up to it.

Sean Worth: Just one point on that. For every Sir Richard Mottram saying these cuts are leading to low morale and so on, which I think people can understand, there is a piece of evidence like today the Chartered Management Institute came out with: a bit of research that said public sector managers are 13% more confident and optimistic about meeting their challenges than they were this time last year. This is over a year where there has actually been an enormous amount of change communicated.

Peter Riddell: The Civil Service does an engagement survey every year. It is a horrible term, but it actually shows surprisingly high levels of overall engagement. Now, it does vary between Departments a lot and varies in various aspects of leadership. There are worries one can overdo the demoralisation, as Sean was saying.

Q74 Chair: They are low levels compared to the most successful private sector organisations.

Peter Riddell: Most, but some private sector organisations have their problems too.

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Chair: They have their problems too, but a successful private organisation.

Peter Riddell: Yes.

Chair: Do we need to address appointment of senior civil servants again or shall we move on? Moving on, Mr Roy, accountability.

Q75 Lindsay Roy: Andrew, you have said that “The doctrine of ministerial accountability is a big problem—it has made the performance of individual civil servants invisible, which is obviously not true.” Should the current doctrine of ministerial responsibility be reformed and, if so, how?

Andrew Haldenby: Yes. Actually I think it is already being reformed in practice. To tell you one or two things, there has been, as has already been referred to, a lot of discussion about whether civil servants should give evidence before Select Committees. That bridge has been crossed absolutely, and that seems to me to be an important justification of the fact that civil servants are personally accountable and should be answerable for what they are doing. The Lords Constitution Committee agreed with that very strongly in their recent report. Also, in the inquiry for that report, Lord Butler drew a distinction between ministerial accountability, which is broad accountability for what goes on in the Department, and actual responsibility. If I was the Minister, I am not responsible for what happened before I became a Minister. By extension, the implication is I am not responsible for some decisions that happen lower down in the Department.

The only other thing I would say on that is Margaret Hodge, giving evidence again to the Lords Committee, said that the Civil Service has changed and that the original Haldane proposals were done at a time when the Home Office was literally just a few dozen civil servants. Now it is many thousands, so it no longer applies. It is just that: the doctrine of ministerial accountability cannot apply now but, more importantly, it is already being changed to give more personal accountability to civil servants.

Q76 Chair: Haldane was specific that officials should give evidence to Parliamentary Committees, so it is not upsetting the doctrine of ministerial accountability for officials to give evidence directly to Committees. It is a question of what they give evidence about.

Peter Riddell: And how far you can name them too. I think that debate is evolving. I think things are moving compared to a year ago. One particularly for the PAC is that they go back to previous permanent secretaries, not the current one. It will be tested on named civil servants. The West Coast Main Line may well test that. I see this as a moving debate, rather than a static one.

Q77 Chair: On the question of a unified Service or federal Departments, do we have views?

Peter Riddell: We have views. I think Christopher Hood was being slightly disingenuous when he talked about the German example, because there the federal central government does much less, because it is a federal structure. I think that is a slightly misleading

example. The interesting question, and an important one for you to look at, is, with Scottish and Welsh Members here, the degree to which, in practice, the Governments of Wales and Scotland are separating off. There is that sense of unification too. Within Whitehall, there is a perennial problem, and you see that going on now. Departments are saying, “We are doing our own reform plan. This Whitehall one? We will do our own thing.” That tension is not resolved. It is a perennial one and it is not yet satisfactorily resolved.

Can I give you just one brief example with the heads of professions? There are various professions within the Civil Service: policy; IT, which they call information; and HR. Virtually all of them are in individual Departments. An extreme example of this is Bob Kerslake being a permanent secretary at DCLG as well as head of the Civil Service. A very interesting question, which I think you should explore, is the degree to which you can actually achieve change with the heads of these various professions being in individual Departments, as opposed to being in the centre.

Q78 Mr Reed: I wanted to ask in that where the user is in everything that we are discussing here. In the private sector, the most successful organisations are those that respond to or anticipate their customers’ needs, which are their users, but here we are just looking at alternative provider-led models for the Civil Service, are we not? Is that enough?

Sean Worth: This is one of the key things that I have found in my research and this was something that Sir Terry Leahy also brought to us, when he did his review of how government works. There is very little focus on the end user, which is why we have such a big battle to actually bring in changes like allowing people a choice over different services or allowing people to even have the right to see what they look like and what performance is. Things that in the private sector and in charities are just taken for granted seem to be a massive deal in the Civil Service. My worry about all this reform debate is that we know that the Civil Service is great and it is good at doing certain things, but there is this massive bureaucracy. We keep coming up with plans and more bureaucracy to try to change it, but actually what we should be doing, as I think Sir Terry’s point was, is just to allow a lot more flexibility and discretion to hire very good people to do very big jobs and focus those jobs on delivery. Yes, pay them more than the Prime Minister if that is what is needed and don’t have a big witch hunt about that. Let’s just get it done.

Peter Riddell: Can I say one point? There is a great difficulty in the state being as adventurous and anticipatory as a private sector organisation would be, because of the nature of the public good that is being provided. Also, there is a tension. There are people I know in the Civil Service on the horizon-scanning unit still. It goes back to the strategy interest of this Committee. There are people thinking about that but, on the whole, it is very difficult to be adventurous, because adventure equals risk. It is quite difficult for politicians to admit a risk. There are people thinking

of these things, but it is quite difficult to be ahead of the game in that way.

Andrew Haldenby: My question is: who is the user of a central Government Department? I am not a user of the Department for Education, even though my children are at state schools. Ministers are users, I guess, because they are asking for policy advice; they are asking for support in taking through the Government's agenda. Without wanting to have a bigger conversation, the idea that Departments start employing lots and lots of people to get involved with what individual consumers want, I am not sure that is it. It is about helping Ministers deliver the policy framework. That takes us back to so much of the context of this whole debate, which is about whether officials are supporting ministerial agendas and if things need to change in order to support that. That is one of the principles that the Department for Education's internal review has ended up on.

Q79 Kelvin Hopkins: The Civil Service Reform Plan proposed opening up policy-making to outside organisations. What is the point of Whitehall, if not to offer Ministers policy options? Do they not have a range of ideas within the Civil Service to offer? Indeed, they can also take advice from outside—that is the difference—but actually making policy outside the Civil Service, what is the point of the Civil Service if we have to do that?

Peter Riddell: If you actually look at what is happening in practice, what they are doing is taking advice. There is a lot of hype on that. I am totally in favour of opening up policy-making for wider debate to Select Committees, think tanks like the three of us and all that. What was actually presented and the bid on looking at structures of ministerial/Civil Service relationships, what IPPR is now doing—we did not go into the bid ourselves, because we are already doing a project on it, which has produced two reports, and we decided not to do it and Andrew reached a similar decision—is fine, but it is not actually substituting for policy-making. It is broadening the debate, a good thing too. There was misleading hype on that on outsourcing policy. It is not outsourcing policy; it is broadening advice.

Q80 Kelvin Hopkins: Is there a danger that radical Governments, and I can think of one or two recent ones, might have an organisation outside that comes up with an idea and the Government just says, "Civil Service, get on with it"? That is the policy.

Peter Riddell: Interestingly enough, that happened in 1997 on a number of the changes that were then introduced. If you read Geoffrey Robinson's book, a lot of the ideas on utilities tax and other things were actually being devised by accountants before the election. A file was produced for Terry Burns, who was then the permanent secretary, saying "This is what we want you to do." Similarly the Bank of England has done a lot of outside stuff, and a few ideas came from Policy Exchange and no doubt a few from Reform in 2010. The Civil Service then has to look at it and the rest of it.

Q81 Kelvin Hopkins: I know we are short of time, but there is one question that was of interest to us: why did your organisations not bid for funds from the Contestable Policy Fund? The Institute for Public Policy Research has got a contract.

Peter Riddell: We did not bid for it, because we were already doing a project on accountability, which has produced some work that your Committee has seen, and because I wanted to preserve our independence.

Andrew Haldenby: We do not do sponsored research. Perhaps it is possible to imagine that, one day, the Government might ask for something that actually we did want to do, but our rule, generally speaking, is not to do sponsored research.

Q82 Chair: Do you think there is an element of the Government buying the good will of independent think tanks by showering them with money? Is that a danger?

Andrew Haldenby: If only that would make a difference.

Sean Worth: On a practical level, there are some very bright people in a number of different organisations and the alternative would be to hire them into the Civil Service, put them on a pension and all the rest of it. It is a perfectly practical thing to do. It does not mean that those policies will not then be scrutinised very heavily by the Treasury in particular. All the processes are there. I think it is just a very practical open thing to do.

Chair: We are already into injury time. I do apologise to you that this panel was foreshortened because the other panel overran. It was my incompetent chairing, for which I apologise to you and to my colleagues, but you have been extremely helpful to us. If there are any other points you want to make, please do drop us a line and we will accept that as evidence. Thank you very much indeed.

Tuesday 15 January 2013

Members present:

Mr Bernard Jenkin (Chair)

Charlie Elphicke
Paul Flynn
Robert Halfon

Kelvin Hopkins
Priti Patel
Mr Steve Reed

Examination of Witnesses

Witnesses: **Professor Andrew Kakabadse**, Professor of International Management Development, Cranfield School of Management, **Dr Chris Gibson-Smith**, Chairman, London Stock Exchange, **Sir John Elvidge**, former Permanent Secretary, Scottish Government, and **Dr Suzy Walton**, former senior civil servant at the Cabinet Office, gave evidence.

Q83 Chair: Welcome to this second session of our inquiry on the future of the Civil Service, which you did not read about in *The Times* yesterday. Could you each identify yourself for the record?

Dr Walton: I am Suzy Walton, formerly of the Cabinet Office, with a non-executive portfolio on various boards.

Sir John Elvidge: I am John Elvidge, formerly Permanent Secretary to the Scottish Government, and now Chairman of Edinburgh Airport Limited.

Professor Kakabadse: I am Andrew Kakabadse, Professor at Cranfield School of Management.

Dr Gibson-Smith: I am Chris Gibson-Smith, Chairman of the London Stock Exchange and the think-tank Reform.

Chair: Formerly you led the turnaround of the National Air Traffic Services.

Dr Gibson-Smith: Yes, I led the privatisation of NATS.

Q84 Chair: Thank you all for being with us. Could I ask you, first of all, what you think is going wrong with the Civil Service? What is the fundamental problem? We see lots of symptoms, but what do you think the underlying cause of the problem is?

Dr Walton: I would not necessarily say that there is anything going wrong. There is a dialogue that seems to have gone wrong between the politicians and the civil servants. We have seen the sort of reform plan that we are seeing now through successive Governments. It is almost like the new Administration have come in and completely forgotten what has gone on before in terms of reform. There seems to be an inaccurate dialogue, in my view, going on at the moment, and too much has been made of the problem. We largely have a Civil Service with enormous merits and politicians with good motives. Everybody is trying to make public services better. That seems to have been lost a little bit in the debate. We are seeing a lot of noise about a problem that, in my view, has been completely misinterpreted. We have excellent motives on both sides of the fence; the politicians and the civil servants should not be on opposite sides of the fence. The reform plan calls for more business methodology and we need that business methodology to see how to improve business on both sides of the fence and make the machinery of government work a little better. I do not see it as a deficit model that is broken and needs to be fixed.

Q85 Chair: In your evidence, you said that the Civil Service needs to reform the capacity of civil servants for strategic thinking.

Dr Walton: I did.

Chair: You said that lessons can be learnt from a Cabinet Office programme of work under the previous Government, entitled “Strategic Futures”. You said that, to deliver a business culture we need civil servants to be trained to be directors by the IOD. You also said that there is no magic bullet, but you did not say that there is nothing fundamentally wrong.

Dr Walton: No, Chairman, but what I did say was that I did not feel the Civil Service needs radical reform, but it needs reform. I stick by that. I do think we need greater capacity for strategic thinking. We need senior civil servants to be trained in a slightly different way. We need to have a fixed place within government that does horizon scanning and strategic thinking. We do need to tweak the machinery of training. I very much stand by the qualification that I left Whitehall in order to obtain, that of chartered director, which I see as being something that would fit some civil servants to better do their job. I do not see the system as being in need of radical reform, but reform, yes.

Sir John Elvidge: So that you do not correct me, Chairman, by taking me back to my written evidence, I had better start there and go to the core argument in my written evidence. That is that, if we step back from Whitehall and look at essentially the same Civil Service functioning in different settings, the evidence would suggest that it is not correct to diagnose this as an institutional problem. It would be more accurate to say that what we are seeing is a breakdown of relationship in the context of the UK Government—or a breakdown of relationship in some places. I am not sure that one sees a uniform picture across Whitehall in the way in which individual Secretaries of State feel about the way in which they are served.

Q86 Chair: So if you were Head of the Civil Service how would you go to the Prime Minister and say to him, “I know you think there are lots of things wrong with the Civil Service, but actually it is our relationship that has gone wrong”? How would you say that?

Sir John Elvidge: I think what I would say is, “I think there are some ways we can fix this. There is no point denying that we have tensions and lack of confidence from some of your Secretaries of State and the civil

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servants supporting them. I believe that we can fix this if you allow the leadership of the Civil Service to take responsibility for fixing it and take the action.”

Q87 Chair: So it is about trusting the civil servants?

Sir John Elvidge: It is about giving the civil servants a period of time to fix it and holding them to account for whether they succeed or not.

Professor Kakabadse: I agree with my colleagues that in fact both sides, civil servants and politicians, are concerned with providing public service, but I do believe there is a need for radical reform. I do believe there is an institutional concern. I do not know of any organisation in the world that would have some of the structures and practices that we have here. The fundamental problem we have is that, on the one hand, costs need to be cut, for good reason, and on the other hand quality of service needs to be enhanced and improved to the best we can do with it. In a sense we have incompatible strategies sitting side by side. In that sense you need a level of strategic leadership to try to pull together and integrate what are interesting tensions.

If you start at the top and look at the governance structures, I do not know of any structure in the world that would split strategy from operations. If you go and look at the number of Secretaries of State that are chairmen and are not turning up to meetings, I do not know where that happens either. Equally, if you then have a situation with a much more centralised approach to policy and strategy planning, you undermine the role of the Permanent Secretary. Then you begin to cascade down something that I am beginning to detect: an ever eroding level of trust. If you are going to have strategies that are difficult to pull together, you need management who have high levels of trust in each other, in their abilities and also in their roles. I am finding that the role structures are not compatible with what is being asked of the Civil Service at this moment in time. So I disagree with my colleagues, and I say that we do need to look at exactly what is happening right now.

Then take the issue of the Permanent Secretary and the fast track movement. My own studies on transitions—how long it takes one top manager to transit effectively into a role—show that, even when they know the organisation, it takes about 12 to 18 months. If you are a chief executive who has been appointed into a different industry or different organisation the average transition time is between 28 and 32 months. If you take it at the opposite end, and look at how long it takes to build a culture that really works and binds us all together—so that we can have service together with a more transactional way of operating, to cut costs and achieve particular targets—then you need people in post for five to seven years. Do we have that?

My concern is that we have a strategic leadership problem, we are not addressing it, we are denying what is happening and we should seriously look at this from top to bottom. My major concern is that the governance structures that we have right now are undermining the building of trust.

Chair: That is very clear, thank you.

Dr Gibson-Smith: I would recommend the answer you have just heard. Reform and change of any size of organisation is, in my own experience, without exception, extraordinarily difficult. It is always met with resistance, always requires leadership and always requires the development of new skills. Finding it difficult is actually a normal place to be. The only way in which one transitions through the challenges is through constancy of leadership and purpose, upgrade of underlying skills and clarity of objective. Those have to be sustained through time. The shortest time in which I personally have ever effected substantial change in relatively small organisations, compared with government, is four to five years. That is four to five years of constant upgrade, conflict, interaction and realignment. I have never effected it without engaging the people I was attempting to transform to ultimately do it for themselves.

Q88 Chair: You will each have seen *The Times* yesterday, which had a big spread, not so much about Civil Service reform, but showing expressions of anger and frustration among Ministers, advisers and commentators that somehow the Civil Service is letting down the coalition. What was your reaction when you read this piece?

Professor Kakabadse: My reaction was that it was understandable but not accurate. I conducted a study of Ministers, and I would draw on Lord Hennessy’s evidence from your last session where he talked about the confident Minister. Certainly the Minister may be confident in Parliament, in their own Party and with their own constituency, i.e. the political processes. My own study looked at the Blair Government and showed that for an array of Ministers and Secretaries of State, to a man or woman, when it came to strategic leadership there was high inadequacy. So the capacity to lead through some of these reforms at ministerial level was seriously wanting and it was not being examined.

First of all I would have to ask whether the Ministers themselves are partly responsible for creating this situation. Secondly, I do not find that the civil servants themselves lack strategic leadership; it is that they are not given the opportunity to exercise it. If at ministerial level the leadership that is necessary and has been built into the structure is not forthcoming, and if the structure itself is undermining the civil servants in practising and apply their leadership skills, then of course there will be frustration. But the problem does not lie with the civil servants; it lies across an institutional basis and until this is examined, the same problems and frustrations will occur in the future.

Q89 Chair: What would be your reaction if you found that *The Times* had been significantly helped with the story by advisers from within Downing Street?

Professor Kakabadse: My reaction would be that in a sense it is understandable, but we do not understand the problem we are dealing with. We really do not appreciate the concerns we have in front of us. If we did, those sorts of stories in *The Times* would be positioned quite differently.

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Sir John Elvidge: I broadly share the view that what we read was unsurprising. I have no doubt that the anger and frustration are genuine, but I think it is a manifestation of something that people who have been around in government for a long time will have seen more than once over the years. It is a conflict of understandings about roles and a conflict of expectations that does not get resolved in some places. The way I might describe that is as a conflict between the idea that the Civil Service is there as a set of passive agents—that they are a private army to take instructions—and the idea that government is a partnership between the skills of politicians and the professional skills of civil servants. The more one leans towards the private army approach, an approach I thought was evident, for example, in Steve Hilton’s quoted remarks from Stanford, the more one is going to run into the kind of problems that Professor Kakabadse was just describing, of not creating the space in the relationship for a proper dialogue to take place and both sets of skills to be utilised in a partnership to deliver beneficial public outcomes. It is that conflict of expectations that we are seeing reaching boiling point.

Dr Walton: Chairman, you asked us what our reaction was to what was in *The Times*, and you implied that some of the comments might have been spun a little bit. My reaction, reading *The Times*, was one of some pleasure to see that it was going to be redressed slightly today by allowing the civil servants to have some say. Indeed, when you look at both sets of press copy together, a different story plays out. I always get slightly upset reading the sorts of press we had yesterday because you are not seeing the issues laid out with any evidence, and you are not necessarily seeing the right witnesses address the points. I am not undermining the points made, but it serves the purpose of getting the public and certain people very excited. It is not the kind of debate we want to see about these issues. We want to see the kind of debate that you are chairing with this inquiry. What we saw in the press yesterday was very misleading. What we saw in the press today was slightly misleading but somewhat balanced the picture a bit. So I do not think people should look to either of those press copies to see what the real issues are. The real issues are going to be pulled out in much slower time by this inquiry and by other mechanisms.

Q90 Chair: Do you think the article in *The Times* looked like a Downing Street operation or a semi-official Downing Street operation?

Dr Walton: As will often happen with stories of that nature, I think the people who gave quotes had given much wider quotes, and soundbites were selected that suited a particular slant for the story.

Dr Gibson-Smith: I felt it was unlikely to be helpful in furthering the real debate it sat on top of. My own view is that, as a society, we need a proper balance of political and administrative capability. They are separate goods for our society. They have constitutional places that need to be thought about quite profoundly, and political objectives are inevitably different from administrative objectives. In my own experience of the privatisation of the air

traffic service, which I did because I had intended to do public service after I retired from my first life role, I was balancing the needs of the delivery of the service with the needs of the CAA, the needs of the Treasury and the needs of the transport. We were all aligned in our intention to privatise the service, but actually, when you got into the detail, every single one of those groups had different objectives. The task was actually resolving the differences in the objectives. It was immensely difficult, even within the relatively simple context of a single service within government. These are not easy tasks.

Q91 Chair: Of course, in your position you had the ability to say, “If you are not going to co-operate I will go and do something else”.

Dr Gibson-Smith: That is probably helpful, but I had a deep intention to be successful. My prime role was managing the interface between the different needs.

Q92 Robert Halfon: I would like to go back to this issue about trust between Ministers and civil servants. There was a recent case in the Department for Education where the Secretary of State and the special adviser were alleged to have been using private e-mails to communicate with each other, because there were things they did not want the civil servants to see. It became the subject of a freedom of information inquiry by the Information Commissioner. Does this not illustrate that trust between civil servants and Ministers has broken down, if the Secretary of State and his special adviser do not feel they can communicate openly on departmental e-mail?

Sir John Elvidge: Personally, I would not have said so. It is entirely right that Ministers and special advisers should have some private space in which they can have a political conversation. I sometimes think of organisations as the equivalent of a functioning mind. Most of us would not like every single thought we have to be shared with a wide audience. As human beings we go through a process of internal dialogue and then share some of the conclusions of that internal dialogue. The trust issue certainly exists, but I do not see this as a symptom of the trust issue, up to a certain point. Once one is past the point where there is ostensibly a delivery partnership between Ministers and civil servants, if one persists in having a dimension that does not share information inside that partnership, then one is beginning to come into an area of dysfunctionality.

Q93 Robert Halfon: If what you are saying is correct, then it was perfectly right to have a private conversation. Was it then right that the Information Commissioner said that these should be subject to freedom of information?

Sir John Elvidge: As a matter of general policy I would never criticise the Information Commissioner’s conclusions.

Chair: Oh yes, we would.

Sir John Elvidge: You would, but I wouldn’t.

Robert Halfon: You must have a view. I am asking whether you think it was right or wrong, given what you have just said.

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Sir John Elvidge: My general view is that, in the whole of our regime about freedom of information, there should be more respect for the necessity for a private space somewhere.

Q94 Robert Halfon: Can I take your view on this, Dr Walton?

Dr Walton: I hear what you are saying and they are very serious allegations. None the less, I am looking at it within the context of a very large system. Given the number of transactions that have to occur within government, and therefore the amount of communication that goes from A to B, I am not surprised that a proportion will not be conducted as perhaps one would like them to be conducted. I sit on many different boards in different sectors, and I uphold corporate governance. I am a chartered director; I know exactly what I like to see. On every single board and in every set of interactions, particularly between chairman and chief executive, there will always be a proportion of interactions that are not as they should be. One has to tolerate a certain amount of interactions that are not as they should be. That does not excuse this particular incident, and it is very serious, but what I am saying is that one has to always see these things within a system of complexity. You are alluding to the question of whether it hints to a complete breakdown of trust. I think it does not. The incident was possibly wrong but nonetheless, within the amount of business being transacted, one is going to see certain things not operating as they should, no matter what standards one is trying to work by.

Q95 Chair: Just to be clear, what do you regard as the serious allegation? I do not quite understand. Was it the fact that Ministers and advisers wanted to converse privately by unofficial e-mail? Is that an allegation you are making against them, or are you making the allegation that the senior Civil Service wanted to get a grip of this and know what was going on in it? What do you refer to as an allegation?

Dr Walton: In an ideal world, there should be completely open communication.

Q96 Chair: So you are saying the opposite of Sir John. He is saying that there has to be some private space for private interactions and you are saying that these are improper.

Dr Walton: I view it slightly differently. There have to be very clear boundaries within which one can conduct private conversations. With a board, you would generally have a session of the board without the executive members of the board being present. In a complex organisation you would normally have a mechanism for formal communication and you must not break those rules, but then you would create a separate space to have those other conversations. Occasionally, people are taking business that should be conducted in the public space into the private. I do not think that is right but sometimes people do get it wrong. I tend to believe that people do make mistakes but sometimes it is not intended. What one can never fully understand is the intention.

Q97 Robert Halfon: One of the reasons why this business in the Department for Education is alleged to have happened is partly because of the fiasco of the Building Schools for the Future programme. It has been reported that Ministers felt let down by the Civil Service in the way the initial announcement took place, as you are probably well aware. I speak to Ministers and they will say that they are not discussing certain things in front of other people, partly because they fear leaks from the Civil Service. Is it not the case that there is a lack of trust and that this Steve Hilton stuff, and even what Tony Blair has been saying, suggests that political Ministers believe the Civil Service operates to a different agenda? The Department for Education side of things is a real example of that.

Dr Walton: All too often people are looking for conspiracy. I would go back to the point I made about the number of transactions going on. When I was in the Cabinet Office, in the Prime Minister's Strategy Unit, on any one day we would be dealing with maybe 200 important e-mails. I would expect that maybe two or three transactions conducted were not done to the right standards or in the right manner. However, the motives of the people concerned would not necessarily be underhand; one is trying to uphold certain standards, although not always getting it right. Going back to the key issue you are alluding to, of trust, I personally do not believe there is a "them and us" culture. I do not believe that senior civil servants or civil servants of any grade knowingly try to keep things away from Ministers. There are occasions, and I have done it myself, when sometimes we would try to speed things up. In the Cabinet Office, in the Prime Minister's Strategy Unit, we would sometimes try to speed up policy-making by using different mechanisms. Some could have alluded that we were not doing things according to the rules. We were; it was just that we were using different mechanisms. If you undertook a forensic analysis of a lot of what goes on in the Cabinet Office, or any other part of government, you could find that a proportion of that was not conducted according to some rule, statute, convention, policy or practice. I am seeing it from the perspective of the individuals. Everybody will have different views on this but I personally do not think that civil servants intentionally try to keep things from Ministers. Or rather, if they keep things from Ministers, it is only with the best intention of moving the system along faster to get to the outcome everybody desires.

Q98 Chair: What are you saying here? Are you saying it is okay to keep things from a Minister if it is moving things along a bit faster; is that what you are saying?

Dr Walton: No, I am not saying that. I am saying that within the rules and framework that everybody operates to—often it is a framework, and not rules—I know from my experience in Cabinet Office that we were creative in policy-making. We worked within the rules but we were creative. In my experience, I never worked with anybody else, or myself, that knowingly kept things from Ministers. It is a question of how and when things are presented. The assumption, in my

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belief—and I am sure John will probably agree with this—is that, as a civil servant, you are trying to get the business done and you are trying to work with Ministers. You largely believe that Ministers are on the same page. You are trying to get things done, but sometimes you are slightly creative in the mechanisms you use.

Q99 Charlie Elphicke: If I understood you correctly, you seem to be saying that these kinds of conversations that happen in government between Ministers and special advisers should be subject to FOI. However, let us say you have your pre-meeting with the non-executives to discuss the running of the business and the strategic issues of the business. How would you feel if those discussions, where you were open and honest with your fellow non-executives, had to be handed over to the executive director so that they could see everything that had been said? How would that impact on the governance of your business?

Dr Walton: In that context, one is playing by the rules. The rules in many organisations are that non-execs will have a private session, and the rules governing that session are that that is private to the non-execs and the chairman, and the executive members of the board will not see that discussion. Within that context, that is what is accepted. That is a convention in that context.

Q100 Charlie Elphicke: Would you not concede that, in the political sphere, Ministers and special advisers need to be able to have discussions that are not shared with civil servants and everyone else? They need to be able to air issues, talk them through and seriously discuss things before going wider with them. They need that space, just as you need that space as a non-executive director in your business.

Dr Walton: Yes, I accept that, but the point is that we are talking about such large systems that it is very hard to have a rule and to apply that rule. The system is so large that even a single issue being discussed is going to have so many nuances and move so fast that it is very difficult to say that there should or should not be private space. It is going to be dependent upon every particular issue and how that issue is being played out. On any one particular day, the number of stakeholders that need to be involved in that issue will change.

Q101 Chair: What you seem to be saying is that the civil servants, when they find this is happening, should be distrustful of what is happening between Ministers and advisers, and should not respect that space.

Dr Walton: No, I am not saying that. I do think that, in the main, people will and should respect private space if it is needed. But whether it is needed is subjective. That is the difficulty. I do not think one can have a hard and fast rule. I think my colleagues will agree, from the roles that they hold, that even with companies that are nowhere near as large as the Civil Service, for the agreements on what is private space, what is FOI-able, and what can be kept to the chairman, the rules are very difficult to apply. Issues

take on a life of their own and then the number of stakeholders that need to be involved will change so rapidly that it is very difficult to have and uphold a single principle.

Professor Kakabadse: Can I support my two colleagues? Let us take the chairman-chief executive relationship and imagine that there is a leak on the board. The chairman and chief executive would have to seriously discuss this without the board's presence, executive or non-executive. Where you draw the line is where you begin to position issues in a way that is detrimental to the board. In that sense both chairman and chief executive know it. I have been consultant to chairmen, and we have had discussions about the chief executive, and that is to clarify the issues in order to openly and transparently present them to the chief executive and the board. Everyone in that party, that game, knows exactly where the line is drawn between something that is an exploration, something that is called private time, something that is called clarification of issues and understanding and then, unfortunately, positioning issues to your favour against the board, the chief executive or the executive directors. I do not know the example that was drawn here, but you could go into detail and look exactly at what the Minister and adviser talked to each other about, what the issues were and whether those were private-time issues or positioning issues to the detriment of the Civil Service. I do not know that in this case, but if we talked to those individuals I am sure that we would find out. That is the discretion I believe my colleague is trying to highlight. The discretionary boundaries are broad, but I have never met an individual who does not know when they have crossed the line.

Q102 Mr Reed: There is clearly some frustration on the part of some Ministers, who appear to believe that the Civil Service is attempting to thwart them in their objectives. Picking up on some comments you made earlier, Professor Kakabadse, I wonder whether you believe that some of that is down to the lack of organisation or people leadership skills on the part of some Ministers themselves. I do not know whether or not they have been trained to have those but I would have thought that skills in that area—to be able to persuade and motivate a large and complex organisation to understand what you are trying to achieve and why, in order to get their hearts and minds in the same place as yours—would have been necessary to get the organisation to move where you want it to move. Is there a lack of organisation and people leadership skills on the part of some Ministers, and is there a need for more training and support in that area?

Professor Kakabadse: Certainly the study that I did indicated that, and certainly the training that is required indicated that as well. I believe there is also a question as to whether Ministers do really want that sort of strategic leadership organisational role or whether they should even have it. The Minister's job is broad. Ministers are under immense pressure and to now add chief executive responsibilities to the Ministerial role, and then on top of that make them chairman of a governance structure that many of them

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do not turn up to chair, is asking too much. What we have here is, first, a confusion about what a Minister can actually do; they are human. Secondly, you also have a structural problem within the Civil Service where the role of the Permanent Secretary is continuously being eroded. The culture of care and service is being eroded as well. So we have two problems.

Q103 Mr Reed: There is an ongoing issue in any democratic institution, compared to the private sector, as it has dual leadership, to an extent. There is the Civil Service head and the political head. How do we accommodate those two together so the organisation sees clear, unified and cohesive leadership, both strategically and operationally, given that we are not going to be able to dispense with one or other of those?

Professor Kakabadse: If we take, as a private sector example, the roles of chairman and chief executive, there is a body of knowledge that says, "This is the role of chairman and that is the role of chief executive". All my studies indicate that that is not the case. The role of chairman in one company can be completely different to the role of chairman in another company, and yet the same person is in both roles. The roles of chairman and chief executive are negotiated in relation to what you are trying to do, in relation to the strategy you are trying to pursue, and in relation to the reality of the department or organisation that you are managing at that point in time. The intimacy of relationship between Minister and Permanent Secretary is a prime requirement. As far as I can see, the skill on both sides is there. What we are now having are organisational problems that are basically blocking the application of that skill. I have seen that deterioration over the last 10 to 15 years. It looks as if we have skill problems and training problems. We do have that, but underneath that we have fundamental structural concerns. Until we deal with those we are not going to be dealing with training and improvement on a personal level.

Q104 Kelvin Hopkins: Sir John, I really enjoyed reading your written evidence, I must say. It supported some of the thoughts I have had over many years. This Committee visited the Scottish Parliament in a previous Parliament, which was quite illuminating. You say that the quality of partnership between Ministers and their civil servants in Scotland has been better than is generally the case in Whitehall. Can you say why you think this is the case?

Sir John Elvidge: The simplest point to make is that, in my experience, all the sets of Ministers in the post-devolution period in Scotland wanted the relationship to work. It was a high priority for them that the relationship should work. That was partly because, at the beginning, they were very conscious that they were trying to make an entirely new political system work and a system that had coalition government at its heart. They understood that it was challenging, in the British context, to evolve a successful practice of coalition government. They took the view that when you were addressing major political challenges of that kind, it was sensible to

want the ministerial-Civil Service relationship to work. Then their successors were faced with the equally challenging problem of minority government, with only 36% of the seats in the Parliament. They too had enough political challenges to worry about, without wanting to add to the difficulties by complicating the relationship between Ministers and the Civil Service.

It sounds like a simple point, but in all relationships, wanting the relationship to work will take you quite a long way into constructing a successful relationship, because it leads you directly to the kind of successful negotiation of roles that Professor Kakabadse was talking about. There needs to be the desire to have that discussion and reach an effective and mutually supportive conclusion to it.

There is perhaps also a sense in Scotland that some of the debates about accountability, which I see in a Whitehall context, feel different in Scotland. It is probably one of the consequences of a smaller polity. The idea that either Ministers or senior civil servants can somehow evade accountability simply does not feel like a convincing proposition in Scotland.

Q105 Kelvin Hopkins: One point that arose during our meeting in Scotland was when we met a committee of MSPs of various parties. A point was made that was very strong. One of them said that in Scotland all the political parties are broadly social democratic in their ideology. Even the Conservatives were required to be social democratic, in a sense, in Scotland, and they could not escape from that because of the political pressures from the electorate. Therefore, the drive to neoliberal ideology was less strong. By contrast—I make this point myself—in the British Parliament and in Whitehall we have seen successive Governments, Labour and Conservative, committed to this drive for neoliberal economics and a more privatised economy. The civil servants have been uneasy with this because of the era in which many of them were brought up in. I characterise them as hovering between social democracy and one-nation conservatism. They are ill at ease with the drive for privatisation and neoliberal economics. That is very different. There is a natural conflict built into Whitehall relationships which is not the case in Scotland. This is political, and obviously I appreciate that you are a civil servant, but there it is.

Sir John Elvidge: It is a teensy bit political but I have to say, genuinely, that my experience of pre-devolution and post-devolution is that members of different political parties share more common ground than they like to think they do. It is true that there have been some ideological debates visible in an English context that have not gained much political traction in Scotland. I am not sure that that is what goes to the heart of these trust and respect issues between Ministers and civil servants. In the past, I have worked with colleagues in other parts of government who were doing certain things, and I would have had to work a little hard to put my professionalism on and ignore how I felt about the things that they were doing. I respected them for the professionalism with which they were able to do that.

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I never saw evidence that their professionalism stopped at a particular ideological boundary.

Q106 Kelvin Hopkins: Last week, in our previous session, Lord Hennessy talked about an uncomfortable marriage in British government. I think there are probably irreconcilable differences. In that situation, one side has to give way in the end. Rather than being coherent and working together, in a mutually respectful way, there is a constant tension and conflict in British government. It began with the Thatcher era and the almost revolutionary change away from post-war social democracy towards this neoliberal model, as Britain has been attempting to achieve. Mrs Thatcher wanted to appoint people who were more ideologically amenable and talked about them being “one of us”. Then Tony Blair in particular used special advisers not just for this private-space discussion, which is absolutely right, but actually to try to manage the Civil Service—I would use the word “commissars”. When you try to force through political change you need people who are politically on your side, to bend the administrative machine to your will. That is what the Blair regime looked like. That is completely different from Scotland.

Sir John Elvidge: I am not sure. In order to let others have a go, can I make two points very quickly? If one takes that marriage analogy, we need to remember that, democratically, there can ultimately only be one dominant partner in that relationship. In that two-way relationship Ministers have a clear foundation for being, in the final analysis, the dominant partner in the partnership. That does not mean that relationships work better without trust and respect in them. The fact that one partner has the right to the upper hand does not mean the relationship works better if you allow respect and trust to slide.

The other thing I would say is that the problem with the marriage analogy is that it assumes that this is a discussion wholly between Ministers and civil servants. It ignores the fact that there is an important third element in the relationships: the citizens that both serve. As Professor Kakabadse was suggesting, we get to better solutions if we think about the formation of a partnership to make the relationship with that vital third party, the citizen, work effectively.

Q107 Kelvin Hopkins: I agree with you absolutely. My view of what has happened over the last decade is that we have seen increasingly wilful Governments trying to drive through a view of the world and a way the world should be organised, to drive it down to the citizen, rather than reflecting what citizens want. The problem for the citizens is that they have had this choice between two parties, both with the same ideology, so they do not really have much of a choice.

Sir John Elvidge: By instinct I am a bottom-upper rather than a top-downer. Democracy is our mechanism for bottom-up power. It has its limitations.

Q108 Paul Flynn: David Kennedy was selected in the usual way for a job as the Permanent Secretary at the Department of Energy and Climate Change, in a committee that was chaired by Sir Bob Kerslake. He had the full confidence and approval of the Secretary

of State, Ed Davey, but he was then vetoed by the Prime Minister. We have heard Francis Maude saying that he wanted more involvement of Ministers in the choices of Permanent Secretaries. Under this Government, of 20 Permanent Secretaries 18 have changed. Do you think it would improve the quality of government if politicians—Ministers—had more control over the appointment of Permanent Secretaries?

Dr Walton: Definitely not. There cannot be politicisation of key Civil Service appointments. It undermines the values of the Civil Service. There are arguments on both sides, but I do not think many senior civil servants or former senior civil servants could actually agree that it is acceptable to have ministerial right of veto. There will always be exceptional circumstances. It is highly unlikely in the selection service we have, but let us say that a factor in somebody’s background came to light that had not come to light, then in those circumstances, yes. But with the selection system we have, that would not be the case. The current system we have is, to some degree, a compromise because politicians do see the shortlist, so they do have some input. I personally support that system. I do not like to use the word “interference” but I do not think we should have a greater role given to politicians in the selection of senior civil servants than that.

Q109 Paul Flynn: You mentioned in some of your earlier answers the value of a memory, which is more likely, perhaps, with civil servants than with politicians. Do you see the value in the Civil Service making sure that there is stability and moderation in government, rather than falling to some of the eccentricities of political parties that are here today and gone tomorrow?

Dr Walton: We do need a very strong corporate memory. We do not have it. We have too many units that come and go. There is no capacity. Obviously you are moving the debate beyond selection decisions to mechanisms of government. Within the machinery of Whitehall there is no corporate memory and yes, I believe there should be a stronger corporate memory. There have been attempts to introduce it but as you can see, and as has been alluded to within this Committee, the actual reform document we had before us was not written with the benefit of corporate memory. It restates arguments made, to some degree better, in the past. So we do not have an acceptable corporate memory within the Civil Service.

Q110 Paul Flynn: The current doctrine is that civil servants are responsible to Ministers and Ministers are responsible to Parliament. Last week we had the senior civil servant here being responsible to Parliament in a remarkable and very revealing session of this Committee. Do you think it is desirable that civil servants should become directly answerable to Parliament?

Dr Walton: That is a difficult question because, to some degree, I believe that civil servants are answerable to Parliament, ultimately.

Paul Flynn: Do you mean directly so?

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Q111 Chair: On this question of the appointment of senior civil servants, do our other witnesses have anything to say?

Professor Kakabadse: I have just one point. I totally agree with Dr Walton. There is a fine line between interference and involvement. I have seen a non-executive chairman become involved in the appointment of an executive director below the role of chief executive officer. That could be seen as interference. However, this non-executive chairman, paid two days a week, was in the company four days a week and was directly involved and also being held accountable not only for the appointment but how that appointment evolved and the reason for that appointment. So, are there exceptions where a more senior person can get involved in a role and say, "For me, this does not feel quite right"? Yes there are, but you then live by that decision, work with that decision and make that decision happen. I did not see that in this particular case. Interference is a major concern. Involvement is a skill and I did not see that skill in this case.

Sir John Elvidge: I can think of historical parallels; this is not the first time this has happened. The case illustrates that we do have a system in which there is a considerable degree of political influence over outcomes. I think it is absolutely right that there should be a bit of the system that enables a Minister to say, "I could not work with that person", or ultimately, "I do not have confidence that you have found someone with the right skill set to undertake this job". The crucial line is whether one goes further and says that Ministers should be able to pick the individual that they wish to occupy a particular role. That line is important because at the moment you have what I would describe as twin pillars of legitimacy in government. You have political legitimacy and you have professionalism assessed objectively. From the perspective of my third party, the citizen, that means that you have two foundations of confidence in the structure of government. If you cross the line to the point where Ministers pick the people who are selected for appointment, then you have extended democratic legitimacy into what was previously a second pillar, and you have conflated two pillars into one. It seems to me that the risk you run is that you narrow the base on which public confidence in government rests. That is a risk that is, in many ways, ultimately greater for politicians than it is for civil servants.

Q112 Paul Flynn: Finally, Dr Walton, you said that civil servants have always been responsible to Parliament. Do you recognise that they have never been so directly responsible to Parliament as they are now, because the growing strength of Select Committees—

Chair: You are slightly stealing your colleague's question.

Paul Flynn: Am I? Sorry, I was just dealing with what Dr Walton said.

Chair: Finish it off.

Paul Flynn: Do you recognise that civil servants are more directly responsible now to Select Committees, who have a different role, removed from the party

political circus in the Chamber, in a way that has never happened before?

Dr Walton: I will answer that very briefly, because I know the Chairman wants to move on. You are saying that there is greater accountability and asking whether civil servants realise that. When I was a civil servant I always felt very accountable, albeit not directly. It was always through somebody, but I always felt that everything I did was accountable, even if I did not have to come in front of a Select Committee. I think most civil servants would feel, and have always felt, that there is a lot of accountability.

Chair: We have talked quite a bit about the feeling of accountability, the way that makes people behave and how that feeds into the trust issue. We are exercised on that subject.

Q113 Mr Reed: I was going to ask about departmental boards. The Government have sought to strengthen departmental boards and to bring in private sector expertise as an integral part of those. How well do you think the departmental board system is currently working?

Dr Walton: It would be nice to see some evidence. I think Lord Browne has brought at least 59 non-executive directors in and that has only been in place for approximately a year. I do not think there has been much evidence in the public domain as to how the new boards are working. I personally would be extremely interested, because it completely changes the Government's mechanisms within Whitehall Departments, which we were calling for years ago in the Strategy Unit. I am really surprised there is not more in the public domain yet that has evaluated or audited that.

Q114 Mr Reed: Professor Kakabadse, you have gone on record exhibiting some scepticism about how this model was going to work. What is your view currently?

Professor Kakabadse: Deep scepticism. I do not think it is working. Take the 59 roles: how quickly were those 59 roles appointed? If you take any private sector organisation, most would probably hire search consultants to try to get the fit between the role and the person. The role would have some sort of boundaries put around it, whether the skills or requirements were more to do with finance, corporate social responsibility or risk. What I saw was mateship. I just saw people's mates being appointed to these boards. If you then start looking at some of my studies, what is seen on a Civil Service board as best practice is seen as worst practice in the private sector—namely, that the uncomfortable issue coming to the surface and being discussed openly is killed. If you went round to some of the organisations that work with government, you would find that the reports are written and have been deliberately kept from the public. I have seen some of them and they have been hidden.

Before the Lord Browne initiative started there were studies conducted about how badly some of the Civil Service boards were operating and what the non-executive private sector director experience was of sitting on those boards. I think the situation has got

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much worse. The issue that we have should be brought into the public. There should be an independent investigation conducted about how these people were appointed, why they were appointed, for what roles they were appointed, what the reality of the chairmanship skills that apply are and how those boards work. Do many of those non-executives even understand what is happening in some of those Departments, except for those who have been civil servants beforehand? Of the ones I have spoken to, their greatest concern when they talk to me is, "I don't know what my role is, I don't know what I'm doing here and I don't know if I'm providing any value. This really has to be discussed openly."

Dr Gibson-Smith: It seems to me that there is a profound difference between the responsibility of an individual on a private sector board and someone on a Civil Service board. That difference is enshrined in law and duty. There are a very clear set of dictums, standards, objectives and behavioural expectations on a private sector board, which are then comingled with maybe 30 or 40 years of extensive skills and training in the very narrow discipline of private sector administration. So you end up with contribution, participation and competency with absolute clarity of your boundaries, responsibilities and duties. You are invited to participate as the chairman of the audit committee, or the chairman of the remuneration committee. Very little of those characteristics is transferred to the public sector context. In fact they are excluded or precluded precisely because they would infringe Ministers' responsibilities. So you start with the fact that they are not much alike at all.

Q115 Mr Reed: Are there things that can be brought from the private sector experience of some of these people that would be of benefit on a board if it were properly harnessed?

Sir John Elvidge: Can I try to answer that? As Dr Walton said, the use of private sector non-executives on departmental boards did not start with the most recent round of initiatives. Actually we have a length of experience here. Throughout my post-devolution experience in Scotland we had three non-executives, all drawn from the private sector. I have no doubt that we got a valuable contribution from them. That is because we attempted at the outset to address the questions that Chris Gibson-Smith has so rightly identified, such as, what were the boundaries of the role they could legitimately occupy without intruding into the proper responsibilities of Ministers? They could help us run the business using the expertise that they brought. They could give us a wider perspective on HR policy or IT policy—things that are common to all large organisations. The non-executives I worked with always accepted that they could not intrude into the core business of the organisation or the political territory that was rightfully that of Ministers.

Q116 Chair: That sounds rather like shutting them out.

Sir John Elvidge: No, I think it is—

Chair: They have no power and no fiduciary duty. They are there purely in a mentoring role. Unless they

are positively involved by Ministers and departmental officials they will be left doing very little at all. Isn't that what is happening?

Sir John Elvidge: Not in my own experience. It seems to me that they did not feel shut out because they, in essence, took the same view as Chris Gibson-Smith: that one needed to start with some workable boundaries on what they were there for and what they were not. They were not excluded from knowledge about the business. Full and frank discussions went on in front of them. It was just that they understood that they could never intrude into the territory where Ministers were rightly directing the Department, because they had no legitimacy to do so. However, they played a very active role in supplementing the business. They were more than mentors. For example, my non-executives constituted my remuneration committee to decide on rewards throughout the senior Civil Service. One of my non-executives chaired the audit committee to provide precisely the kind of challenge from a non-executive capacity that one would find in other board settings. So I think that it is not right to suggest that, by defining that territory, one is somehow excluding them from a useful contribution.

Professor Kakabadse: The whole point of having non-executive directors and the whole point of having a board is that you have independent parties to examine the governance of the enterprise. The governance has two sides to it: monitoring and mentoring. For mentoring, yes, you do have to become sufficiently intimate with the organisation to understand the challenges and concerns the line management have and the problems the Permanent Secretary—or chief executive, in the private sector—has, and at least then be able to understand the input you make, what relevance it has and what impact it will have on that organisation. The monitoring side is about asking the hard questions. Asking the hard questions is what I am detecting is not happening. Mentoring is, yes, but we have non-executive directors who are more like social workers: "We are here to look after you and make you feel better".

There is also the bit about what the role of Secretary of State as chairman actually is, what its boundary is and its relevance to this Department on this strategy, in this year, right now—not in principle, but in how the line is drawn now. In the private sector, I do not know of any non-executive who would not at least be tempted to ask those questions. Equally, it is important to say that in the private sector there is a wide variety of skills in practice. For one non-executive sitting on one board, going to another board almost feels like a completely different experience. I wish we had that wide variety of practice at both ends in this case. I do understand, Sir John, that there are certain boards that do work well, but that is usually because of the personalities that are unique and idiosyncratic to that board. As a practice I am not seeing the monitoring side or the hard question-asking side taking place; all I am seeing is nice conversations, pleasant people and that is it.

Q117 Priti Patel: You have already provided an interesting analogy on the level of monitoring that is

or is not taking place. Specific to the Civil Service, do you sense that there is an opportunity for them to upskill themselves in this particular area? This is about governance and understanding governance. You have already highlighted two ways. What else could be done to get them in that space so that they actually understand what the role is and can support the Secretary of State and ministerial team accordingly, to make sure everybody is working at—dare I say—the high level that one would expect at a board level in a private company?

Professor Kakabadse: Taking the private sector as a guide, and it is only a guide, you can introduce onto any board any structure, reform or changes of role but if you have bad chairmanship it is for nothing. My critical question here is the chairmanship of these boards, and the reality is about how that chairmanship is intimately involved with the work of the board, understands that, and also understands the roles of non-executive directors on that board, in order to meet the priorities that we have now. It is a very dynamic and active situation. So first, I would look at the reality of how chairmanship is applied.

Secondly, the public servants and private sector non-executives I know are skilled people. They do understand these issues; we do not have a skill problem here. We have a situation where we are not using the skills that are brought on to this board.

The third thing is that, I have to say, there is mateship. Why were many of these people brought onto these boards? What transparent diligence was undertaken to fit role with person, bearing in mind what that Department may be going through in the future? We may make mistakes but I did not see that clever diligence or clever understanding taking place of how we fit skills to roles to challenge. Until we go through that process we do not even know whether we have good people on a board, but we do not need them for this board. So there are concerns here but it starts with chairmanship.

Chair: It sounds like an inquiry all on its own. Mr Flynn, I owe you an apology.

Paul Flynn: That is alright.

Chair: Are you happy?

Paul Flynn: Entirely, as always. I am in a permanent state of happiness on this Committee.

Q118 Chair: Does the panel wish to say anything further about accountability?

Dr Walton: I would like to come in there and link the last two questions. Chairman, you alluded to the fact that the non-executives have no fiduciary duties on Whitehall boards, which of course they do not. However, any non-executive on any board has to keep an organisation safe, solvent, strategic and compliant. Whether or not you are bound by fiduciary duties because you are in a listed company, you know as a non-executive director what your responsibilities are. My firm belief is that if these NEDs have been brought on boards appropriately and are good NEDs, they know what their responsibilities are and they should be discharging them. But yes, I think they can be upskilled. The role of a good NED is such that it is very difficult to do your job well. There is no public accountability at the moment of these 59 NEDs, so

we do not know. I, and the Institute of Directors, actually put a challenge to Lord Browne and co, and asked how many were chartered directors, as chartered director is the only professional qualification for directors. We were told that there were no professionally qualified chartered directors but there would likely be before the end of the process. We have got to the end of the 59 and I believe that there are not. That does not matter; you do not have to be a chartered director to be good at your job, but it helps. However, we do not know who these 59 are. If they are good, strong, solid NEDs they should be doing a good job because they understand their responsibilities.

Q119 Chair: On the question of accountability, civil servants are, in theory, accountable solely to Ministers. In practice they are also accountable to Parliament, particularly accounting officers. Certainly, for accounting for fact and administrative detail, they are directly accountable to Parliament. Thirdly, they are, in a broader sense, accountable for the fiduciary good practice of the system, for the process of government and for the broader constitutional stability of the system. How do Ministers cope with the divided feeling of accountability that civil servants have to balance? When Ministers cannot get things done, they get very angry.

Sir John Elvidge: You talked earlier about our use of the words, “felt accountability”. In my experience, Ministers do not much feel that division of accountability. They know it is there but, in my experience, Ministers often do not feel it impinging on the relationship. After all, the crystallisation of that into the seeking of ministerial directions is a pretty rare event.

Q120 Chair: But if Ministers do not feel or understand how their civil servants feel, there is not going to be much of a relationship between Ministers and civil servants. Is that the problem?

Sir John Elvidge: Provided Ministers understand that it is there and that there is an accountability that their Permanent Secretary has to fulfil, and they do not ask civil servants to do things that would be incompatible with their accountability to Parliament, then I am not sure that it need intrude hugely into the day-to-day relationship between Ministers and civil servants. It is a check. It is a boundary measure to deal with issues that might cross a boundary that is quite a way out from normal day-to-day practice.

Professor Kakabadse: From my experience and studies, there is a difference between what you might call political time and organisational time. Political time is what the Minister would want done within a certain time frame. That will be the time frame they have in Parliament or where they are elected to meet their political agenda. Organisational time is actually doing it. Doing it takes much longer. That is a tension that is everywhere. I do not see that as a problem. The problem is the dialogue that needs to take place in order to reconcile what you might call political time and organisational time. There is going to be a time lapse between the two. What I am detecting is that that dialogue is being undermined. Sir John

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commented about the free and open conversations that we should have, and those are not being allowed to take place. That is the concern, not the fact that the Minister cannot get something done—that has been here for hundreds of years. It is about how we talk about how it is going to be done in this way for us right now.

Dr Gibson-Smith: I would like to reintroduce Mr Flynn's point on stability in leadership decisions. It seems to me that two out of 17 surviving Permanent Secretaries after half a Parliament, or 12 Secretaries of State for Transport in 13 years, is completely incompatible with the objectives of good government.

Q121 Charlie Elphicke: I would like to ask a few questions on accountability. What accountability can there be if a Minister has no control over who his senior officials are?

Professor Kakabadse: The question was one of involvement. The Minister has to be involved in the selection of appropriate civil servants, and then where that boundary is drawn is part of the discussion. That is the uniqueness of our system. We have a political system and an administrative system coming together. The whole point is to try to prevent a politicisation of the system. It is a difficult boundary, I agree with you, but if you take on this role, this is one of the constraints we have. I do not see a concern there. What I do see as a concern is the conversations behind the scenes that equip the Minister to be able to exercise that accountability appropriately. That, for me, is the concern. I do not see that working well now.

Q122 Charlie Elphicke: We talk about independence as being a good thing. I would say that that is because people like to hark back to the Northcote-Trevelyan reforms, which were great for the 19th century. How well does that really work in a globalised, fast-paced, internet-enabled, 24-hour-news-cycle world where we have a governmental system that has the sense of urgency of the average garden snail? It is a joke. Should we not update it and actually enable Ministers to hire and fire civil servants, like they do in America, so you could actually push through the things the Government wants to get done?

Chair: I know what Sir John Elvidge is going to say, and I think I know what Dr Walton will say.

Charlie Elphicke: I would like to hear what the witnesses say. Can I ask Professor Kakabadse first?

Professor Kakabadse: If what you want is a transactional culture, where the task that you want done is going to be delivered and that is it, then what you are saying is fine. Where those transactional cultures work in the private sector is where you have an organisation where its competitive advantage is only costs. So the advantage is not quality, service or improvement but just continuous cost reduction. If you want to introduce that into the Civil Service and that is open and transparent, then by all means, let us have the debate. But is what you want in a 24-hour internet world on a globalised scale a culture of trust, where incompatible elements of strategy are reconciled in a unique way for you, which really makes the difference? Every organisation I know has built a culture of trust. That culture of trust is

dependent on how we make appointments, who is accountable and how we involve individuals. If you feel that a chairman today may be accountable to shareholders, the press and the media and has not been involved in the appointment of a number of executive directors, and is publicly held to account for that when something goes wrong, that is the parallel. Yet in these companies what happens is that the chairman is intimately involved and not directly responsible for that appointment. It works. It is the culture of trust you create, not the exact appointment you make, that is the problem. My concern is that the culture of trust is being eroded.

Dr Gibson-Smith: I support what Professor Kakabadse has just said, but you have a choice. It is profound, political and constitutional, but certainly not commercial or business. If you make the shift, you will change the culture, and you need to think very deeply through all the things Professor Kakabadse just said. It is in your power to do it, but it will have profound implications.

Q123 Chair: Sir John, I think you are itching to say something.

Sir John Elvidge: Yes, I have two things. Of course you can make the change. Plenty of other countries operate different systems from us. However, you cannot make that change in isolation from the rest of your system. You cannot plonk that one element down in a system that is built around a different construct. You have to make a system change. The other thing I would say is that, from my experience of working with other countries that do this, what happens is that you simply shift the boundary. Those appointees become regarded as a form of Minister. Indeed, in some countries, like Germany, that is quite explicit. So you simply shift the boundary along a stage. You do not eliminate the fact that in all complex organisations, leaders have to trust people whom they cannot control day to day and whom they may not personally have appointed.

Q124 Chair: So what you are saying is that to ditch Northcote-Trevelyan is really a constitutional question that would require other constitutional changes as a consequence, such as the complete separation of powers and the strengthening of Parliament.

Sir John Elvidge: Yes indeed. To take one example that you have already alluded to, Chairman, you cannot really maintain our accounting officer concept if you move to this system, because if your Permanent Secretary is directly appointed by your Minister, the perceived credibility of that role as an independent servant of Parliament as well as of the Minister is very difficult to sustain. So you have to find a different mechanism for providing that kind of before-the-event check on the propriety of the use of public funds.

Q125 Charlie Elphicke: Let me press you a bit harder on that, if I may, Sir John. What you have is a whole load of Governments that then build other structures in order to deal with the underlying problem. You had the Prime Minister's Delivery Unit, which even the former Prime Minister Tony Blair admitted was basically a failure and did not really

work very well. You have non-executive boards with this current Government, which is the latest fad. They are all dealing with the same issue, which is if a civil servant at a senior level does a rubbish job, they do not lose their job but just get moved somewhere else, or they just have to be put up with.

So you have this spectacle at the moment, which we see as Members of Parliament, where many of the private offices of junior Ministers are just dismal, because they have no control over who is in their private office, and we view many of the Permanent Secretaries in the senior echelons of the Civil Service as dismal. Ministers tell us in the Tea Room that they are incredibly frustrated but there is nothing they can do about it. There is no ability to say, "I am sorry; you are not doing a good job and you have to go," to concentrate the mind of officialdom. Dr Walton and her non-executives in RSA would be able to fire the chief executive or the finance director if they were not performing. Why can we not have that kind of accountability in our Civil Service?

Sir John Elvidge: I have three quick points. Firstly, if you think civil servants do not get effectively fired then you live in a different world from the one in which I do. I have seen plenty of civil servants exited, rather than simply moved from one place to another. Secondly, I would go back to my Scottish analogy. How is it that exactly the same systems do not produce a dismal set of Ministers in a second setting? Thirdly, the list of examples of measures to deal with the perceived problem, which you enumerate, have in common that they are all attempts to make organisational solutions to something that is not fundamentally an organisational problem. As we said earlier, it is a problem about trust, respect and the quality of relationships, not about the mechanisms that you use to put particular people in particular places.

Q126 Charlie Elphicke: I have a final question on accountability. You will all have seen the comments by Steve Hilton in a lecture in the States. Most of you will probably have seen a blog by Damien McBride where he said that his view was that Steve Hilton and co were not using the grid system that had been put together. First of all, do you recognise the picture painted on both sides about the grid system? Secondly, do you think the current Government have abandoned the grid system or not operated it properly and that Damien McBride has a point?

Sir John Elvidge: Do I think Damien McBride has a point? First of all, I think that anyone who expects that everything that happens in a system as large as the UK Government will be known in advance in No. 10 has what I would describe as a naive understanding of the complexity of government. That said, of course there should be mechanisms to ensure that No. 10 knows the things it needs to know. Actually, our systems of government have pretty complex mechanisms, of one kind or another, to try to make sure that No. 10 is not caught on the hop. I can tell you that it is not just an issue for No. 10. As Permanent Secretary I would sometimes pick up the newspaper and think, "Oh gosh, I did not know that was happening". That is simply an aspect of the dependence of leadership in complex organisations. Is

Damien McBride right to say that systems that most people have found satisfactory were in place to provide the Prime Minister with the opportunity to intervene when he wanted to? Yes, he is right. It would be a travesty to assume that the Government do not devote considerable effort to those upward information flows.

Q127 Kelvin Hopkins: I have to say that, not for the first time, I take a very different view to my colleague, Mr Elphicke, here. Last week it was put to us that the essential principles of Northcote-Trevelyan were very valuable and should be retained. I agree with that view. I must say that I am not alone in not wanting to live in a world run by G4S, Starbucks, Vodafone and the six private energy corporations.

Chair: And Google.

Kelvin Hopkins: Yes, and Google. Having government, a state and a sense of social commitment is important in society, and just leaving everything to the private sector and privatisers would be a complete disaster socially and politically and would not be acceptable to most people. One of the reasons why we have this constant change of Permanent Secretaries is perhaps because governments are wilful in trying to force through this revolution. A classic revolutionary tactic is churn—permanent revolution, constantly keeping people off balance and changing all the time. If you keep change up, nobody gets experience, nobody builds confidence and one cannot run things any more. The best example of this was the west coast main line fiasco, where civil servants were juggled about and we finished up with a disaster because nobody had any experience, because those with necessary experience had all disappeared.

Chair: What lesson does the panel take from the west coast main line fiasco?

Professor Kakabadse: I am not familiar with that particular case but certainly the point you are making about rapid movement of senior leaders in the Civil Service having a bad effect on the organisation is absolutely true. You do need people to be in post for at least three, four or five years to bed something down. You were talking yourself about what it takes to introduce change. Why that has happened is something that, by all means, we could examine. Is it bad practice? Yes it is.

Dr Gibson-Smith: I am not going to deal with the west coast situation—apologies—but on the same point, if you were to ask me to recommend one single thing, I would start with stability of leadership.

Q128 Chair: Do our other two panellists concur—stability of leadership?

Dr Walton: Yes.

Sir John Elvidge: Yes.

Chair: It sounds a bit like status quo to me.

Sir John Elvidge: We have suggested that current evidence suggests that it is anything but the status quo. The evidence of instability is striking at the moment.

Q129 Chair: We must draw to a close but, very briefly, what is it, in a nutshell, that you think the Civil Service can best learn from the private sector?

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Professor Kakabadse: From what I have seen of high-performing companies, what the Civil Service can learn is what it takes to produce a culture that is unique to you and that delivers the service and quality that your citizens want. What the private sector does, in its best-performing companies, is take some indication of what other companies, but not take examples. They work out their own culture to deal with their own problems in their own way. My desire is for that to happen here. I do not see poor-performing civil servants. Like Sir John, I see those poor-performing civil servants dealt with. I see civil servants that are not being allowed to perform.

Dr Walton: Obviously I, in the main, support civil servants, but none the less I did leave the Civil Service in order to become the kind of leader I felt I could not be within the Civil Service. So I defend civil servants in the main but I do think that, from the private sector, one can learn better corporate governance. We may have it—I do not know, because we have not had the audit of the NEDs on the new boards—but one can get a certain courage, passion and determination for corporate governance from the private sector. Civil servants do their best, but they do not do it with the energy and they do not understand accountability in the same way that the private sector does. Some of those notions of true leadership and accountability with no way out we can learn from the private sector. Perhaps we have learned those lessons but we do not know that without a thorough audit of the boards.

Q130 Chair: Dr Gibson-Smith, you had this tremendous challenge of moving from the private sector to a privatising industry that had to be turned around very rapidly. You were exposed to every aspect of this. What do you think the limits are that the public sector can learn from the private sector?

Dr Gibson-Smith: The two things you can see in the private sector that are central to its capability are, first, sustained and aligned leadership at the top of an organisation—that is fundamental—and secondary to that, the constant upgrade of skills of every person within the organisation is then fundamental to

maintaining the capability. Beyond those two things, there are profound differences between the role of government and the role of the private sector, so one has to choose with great care.

Q131 Chair: Inevitably, I find that our discussion always comes back to leadership, trust and governance. Before we end the session, are there any particular points from your own evidence that we have not covered in this oral session?

Sir John Elvidge: Can I just briefly say something? If I had answered your last question, my answer would have been “corporacy”—a greater sense of shared purpose and less fragmentation in government.

Q132 Chair: Does that mean there needs to be some organisational tidying-up at the top of government to create more coherent leadership?

Sir John Elvidge: My own view is that there needs to be some role redefinition. I am always attracted towards the territory that Professor Kakabadse has outlined about the importance of clarity around the roles you are asking people to fulfil. In the UK Government, we have too much of an imbalance towards fragmentation of responsibilities and an insufficient weight of corporate and collective responsibility, particularly moving into the strategic policy area. I think that we need to accentuate the shared responsibilities of our leadership of the Civil Service.

Dr Gibson-Smith: My NATS experience, which was intense, profound and ultimately personally rewarding, was that actually, with sustained effort, you can blend private sector skills with public sector capability—the NATS public sector capability is extraordinary in world terms—and produce something better from that blend.

Chair: On that very positive note, I thank you all very much indeed for coming before us today. It has been absolutely fascinating. I have certainly enjoyed it and I hope you will look forward to our report.

Tuesday 29 January 2013

Members present:

Mr Bernard Jenkin (Chair)

Alun Cairns
Robert Halfon
Kelvin Hopkins

Priti Patel
Mr Steve Reed
Lindsay Roy

Examination of Witnesses

Witnesses: **Lord Wilson of Dinton GCB**, former Cabinet Secretary, and **Rt Hon Dame Janet Paraskeva DBE**, former First Civil Service Commissioner, gave evidence.

Q133 Chair: May I welcome our two witnesses to this session on the future of the Civil Service? Could I invite each of you to identify yourselves for the record?

Lord Wilson of Dinton: I am Richard Wilson, Lord Wilson of Dinton.

Dame Janet Paraskeva: I am Janet Paraskeva.

Q134 Chair: Thank you very much for joining us. What do you make of all this debate about the appointment of permanent secretaries and ministerial influence?

Dame Janet Paraskeva: Having spent a considerable time in my previous role as First Civil Service Commissioner trying to ensure that, in the legislation that was passed in 2010, Ministers were involved in some way in the appointment of permanent secretaries but did not have the final say, I have found the whole debate very interesting. It is a position that we were very clear about and for which we had all-party support. At the end of any appointment process on merit, which is what the Act affirms, the final decision should be not of the Minister but of the appointments panel. The appointment should be made on merit, after fair and open competition. It is very interesting that, two and a half years on, the whole issue has been reopened again: the issue of whether or not Ministers can have the final choice. It is not a view that is necessarily shared by all.

Lord Wilson of Dinton: I am a bit bemused that it is being pressed so hard. At one level, I am not surprised, in the sense that there has always been a strain in British politics about wanting to reintroduce patronage. There are short-term attractions for a Minister, sometimes, in wanting the person they want, but I think that the way we have evolved the constitutional position of the service is pretty bedrock to the whole way we run politics. An impartial Civil Service, selected on merit—and with the Civil Service Commission underwriting that, and the final selection being an independent decision—is very important for the way we run things. You could do it differently, but it would require much bigger constitutional change.

The other thing that surprised me, and why I am bemused, is this: some of the debate takes place as though Ministers have no say at all. As Sir David Normington has said, Ministers' involvement is actively encouraged. They are allowed to meet candidates, talk to them and so on. There was a statement in the press yesterday that Ministers were not allowed to talk to candidates. That is so wrong. I

do not know how that misunderstanding arose, but it is a failure of communication. It should be possible for Ministers to play an important role, provided, as Dame Janet has just rightly said, they do not have the last word.

Q135 Chair: “Reintroduce patronage” is quite an aggressive defence of the status quo, is it not?

Lord Wilson of Dinton: I did not mean to be aggressive.

Q136 Chair: It sounds pretty pejorative as to what Ministers are expressing frustration about. You do recognise that there is some very legitimate frustration—although frustration seems rather a mild word, compared with some of the things that Ministers have said to me.

Lord Wilson of Dinton: I am 10 years out of Government now, so I do not know what lies behind the frustration. What I am saying is that I would have thought, given reasonable relationships and reasonable dialogue, it would be possible to find what Ministers wanted in a job and to find the best person for that job who meets those skills, with the Minister being involved but not having the final say. I do not think that what is happening is necessary. I used the words “reintroduce patronage” simply to sound a warning. I think what is being proposed could be—going back to our old friend, the slippery slope—the beginning of changes in the way we run politics that are not to the advantage either of people in politics or the Civil Service's position. It could be damaging. I do not think the implications have been quite understood.

Q137 Chair: That may well be the case, but there is room for a bit of inflection in this, isn't there?

Lord Wilson of Dinton: Yes. This does not need to be such a contentious issue.

Q138 Chair: Dame Janet, don't you think that Sir David Normington has dug in and hoisted the Jolly Roger rather early in this discussion, when there are some legitimate concerns being expressed by Ministers, albeit that their solutions may not be the right ones?

Dame Janet Paraskeva: What Sir David has done is reiterate the position of the Civil Service Commissioners. As I said, we enshrined in legislation and put down a marker for the need for the permanence of the Civil Service to be continued and the permanence of the appointment of permanent

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secretaries. One of the points I would like to make, to add to what Lord Wilson has said, is that one of the things that might be damaged, if Ministers had the final choice, is the permanence. It is the erosion of permanent appointments to the role of permanent secretary that we need to look at very carefully. If the secretary of state appoints the person that fits him or her best, and that Secretary of State—and we know this can happen fairly frequently—then loses their role, that permanent secretary, in the present system, continues to work for whomever the next incumbent is, be they the same colour of Government or, indeed, if the Administration changes. The person appointed might well be seen to be the person of the previous Secretary of State. Are we going to have a system therefore, as they do in Canada and other countries, where, when the Secretary of State moves, the permanent secretary moves? If so, where does the permanent secretary move to?

Q139 Chair: Those are perfectly legitimate questions, but the system Sir David is defending seems to have reduced the influence that Secretaries of State have over their appointments, and the word “permanent” becomes rather a misnomer; there is such a speed of churn of permanent secretaries at the moment. Only two of the departmental permanent secretaries are in place who were in place at the last election. Permanent secretaries can no longer instantly be assumed to be the reservoir of departmental knowledge, history and experience of that Department. Hasn’t something gone wrong here?

Dame Janet Paraskeva: Those are two separate things. I am talking about the permanence of the post.

Chair: But the post has become rather impermanent.

Dame Janet Paraskeva: People have moved because they clearly have not liked the role or not liked what was going on. What I am talking about is the permanence of the post; in the current experience we have had, a whole raft of permanent secretaries were appointed and moved on really rather quickly. I hope that when one looks at the Civil Service reforms in the round that what one is looking at is how the appointments of permanent secretaries fit into the things the Government would like to achieve there. I hope that what the Government wants to achieve is the continuation of a permanent Civil Service, objectively appointed.

Q140 Chair: That may well be the case, and the Civil Service Reform Plan does not purport to overturn the Northcote-Trevelyan principles. A system that is produced, with churn at the top of the Civil Service, so that departmental heads are no longer guaranteed to be experts in their Departments, is not making the relationship between Ministers and civil servants any easier is it? Why do we think this is a success? Doesn’t it need to change?

Dame Janet Paraskeva: I do not understand why politicians want to change it, except to have greater control over the people they appoint.

Q141 Chair: What I hear in that comment is everyone just digging in. Let us try to analyse what the problem is. Very often, the Secretary of State has

more expertise in the Department in question than the permanent secretary who is appointed to serve under the Secretary of State. This seems very odd. The example I keep using is in the Ministry of Defence, where we are asked to believe that, relatively inexperienced Defence people, such as Ursula Brennan and Jonathan Thompson, are the apostolic successors to the likes of Sir Frank Cooper and Sir Michael Quinlan. Something appears to have gone wrong here if that is not the case. There is no personal criticism intended at all.

Lord Wilson of Dinton: I share your worry. I think the degree of churn over the last two or three years has been very worrying. Your argument—that it detracts from the ability of permanent secretaries to provide the kind of support and continuity that the role ought to be providing—is a good one. What I do not understand is why the position would be made better if you allowed Ministers to have the final say in whom they chose. I think you would make it worse. I am not part of this, so I do not really know what is going on, but what we should be doing is finding out why people are leaving, why there is this turnover, and trying to return to the proper role of permanent secretaries. What the service does not need, at a time of transition and change, is further uncertainty and proposals that tend to create more uncertainty rather than less.

Chair: I understand exactly the point you are making.

Q142 Priti Patel: In light of the excessive frustrations being aired by Ministers, from your experience, Lord Wilson, both in the past and as an observer now, do you sense that Ministers and Secretaries of State have a good, solid understanding of the role of the Civil Service and how the Civil Service is there to help them function in their duties?

Lord Wilson of Dinton: I worry about that. I have to say that this is not new. When I was Cabinet Secretary, I felt that an understanding of the constitutional position of the service was not shared by all the Ministers. I have dug out a rare copy of the report on Civil Service reform that I put to the Prime Minister and we implemented in 1999 and beyond. One of the proposals in it is that there should be joint training of Ministers and civil servants. I was rather impressed, if not slightly startled, to read in the progress report of 2001 that three-quarters of Ministers in the UK Government had attended at least one Centre for Management and Policy Studies event. In other words, we had joint training. I remember that we used to have sessions for new Ministers, which I used to talk to, in which I would talk to them about the constitutional position, what to do if they were unhappy with their private office and what the position was on appointments. I did my best, in a friendly and constructive way—and non-aggressive way—to put to them the background, because I felt that there was a gap there.

Q143 Mr Reed: I want to make a comparison with local government, which according to the Audit Commission is a more efficient part of government than national Government Departments as a whole. In local government, elected members do choose their

own chief executive of the local authority and take the final decision, after a rigorous search and selection process, on their senior directors. Is that damaging?

Dame Janet Paraskeva: It is slightly different. It is not a direct parallel. The final panel, which as you rightly say is a political panel in the local authority environment, is one in which all parties will be present. It is not simply a Minister coming in after the selection and saying, “I will have her not him,” or, “I will have him not her.” It is a panel that is representative of the total council, so it is rather different. Of course, we do see chief executives move when the party changes control in a local authority. This goes back to my point about permanence and the permanence of our Civil Service, notwithstanding the difficulty that you point to right now. It is too simple to say that in local authorities the politicians appoint, and in central Government they do not. There are very real differences.

Q144 Mr Reed: You seem to be implying that the fact a chief executive may move is a negative, whereas in fact that may be contributing to the greater efficiency of local government compared with national Government Departments, and the relationship between the senior politicians and the senior people on the Civil Service side is therefore better.

Dame Janet Paraskeva: I am not making a point about whether it is better or worse. I am saying that it is different. One of the reasons I raised the permanence issue is because permanence and politicisation go hand in hand. What we need to do is take a step back. I agree with you that everybody is getting stuck in and defending their positions. It feels to me as if we need to take a step back in this debate and ask what it is that Government wants, rather than trying to chip away and give small prizes to pressures. Those small prizes to pressures from Ministers, in relation to appointments, might be the beginning of a slippery slope to somewhere we did not intend to go. If we are looking at a different constitutional model for our Civil Service, where politicians do control the people who work to them most directly, then I would argue that we need to look at that in the round and very thoroughly, rather than allow ourselves, accidentally, to start down a slope we perhaps did not mean to travel down. If that is the path we mean to travel, then let us have a look at it.

Q145 Chair: I hope that we can resolve these problems without upsetting Northcote-Trevelyan. How should we address these problems? The present system is not working on two fronts. Ministers are very frustrated. The relationship between many Ministers and senior officials is not good. We have impermanent permanent secretaries. How should we address this?

Lord Wilson of Dinton: Can I come back briefly?

Chair: I want to answer this question.

Lord Wilson of Dinton: The answer, in my view, is that you do your best to get back on the rails. You do not try to switch to another model, because that will make things—

Chair: We have accepted that. What do you do to address these concerns?

Lord Wilson of Dinton: First of all you find out—because I do not know—why Ministers are so extremely frustrated. I do not know; I do not think the public knows; I do not think they have explained. Saying critical things about the service, such as that they are obstructive, without evidence is unhelpful and not something that you would find in the private sector. People need a proper dialogue, possibly mediated, at which the cause of frustration is examined, and it may need to be facilitated.

Q146 Chair: Is that the role of the Head of the Civil Service or the Cabinet Secretary?

Lord Wilson of Dinton: Goodness knows. When I was in both those roles, we had two seminars of the whole Cabinet and their permanent secretaries, jointly chaired by the Prime Minister and me, with an external facilitator, at which we discussed Civil Service reform. Some frustrations were aired, and they were communally discussed. There is a dialogue that is needed among only those playing part, quite possibly with external discreet help. I do not know what has gone wrong.

Chair: That is a very positive suggestion.

Lord Wilson of Dinton: I would get them in a room and make them talk to each other.

Q147 Chair: Dame Janet, do you have anything to add to that?

Dame Janet Paraskeva: I would absolutely support that. Where things are going wrong, you do not just change the system; you try to make the system work.

Q148 Chair: Can I press you on the other matter? We have had advice from one of our witnesses pointing out that the idea you would have chief executives churning around top companies on three-year terms would be greeted with derision in the private sector.

Lord Wilson of Dinton: Yes.

Chair: So why is it happening in the Civil Service? Why is it that, if anybody has been in a job for more than three years, they think they are going stale and being left behind?

Dame Janet Paraskeva: There is something about the leadership of the Civil Service—and I do not just mean the very top job, but in the seniority of the Civil Service—that perhaps we need to focus on. There was a move a few years ago to really bolster the talent management processes.

Q149 Chair: Do we need to plan careers much more than we do? So do we need to abolish open selection?

Dame Janet Paraskeva: No, I do not think we need to abolish open selection. We need a balance between the best home-grown civil servants and the best people that will come and join the Civil Service from the private sector. We need to recruit slightly earlier from the private sector. There was a great move to bring in people from the private sector.

Q150 Chair: There is this question about three-year term limits for permanent secretaries. I would like a

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permanent secretary, when I take over a Department, who has been there for five years and knows how to run the Department.

Dame Janet Paraskeva: That is what most secretaries of state said they wanted. When I went to see Secretaries of State to ask what sets of skills and experience they want in their new permanent secretary, the first answer was always, “Whitehall skills—I want someone who knows their way around the system.”

Q151 Chair: But if you do not know your own Department, you will not be any good for negotiating your Department around Whitehall.

Lord Wilson of Dinton: Chairman, can I say that I agree with you? I wrote a letter to all permanent secretaries saying that I thought that, as a rule of thumb, we would expect people to be in post for seven years. At that point, we would take stock.

Q152 Chair: How many permanent secretaries, as heads of Department, have been in post for seven years? I can tell you: none.

Lord Wilson of Dinton: I do not think there are any. I would also want to know why people had all left. Communication seems to me to have broken down. My remark about patronage was simply a warning that I think it is going in the wrong direction. People need to pull back, calm down and talk. They should not do it in the public arena.

Q153 Chair: So a touch of Michael Winner would suffice—or if not suffice, then help?

Dame Janet Paraskeva: Better long-term planning would help. That means bringing in expertise from outside of the Civil Service, and not leaving it till the director-general or permanent-secretary level, but bringing people in at assistant-director level. We brought in many people from the private sector. Not all found it comfortable, and I think that was because we left it a little late in their careers.

Lord Wilson of Dinton: Can I have 30 seconds? We had a committee called SASC, [Senior Appointments Sub-Committee] which was of very long standing, in which we reviewed the careers of bright people coming up and we planned for them. I know that does not happen now. I think it was a good thing.

Q154 Chair: If you are going to have more of what one might call managed moves in the Civil Service, it means there is going to be less open selection. Do you accept that there is a trade-off between the two?

Dame Janet Paraskeva: No, I do not, because I do not think a managed move needs to exclude competition for the post. I think you can have internal competition for movement within the service among the best home-grown people if you have a proper talent management system in place. I do not think it is one or the other. The other thing I want to add is that we must not muddle up the argument there is for better support for new Ministers coming into their role. That might be better political support for Ministers coming into a new role. One of the differences we have in this country is that a Minister comes in on day one and is supposed to be an expert.

They have not always had the brief in shadow portfolio.

Q155 Chair: The one thing we really depend upon is that the permanent secretary is an expert.

Dame Janet Paraskeva: You depend on the permanent secretary, of course.

Q156 Chair: That is what I am really complaining about. We are the amateurs.

Dame Janet Paraskeva: You depend on the permanent secretary and his or her team for objective advice. You also look to your own special advisers for political advice. If we are able to take a step back and look at how we make the system we have work better, we might also want to look at what the political support that surrounds the new Minister actually is and whether we have the level and transparency of it right.

Q157 Chair: It sounds like the civil servants are blaming the Ministers and the Ministers are blaming the civil servants.

Lord Wilson of Dinton: I think you are right. There needs to be a balance between open competition and internal management. The question, to which I do not know the answer, is whether it has gone wrong. Permanent secretaries need to be there for a good stint of time because they are the source of advice, experience, knowledge and, to some degree, training to help support new Ministers. I always saw Ministers as my clients. I had to find out what they wanted, what they were good at, what they were less good at, and how I could help them get what they wanted through the machine.

Chair: My Committee has been extremely patient while I have asked those questions.

Kelvin Hopkins: Some of the questions I was going to ask have been answered already.

Chair: I am so sorry, Kelvin.

Q158 Kelvin Hopkins: You have said some very interesting things already about the current causes of concern about the Civil Service. I asked in a previous session about this issue. Do you not think that we are in a state of permanent revolution, in a sense? One of the techniques of permanent revolution is to keep people off balance all the time and churning all the time, so that you weaken them. I get this very strong feeling about Government in Britain that it has been happening for some time now, particularly under the latter part of the Thatcher regime, the Blair regime and now the Cameron regime; it has all been the same. In the last meeting, I said that my thought was that in the past the Civil Service worked well with Government because they could hover between one-nation conservatism and social democracy on the other side, both of which were statist. What has happened now is that we have an anti-statist ideology, a market ideology, thrusting its way in, making the Civil Service feel very uncomfortable and in some cases resisting, whether they be of the right or the left. Until that ideological battle is resolved, we are going to have this ongoing problem.

Lord Wilson of Dinton: I think you may be right that the consensus that underpinned the service has begun to fragment. That is true. I think you are right about waves of reform. I joined the service just before Fulton reported. I was chairman of one of the FDA committees on implementing Fulton. My life has been a series of reforms. I was a director of a private-sector company that had taken over, under TUPE, quite a lot of civil servants. We had a big reform programme. When we had the reform programme, we found that people who had been in the Civil Service during reform had learnt to put their heads down and wait until the fashion passed. There is a sense in which too much churn produces people who say yes and mean no. That is a real danger.

Q159 Kelvin Hopkins: When I was a student, many years ago, I was taught economics by a former Treasury official. He said that the great thing about the Civil Service was that, within it, they had the capacity to adjust. If a particular policy was not working, there was always somebody in the back office working on Plan B, to quote a current phrase. That could be brought forward and adopted and adapted, and things would work well. Ministers and civil servants always knew that was around. The drive for ideological change began with Selsdon and moved on beyond that. It certainly was not there when you started in 1966.

Lord Wilson of Dinton: Selsdon is the root, yes.

Kelvin Hopkins: Ever since, there has been this deep undercurrent. You will not want to give away any secrets, obviously, but the early years of the Blair regime were dominated by very powerful special advisers, who effectively were ordering civil servants about. It must have been very uncomfortable, particularly in the Department for Education, with Andrew Adonis, who is coming to see us later, where there was that forcing through of revolution. They looked to me very like commissars, if you like, or political civil servants who were being interposed over the top of civil servants to make sure that the ideology was driven through.

Lord Wilson of Dinton: It may be that the reason why Sir David Normington is so immediately firm on this red line, and why I have put it so strongly to you, is because we have learnt that you have to decide where to draw the line and to take a stand, in the face of the ambiguities and the trends you have been describing. We have come to the view that the absolute bedrock for the Civil Service has to be independent selection of people and the final say not being with Ministers. That is why there is such a strong reaction. Your instinct, which is that people have got too excited and too entrenched and we need to slow down and talk, is absolutely right. I myself am absolutely convinced that, whatever the frustrations are, they can be dealt with within the ground rules without going across the red lines.

Q160 Kelvin Hopkins: Many times in this Committee, I have said that I rather admire the French system, where they have a very strong centre, l'état—the state. There is this elite who run everything—with politicians, but they effectively run everything. They

are much more powerful than our Civil Service, I would suggest. I am an uncompromising statist and an uncompromising opponent of the marketing of politics.

Lord Wilson of Dinton: Can I just say something on being an admirer of France and views on local government? With all these different constitutions, people like bits of them. You cannot take bits of America, bits of local government, bits of France, the bits you like, and keep the rest of the position as it is. If you are going to change, the change tends to be much more fundamental, and it will have consequences that you have not foreseen. Nick Ridley predicted in the 1980s that, if the poll tax failed, local government would become the agent of central Government—it would lose its independence. He was absolutely right. What he did not foresee was that a lot of local government influence would actually be drawn into central Government. That may well be a very interesting thought. I could develop it, except the Chairman is short of time.

Q161 Chair: I would just point out that it used to be, from the evidence we have seen in the papers from Secretaries of State of previous eras, that Secretaries of State seemed to have more influence over their appointments than they have now. I am particularly thinking of the appointment of Brian Hayes, who was the nomination of the Secretary of State after he had turned down all four of the names offered to him in the first instance.

Lord Wilson of Dinton: Partly what I am trying to say to you is that I think this is all soluble. But if people feel that the underlying bedrock position is being threatened, they get more rigid. These things are soluble, but they have to be on a basis of trust. I am sorry to have to use that word. If the underlying consensus, and the underlying deal, is respected then there are ways of managing these issues.

Q162 Chair: I would put it the other way around: that by threatening to upset the fundamental deal at the heart of our constitution, everybody is digging in in response, and that is the wrong way to approach it. Would you agree with that?

Lord Wilson of Dinton: I agree that everybody ought to take a step back and think a bit.

Q163 Kelvin Hopkins: It strikes me very strongly that, up until 1970, the Civil Service and politicians broadly got on with each other quite well because they were pointing in the same direction. They accepted the role of the state, be it Macmillan conservatism or Wilsonian social democracy. They were pointing in the same direction. After that, it broke.

Lord Wilson of Dinton: I think the Civil Service is quite good at managing and adapting, but what it is not good at is accepting a fundamental breakdown of the deal. That is the worry. You are right to be worried about churn because, in a way, that is also another bit of a breakdown of the deal.

Q164 Mr Reed: This is pushing at the same point, but you are quoted in *The Times* as saying that it is a sign of weakness for a Minister to criticise or

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complain about the Civil Service in public. Why do you think they feel they have to do that?

Lord Wilson of Dinton: I do not know. Your job is to try to help your Minister get what he or she wants, within the grounds of propriety and the understandings. If you feel that the Civil Service is being obstructive, it depends on the circumstances, but you take action. If you were a Minister and you felt you were being obstructed, I would make sure you were not obstructed. I would deal with it. I would know how to deal with it. I would find out what was going wrong, and I would put it right. In the end, the permanent secretary would go and talk to the Cabinet Secretary. You would do whatever you had to do to deal with it. A good Minister will know perfectly well how to deal with it, too. Between you, a good permanent secretary and Minister working in tandem, you could deal with obstruction wherever it is from. Of course, the real source of obstruction is usually the Treasury. I say this as one of the few top people who is not really a Treasury man. I have to say to you that obstruction in Government, with the Treasury being difficult, is the natural order of things. We are all experts in dealing with obstruction. A lot of Government is about disagreement and obstruction from other people, so of course we know how to deal with it. To go public and blame the Civil Service is surprising. It is a shame because it undermines trust. It is very demoralising to the Civil Service. I think it tends to increase churn, rather than reduce it, and I do not think it is necessary.

Q165 Mr Reed: Another quote from you in *The Times* was that a strong Minister should know how to get their own way. Can we infer from that, and what you have just said, that you think the problem is weak or perhaps untrained Ministers?

Lord Wilson of Dinton: It is really an exhortation to people to strengthen up a bit: "Look, come on." This needs a bit of improved morale among Ministers as well as civil servants. There are ways of doing this. We can handle this.

Q166 Mr Reed: In some of the earlier answers you both were giving, you implied that one of the problems was a lack of political support or experience on the part of some Ministers. Is it not more likely to be the lack of experience in leading a large, complex organisation with multiple stakeholders, rather than the lack of political ability?

Dame Janet Paraskeva: It might be either or both. Certainly, the lack of experience of running a large organisation, and the managerial and leadership skills required there, will obviously affect people's degree of security. If you are not feeling secure in your role because you have never done it before and do not have the support mechanisms around you, then it is very easy, when things start to go wrong—as inevitably some things will—to blame the other part of the double act. It is this blame culture that has actually added to this feeling of not being recognised.

Q167 Mr Reed: Is it a failing on the part of the Civil Service that they have not made sure that that support

is always available to new Ministers who do not have that kind of experience?

Lord Wilson of Dinton: Could I put it differently? Someone needs to be the grown-up in all this. There were occasions when I felt, as Cabinet Secretary, that I was on my own but really had to be the grown-up. Someone has to get them together, be the grown-up and say something. You have a huge challenge. You are reducing the size of the Civil Service by numbers that are bigger than the entire worldwide work force of BP or Apple. You are doing it with less money and in the background of huge radical change in education, health or whatever. What you need is a strong team, working together on the basis of trust. You can do it—really you can do it—but if you fall out, you will not do it. I am trying to avoid the words "brace up" but it is really what I mean. You can do it, but you have to put your minds to the task and work together. You can achieve what you want within the framework, and you can achieve it without being rude about each other in public and without blaming each other. The leadership requires a team that has a common, positive vision and works together well. If you are divided, everybody looks up. The Civil Service appraises upwards the whole time. They watch what is going on, and they draw their own conclusions. They hunker down, and things will not happen. You need united, political will and then you will succeed. If you are not united, you will fail.

Q168 Chair: Do you think it is harder for the Cabinet Secretary or Head of the Civil Service to be that grown-up if they are two separate people?

Lord Wilson of Dinton: You know my views on them being separate people.

Q169 Chair: Is this a contributory factor?

Lord Wilson of Dinton: Absolutely. I am afraid that it is, yes. If you have the two roles together, you do not need to ask yourself if it is the other person's job. You have the force, weight, authority, responsibility and accountability to provide that role within Government. It is more difficult if there are two of you.

Q170 Robert Halfon: Can I say, in a very polite way, that you are doing a wonderful job at representing the Civil Service as being very nice, cuddly and always acting in the best interests of Ministers? I almost believe you. What I am not clear about is why Tony Blair got up and talked about the "forces of conservatism", why the current Prime Minister got up and talked about the "enemies of enterprise", or why some Cabinet Ministers feel that they have to correspond with each other using private e-mail systems, rather than using the Department e-mail systems, if everything in the garden is as rosy as you suggest.

Lord Wilson of Dinton: I am not saying it is rosy. There are always tensions that you have to address. I am just suggesting how you set about addressing them. I talked to Mr Blair a lot about these sorts of issues over my four or five years working for him, including the "scars on my back" speech. I think he was in a situation where he was empathising with the

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people he was talking to. I should not be talking about this; this is not relevant. But of course there are tensions. He had a different view of the job and of the constitution, which is why your point is right. But we were able to talk about it, and, personally, I think that we, the Civil Service, achieved quite a lot in terms of what we were able to do. We must keep the answers short.

Q171 Robert Halfon: You have not answered my question. There was Prime Minister Blair, who I mentioned, and then Prime Minister Cameron talked about the “enemies of enterprise”, and everything that was indicated after that was talking about Whitehall blocking reform. You have examples of Cabinet Ministers who feel they cannot trust their own Departments, so they use private e-mail systems to correspond with their advisers. Clearly, using those examples, not everything is as you suggest: that civil servants are always acting in the interests of Ministers and up to a strong Minister. That is not always the state of play.

Lord Wilson of Dinton: Ministers and their special advisers are always talking to each other and others in other Departments. When I was in private office, we did not have e-mails, but Ministers would go into little huddles and have endless discussion of officials, no doubt, and their colleagues and problems they have. Politicians necessarily behave in a political way. I am not that surprised that people are sending each other e-mails. The real problem is if it shows a lack of trust.

Q172 Robert Halfon: That is clearly what it was.

Lord Wilson of Dinton: It was, was it? You are closer to this than I am.

Q173 Robert Halfon: You do not want to talk about the previous Prime Minister, but why did the current Prime Minister talk about the “enemies of enterprise” in Whitehall?

Lord Wilson of Dinton: You would have to ask him. I do not know why he did.

Q174 Robert Halfon: You cannot say that it is because he is not strong and he should be in charge and tell civil servants what is the vision, and so on and so forth. There is clearly a view that there are elements in the Civil Service that put a brake on reform.

Lord Wilson of Dinton: I suppose that if you look over 40 or 50 years there is a continuous dialogue, which is quite healthy, about how to improve the performance of Government. In 2001, the election manifesto had a commitment to make the Civil Service more entrepreneurial. This was quite interesting. We had a series of seminars in which we invited leading entrepreneurs in to talk to us about how we could become more entrepreneurial. I cannot remember his name. Who is the founder of easyJet?

Chair: Stelios.

Lord Wilson of Dinton: Thank you. Stelios came and he said, “Do not try; you cannot do it. You are too big and you have no competition. It will not work for you,” which was not particularly helpful, but was

quite interesting. This dialogue still continues. But you still have to try to nurture trust. As a civil servant or as permanent secretary, unless you can establish trust with your Minister, you are not going to get anywhere. Trust is the first base for a permanent secretary.

Q175 Chair: So what you are saying is that civil servants really need to respect the private space of politicians?

Lord Wilson of Dinton: Thank you; that is very well put.

Q176 Chair: And they need to respect the private space they have with their special advisers and the private space they have between each other and across Departments. But FOI rather militates against that, does it not?

Dame Janet Paraskeva: Private space and transparency can go alongside each other. What we need is proper transparency in the transactions about development of policy and so on. You cannot record every conversation, nor should you try. It is pointless.

Q177 Chair: The Information Commissioner has insisted on publishing private e-mails between advisers.

Lord Wilson of Dinton: I think that private space is crucial.

Dame Janet Paraskeva: Private space is crucial, absolutely.

Lord Wilson of Dinton: Absolutely crucial.

Q178 Chair: So is FOI not working in the public interest at the moment?

Lord Wilson of Dinton: No. If it is not allowing that private space, it is doing harm. Tony Benn, in the Department of Energy in the 1970s, had two special advisers who we called the “two Francises”: Frances Morrell and Francis Cripps. He spent hours closeted with them. Relations with the Department, it may now be said, were not good. This is not a new issue. I absolutely defend the right of Ministers to have this private space, and I would expect them to do it. Politicians and civil servants tend to be very different kinds of people. They ought to respect their differences.

Q179 Robert Halfon: Going back to the Department for Education issue, when there was the big error in the early days about the Building Schools for the Future programme—where the Cabinet Minister had to come back to the House to apologise—there was a view written up by commentators and some people that that list had been deliberately given to the Secretary of State wrongly, by civil servants who wished to undermine what the Secretary of State was willing to do. There are other examples of that kind of situation being suggested. I am highlighting this because, if these things are true or even have a modicum of truth, the situation you have given of everyone working for each other and needing a strong Minister here and there is not quite right.

Lord Wilson of Dinton: I would take a very, very serious view if the suggestion that people deliberately

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gave him wrong information were true. I think it would be damnable. It would be very, very bad.

Q180 Chair: So incompetence, not malice?

Lord Wilson of Dinton: I believe that incompetence is usually the answer, I am afraid. I am glad, in a way, I prefer incompetence to malice.

Q181 Kelvin Hopkins: The problem is when private space becomes sofa Government and the Cabinet becomes a cipher. Cabinet is secure, in confidence and under the 30-year rule. That is fine, and we understand that. It is different when the Cabinet is not trusted and the Prime Minister uses it as a brief meeting to tell everybody what he is going to say to the press, which is what happened under Mr Blair, I understand. Very few papers went to the Cabinet and all the decisions were taken in secret, if you like, not with civil servants, but with the Prime Minister and special advisers. That was a very different form of Government than Cabinet Government.

Lord Wilson of Dinton: I know we are short of time. I gave evidence to the Iraq inquiry, if you are interested in this, in which I explained that there were two different views of how Government should run in operation that were competing. There was my view, which was a very orthodox view about how you run things through collective responsibility, through discussion and in committees. That is my model, which I still hold to as giving you the best chance of good Government, although it does not guarantee it. Then there was the model in which you had this Napoleonic view of a single corporate structure, with the Prime Minister as leader with Cabinet reporting to him, with all the permanent secretaries reporting to me, and the whole thing being one monolithic Napoleonic arrangement. I do not want to go into all that. Sofa Government has to be seen as part of that different view of how the Prime Minister does his job.

Q182 Chair: But FOI forces the Government on to the sofa.

Lord Wilson of Dinton: It absolutely does, and into the corridors and into the loos—sorry.

Q183 Chair: Do not worry—I have been there. On the accountability question, Ministers are accountable to Parliament and the civil servants are accountable to Ministers, which is the Armstrong memorandum.

Lord Wilson of Dinton: Yes.

Chair: Actually, it has never really worked like that, has it?

Lord Wilson of Dinton: I still think that, as a model, it is the best we have got.

Q184 Chair: If you go back to Haldane, he was more explicit that, if there were to be departmental committees, officials would have to appear before them and give information, and he said that even Ministers would have to appear before them. So there was an implication that, for matters of fact and administration, civil servants are directly accountable to Parliament, as are accounting officers to the PAC.

Lord Wilson of Dinton: Accounting officers are the exception to the rule. They are personally accountable

to Parliament; Mr Gladstone made sure of that. Permanent secretaries and officials do appear before Select Committees and the PAC on behalf of the Government. I stick with the Osmotherly rules.

Q185 Chair: We do not recognise the Osmotherly rules. They are an invention by the Executive.

Lord Wilson of Dinton: I know you do not, but you may just like to note that the Civil Service has them, and they are how the Civil Service sees things.

Chair: They are how the Civil Service and Government try to manipulate who comes in front of Select Committees.

Lord Wilson of Dinton: I remember your predecessor saying that, whomever he asked for, he got me.

Q186 Chair: Very lucky he was, too. The point is that ministerial accountability is always honoured in the breach. We have a curious situation where billions and billions can be lost through incompetently let defence contracts. Civil servants never seem to be to blame, and when Ministers appear in front of Select Committees, they are not to blame either because they have only been there some of the time. There is a mutuality of protection that exists, where civil servants cover for Ministers and Ministers quietly blame civil servants, but actually nobody is held accountable. That is not good enough, is it?

Lord Wilson of Dinton: I think that the Public Accounts Committee is pretty good at putting civil servants on the spot. I used to spend a huge amount of time preparing, and I felt very much personally accountable and on the spot. They are the people who are right up in front in holding civil servants to account.

Q187 Chair: Do you not think that civil servants should be more ready to speak? For example, the permanent secretary at DCMS, when asked about the veracity of a minute of a meeting and whether that actually took place, instead of just prevaricating, ought to say yes or no, or, “I am sorry; you will have to refer that question to the Secretary of State because it is too political.”

Lord Wilson of Dinton: The civil servant is there on behalf of the Minister.

Chair: He is not there to protect the Minister.

Lord Wilson of Dinton: Yes, he is there to protect the Minister.

Chair: He is there to protect the Minister?

Lord Wilson of Dinton: He is, in the end. Otherwise, he gets drawn in as a third party into the political arena. He becomes a figure in politics by himself.

Q188 Chair: So then the Minister comes along; the Director-General of the Prison Service or the Head of the UK Border Agency, and they get it in the neck.

Lord Wilson of Dinton: This is the tradition.

Q189 Chair: But it does not seem a very accountable system.

Lord Wilson of Dinton: Whether a Minister is held responsible or not really goes on amongst politicians on the Back Benches. You do it on the Back Benches; you do it in the tearooms. Whether a Minister has

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support in Parliament is actually the crucial factor for a Minister's strength and ability to do the job well. Reputation, above all, really matters in politics. Civil servants should not get drawn on to the Floor of the House.

Q190 Chair: Thank you very much to you both, Dame Janet and Lord Wilson, for this really excellent

session. We are very grateful to you. Is there anything else you want to add?

Dame Janet Paraskeva: I think we have had a fair innings. Thank you.

Chair: Thank you very much indeed.

Examination of Witnesses

Witnesses: Rt Hon Lord Adonis, Sir Nick Harvey MP, Rt Hon Nick Herbert MP, and Rt Hon Caroline Spelman MP, gave evidence.

Q191 Chair: Thank you for joining us for this session. There are four of you, and I dare say that you all have a lot to say. We will do our best to keep our questions very short, and your reciprocation would be very much appreciated. Could you each identify yourselves for the record?

Sir Nick Harvey: I am Nick Harvey, MP for North Devon and formerly Minister of State at Defence.

Mrs Spelman: I am Caroline Spelman, MP for Meriden and former Secretary of State at DEFRA.

Lord Adonis: I am Andrew Adonis, former Secretary of State for Transport.

Nick Herbert: I am Nick Herbert, MP for Arundel and South Downs, formerly Minister for Policing and Criminal Justice.

Q192 Chair: Shall we first deal with this question about the influence of departmental permanent secretaries and the recommendation in the Civil Service Reform Plan? What do we think of it?

Mrs Spelman: I have put some views on the record. I had the experience of losing my permanent secretary a few months after I took office. I knew she wanted to move. I would challenge the process where I was told I could not choose her successor and her successor would be chosen for me. Since I felt accountability in the Department, I found it very strange that I did not feel I had enough say on this person, upon whom to some extent your political life depends, as we were just hearing. There has been some modification in the selection process to improve it. I was not allowed to interview the shortlisted candidates. I could meet them, and they could ask me questions.

Q193 Chair: So you were not allowed to ask them questions?

Mrs Spelman: I was not allowed to ask them questions. There is some view that, maybe, I was not given the correct advice there, but there were people in the room to make sure it was done that way. That has now changed. There is now a proper interview and two-way process. The views of the Secretary of State are taken into account in drawing up the job specification. That is true. You are asked what you think is needed as the Secretary of State at your Department. But the final decision is taken by a panel. I did not have any contact with the panel. I take the view that, at the very least, the Secretary of State should be on that panel. The wider Civil Service has

a wider agenda for what it wants to see in permanent secretaries. For example, they may be seeking greater diversity amongst permanent secretaries. The Secretary of State in the Department will have a very clear idea about what attributes are needed for that Department. The balance of views would be better to have air around the table as a decision is made as to which candidate to recommend.

Lord Adonis: I agree. I think that what Caroline has said is what should happen. I do not think that the Secretary of State should unilaterally be able to choose the permanent secretary, but they should play a part in choosing them. In my only experience of a change of permanent secretary when I was a Minister, the big issue was seeking to persuade by far the most qualified and able candidate to apply for the post in the first place. I vividly remember pacing around a car park in Newcastle for the best part of an hour and a half on the phone trying to persuade him to apply. So there are the rules, and there is the reality. The reality is that a Minister, if they are worth their salt, will be intimately involved. Having that formalised would be a good thing.

Nick Herbert: Does this not go to the wider issues about accountability? It seems to me that what is extraordinary about the system, and makes it unique amongst other organisations, is that the Secretary of State is accountable for everything—Ministers are accountable for everything—but does not directly control anything. Therefore, the idea that the control you have over the appointment of the lead official in your Department should be minimised has to be looked at through that prism. Personally, I think that the ability of the Secretary of State to have a greater influence over that is just the start of the necessary process of ensuring that, if accountability is to rest with the politicians, the politicians are entitled to a greater degree of control about who works for them.

Sir Nick Harvey: I very much agree with what Caroline said. I do not think you would expect the Secretary of State to have carte blanche to bring in literally whomever they pleased, but I think it is absurd for them not to be involved in the process. Having them on the appointment panel, I would have thought, would be about the right balance to strike.

Q194 Chair: It seems to me that you are all saying that you want some influence, but you do not want a political Civil Service.

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Mrs Spelman: There is some influence, let us be clear. You are asked what attributes you are looking for in a Secretary of State.

Q195 Chair: But you want a final say?

Mrs Spelman: You do not have the final say.

Chair: But you want to have the final say?

Mrs Spelman: You can veto the candidate recommended, but you cannot pick one of the alternatives; the whole process has to start over again. It is very slow. We lost our permanent secretary in October 2010 to the Home Office pretty promptly. It took six months to backfill that appointment. That was a very long time. We had a good acting permanent secretary, but it is difficult. We went through some torrid times at DEFRA without the full appointment. So you are not likely to want to go through all of that, and further delay, all over again.

Q196 Chair: Did Dame Helen Ghosh have DEFRA expertise, or was she from another Department?

Mrs Spelman: When I became a Government Minister, Dame Helen Ghosh had been the permanent secretary at DEFRA for five and a half years. She made it very clear early on that she wanted to move. There was a lot of churn amongst permanent secretaries. I do not know exactly how many moved in the first year, but it is getting on for 10. So you would not want to miss the boat if you were looking to move to another Department. I understood that, and I asked her to remain for a bit so that a new Secretary of State, who had not been shadowing that brief in opposition, could benefit from the permanent secretary's experience.

Q197 Chair: Did the new permanent secretary come from within the Department?

Mrs Spelman: No.

Q198 Chair: So you were two ingénues, if you like, running that Department.

Mrs Spelman: I can assure you that, 12 months into the job, in May 2011, by then of course the Secretary of State is fully on top of the brief.

Q199 Chair: Is it not odd that the Secretary of State knows more about the Department than the permanent secretary? What is the word "permanent" meant to mean?

Lord Adonis: That is a big problem at the moment. The turnover of permanent secretaries is far too high. The turnover of permanent secretaries at the moment is much higher than the turnover of Secretaries of State. It is quite a misnomer to describe what we have as a permanent Civil Service. It is an impermanent Civil Service, but it just happens to be politically neutral. It lacks key attributes of continuity and expertise, and that needs to be put right.

Q200 Lindsay Roy: Caroline, you said that you had an influence over the job specification. I assume that is the person's spec, the job description and the criteria for selection. On what basis, therefore, can you veto?

Mrs Spelman: That is a good question. The general terms of reference are standard. You cannot influence the general terms of reference. You feed into the Cabinet Secretary what you regard as the attributes and skills of the job. What is interesting, and Ministers would tend to do this, is that they put a lot of emphasis on the ability of the permanent secretary to deliver the Government's agenda. Sometimes, the wider Civil Service puts emphasis on other skill sets. I cannot emphasise what a critical position it is. Particularly if it is a small Department, it is really important that the permanent secretary has influence around Whitehall. So there are several important skills, with different elements of balance depending on which Department you are trying to fill the vacancy for. That is where the Secretary of State has influence. For example, it would be absolutely no good, in my view, to have a permanent secretary candidate who did not care passionately about the environment. I am very pleased to say that the successful candidate did care passionately about the environment, despite coming from another Department. That is one of the ways in which the Secretary of State influences the job specification.

Q201 Lindsay Roy: Should that not be screened out in the criteria for selection?

Mrs Spelman: Why would you screen that out?

Lindsay Roy: Presumably, you set a number of criteria for selection, and what you are saying is that any one of these candidates could do the job effectively.

Mrs Spelman: You would be quite surprised. Certainly, in relation to public appointments, I was quite surprised how shortlisted candidates for my Department sometimes did not have very strong green credentials.

Q202 Robert Halfon: What would you say were the biggest problems you faced from the Civil Service while you were in Government as Ministers?

Nick Herbert: There were a number of them. Andrew has touched on them, too.

Chair: You can say nice things, too, by the way.

Nick Herbert: I am going to. There is the question of skills and whether we always find the right skill sets in the Civil Service today, because I do not think we do. You are right, Chairman, that we should praise the quality of civil servants where they are delivering excellent advice and so on. It is wrong to view this debate through the prism of former or current Ministers attacking the Civil Service. That is not what it is about at all. It is quite proper to draw attention to the weaknesses in the system and the way it is constructed. A particular one I found was in the support around Ministers. I found, as a Minister, that it was a very lonely job in relation to the support I was getting. I did not think that that was sufficiently strong to enable me to drive two major reform programmes in Government in two different Departments. Sometimes, I felt that I had less support than I had in opposition. That was saying something, because in opposition we had the barest of support, but it was more focused support, which I felt was

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absent from the machine. I think there is a problem now in the recruitment of people to be private secretaries in Departments. A lot of high-flying civil servants do not want to do that job. The whole model of a private office is an antiquated model for what Ministers need to be able to drive and interrogate the system. It was the absence of policy advice to enable me to drive the system in the way I wanted to achieve reforms that held things up considerably.

Mrs Spelman: Unfortunately, that is not my experience, and the Committee is here to get different points of view. I had a very good experience of working with the Civil Service at DEFRA: they were very bright people; they were co-operative, constructive and impartial. We had what I would describe as very good alignment between Ministers and civil servants, which was crucial in the early days in reaching agreement on how we were going to save 30% of the running costs of the Department. They were very constructive in helping attain that target and recognising the political judgment of Ministers to deliver the final view as to what was doable and what was not doable.

The private office is the one over which we have more control, because you choose who works in your private office, and you are given a choice. It is incredibly important to have really good technical policy strength in the private office, and I think of many of the fast-track civil servants who chose to come and work in the private office, because it does give you that incredible insight into working at the top of Government. You have got to be prepared to do the long hours, the same long hours as the Ministers, sometimes.

I found that was a point of great strength, and in my time, together, we improved the processes of the private office to make sure that, perhaps where things had gone wrong, we learned the lessons and we put in the changes that made the difference. I have other observations, which I hope we will have the chance to give, about wider career development, but the private office is a very good place for civil servants to fast track their careers.

Q203 Chair: It used to be that you could not be a permanent secretary unless you had worked in a private office. It is not the case now. Should it be?

Nick Herbert: No, it is not the case. It is not the case now.

Chair: No, but should it be?

Nick Herbert: Sometimes, it is difficult to find candidates to work in private offices, because it is not necessarily an attractive place to be.

Q204 Robert Halfon: Going back to the problems, what are the actual difficulties that you faced and what could be done about them?

Lord Adonis: There are two difficulties I would highlight: I would return to this issue of turnover. The turnover of civil servants in senior positions is not related to the needs of the business; it is related to their promotion prospects and their own management of their own careers. They are servants of the state, and it should not be related to the needs of the

business. For the best part of 10 years, I was managing the academies programme, which was one of the most significant things the Government was doing—a multi-billion pound programme. I had eight directors of the academy programme in that period; the two most able both left within a year in order to be promoted.

In one case, I sought to persuade the permanent secretary to allow them to remain in post and to be promoted in post; this was held to be impossible, because there were only a certain number of people who could be at each grade in Departments. I even took the unusual step of going to see the Cabinet Secretary, because I was so concerned about this. I was fighting to keep the civil servant who was being promoted into another Department in order to become a Director General, and was told by him that there was nothing he could do. As he put it to me, “My dear Andrew, I am only Head of the Civil Service; I do not manage it.” There is a big, big problem in this respect. The other big problem I would highlight is that although you have—and I entirely agree with Caroline—very able people, they are very poorly trained and their experience of the sectors in which they work is very poor, even in areas where they have the capacity to influence it. For example, it is not too much to expect that civil servants in education will acquire, as civil servants, a good working knowledge of the education world: they should have placements in schools; they should have placements in local authorities; they should become systematically school governors.

The hierarchy of the Department should foster this and provide the opportunities. It was the exception rather than the rule. Caroline said that after a year she was the person who knew most about what was going on at the top of her Department. I found, to my great concern, in education—it was also true in transport as it happens—that there were very few civil servants who spent any time on the front line or had any real understanding of what these services were like from the viewpoint of the citizen. That is not good enough and that needs to change.

Sir Nick Harvey: I found the civil servants I worked with to be of a very high calibre. I cannot comment on how they would compare with those of a generation earlier, simply because I was not there a generation earlier to see them. Given that we have had a couple of decades of economic boom and the opportunities available to people of high calibre have been many and varied, we are fortunate that we have continued to attract people of high calibre. I would make the same observation about military officers I worked with at the Ministry of Defence.

We have perhaps had less of a problem in defence than in other Departments, with people not having a commitment to defence. Most of the MoD civil servants, while they may have done short attachments outside of the Cabinet Office or the Treasury, see themselves very much as defence personnel and serve entire careers in the defence world. The difficulty that was most apparent in defence was in the area of commercial activity, particularly in procurement, where the Ministry of Defence spends vast sums of

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money procuring very sophisticated equipment and systems. The difficulty that Andrew has touched upon—of personnel rotating and moving too quickly—was very apparent there.

The defence procurement setup is detached from the main building and is based near Bristol, and is staffed, to a considerable extent, by civil servants on rotation and military personnel on rotation. Typically, the people that they would be dealing with from the private sector would be steeped in their business, have a great deal of commercial expertise—sharp-suited lawyers would turn up. The Civil Service is lacking the expertise that it needs to conduct those sorts of negotiations and manage those sorts of projects. In a sense, how could they be expected to have that sort of experience? We need in Government commercial expertise, which in my view we can only obtain by bringing it in.

Mrs Spelman: Could I add to that? This is a very important point, and hopefully it is a constructive recommendation for the Committee, given that it is quite hard for civil servants to obtain promotion at the moment: you have been hearing how they have to move out of their Departments to get on up the ladder. As part of a fresh look at career development, we should be actively looking at civil servants seconding out into the private sector, acquiring the skills needed in the Department, or other Departments, but having the opportunity to come back at a higher grade that recognises the extra skills that they have acquired and are importing.

It is incredibly important on big project management. The House of Commons Library has a very interesting piece of research on the 700 PFI projects that the country has had in its history. Common themes emerge about the difficulties that Departments have in commissioning, monitoring, delivering and sometimes stopping these big projects. DEFRA is facing a big project on the new sewer for the Thames—the Thames Tunnel. There are very, very big sums of money and considerable risks attached, and it is the scale of project that it will perhaps do once in a generation. What you really need in the career development of civil servants is the opportunity, for the Departments that face big procurement, to second in or second out to acquire the skills necessary to do the job.

Q205 Robert Halfon: Were there times when the Civil Service acted as brakes on reforms that you were trying to enact?

Lord Adonis: Not brakes in the sense of providing ideological objection; I never had that experience, but plenty of brakes in the sense of just inadequate energy and drive. The state machine is not sufficiently revved up; this is a big problem in our system. Partly that is the responsibility of Ministers, who need to lead it in a dynamic way, but it is also that there is not this drive and dynamism. There is not this intense passion that there needs to be, and Caroline mentioned that it would be very difficult to be a decent civil servant in her Department unless you had some green sympathies. I imagine it is difficult in defence unless you believe in the defence of the realm and all that,

but in too many of our Departments we do not have people who passionately believe in what they are doing. I do not think it is too much to expect that, if you are in the Education Department or the Transport Department, you should have some real interest and passion in what you are doing. At the moment, that is a bit hit and miss.

Nick Herbert: One of the brakes is not the attitude of civil servants, but the design of the system and particularly the fact that the system is in silos, so you have departmental silos. One of the things that take the most energy out of a process of trying to get a coherence of policy making and get things done is that the Departments have their own fiefdoms. I had experience of this, because I was a Minister in two Departments, which had been one, in relation to the Home Office and the MoJ, in trying to achieve a coherent approach to criminal justice efficiency. It is very difficult when civil servants are effectively answering to Ministers in different Departments and to a Secretary of State in different Departments. The whole system is set up for conflict.

I found, right from the beginning, that there was an interest in ensuring that departmentally we were defending territory, or defending what was read to be the Secretaries of States' minds or determination. When you look at quite a lot of the problems that confront Governments of any colour now, they are the long-term problems that will require a policy response that crosses a number of Government Departments: the ageing of the population, the need to secure earlier intervention to stop people going wrong, and so on. That dislocation is one of the big obstacles to getting things done.

Q206 Chair: Surely, Cabinet Committees and the Cabinet Office are meant to breach that divide, bash heads together, and agree what Departments should be doing jointly and achieving jointly. Why does it not work?

Mrs Spelman: It kicks in at an earlier stage. You can only take a certain number of items through a Cabinet Committee. They are good. I must say, coming into Government, I knew more about other people's policy than I ever knew in opposition as a result of the Cabinet Committees, because they do cross-cut. You are asked to read a policy in the making of one of the other Departments to get the buy-in of the different Departments, before the green light is pushed.

Where there is a big holdup is for sometimes quite small but nonetheless critical time-sensitive decisions for which you depend upon another Department to give you either some resource, if they are a bigger Department, or just clearance to go ahead. I thought fiefdom was quite an interesting term that popped out. The Home Office is a big and powerful Department: the big and powerful Departments are sometimes caught up on the big things they are doing.

Q207 Chair: Can you not push these things up to a Cabinet Committee level to get them resolved?

Mrs Spelman: They would not get on to the Cabinet Committee agenda if they are relatively small.

Q208 Chair: That seems to me very odd; that is what the Cabinet Office is for, is it not?

Lord Adonis: Very few problems in Government are resolved in Committees—very few. There is a formal structure, but that is not how business is done.

Q209 Chair: If it is not being resolved, is there not a system of elevating it?

Lord Adonis: It does need to be resolved; this is the reason why you need good permanent secretaries and good special advisers, and also good relations between Ministers.

Nick Herbert: It is an elective procedure. Caroline mentioned it is about clearance; you get policy clearance, and other Ministers might block things, so you have to have a discussion about whether they are going to block something or not. That is not what I mean: that is not collaborative working. That is the point at which a decision has to be cleared in order to secure agreement between two Ministers.

Q210 Chair: So it is about how to inject energy into some cross-departmental process?

Nick Herbert: Yes.

Q211 Chair: What is the answer?

Nick Herbert: Look again at the departmental structures.

Chair: Well, that is one answer.

Mrs Spelman: I would do performance management: find out which Departments are systematically holding up other Departments' decisions, and make it more transparent.

Q212 Chair: It is something the Cabinet Office needs to scrutinise and look at, and manage.

Mrs Spelman: It is. The Cabinet Office needs to improve the communication from the centre out, and particularly look at the interactions between the different Departments in order to address where blockages occur.

Q213 Chair: Lord Adonis, you have served in the Cabinet Office?

Lord Adonis: No.

Chair: No, you have not—I beg your pardon.

Lord Adonis: I was a special adviser there, but no, I have not.

Q214 Chair: Do you agree that the Cabinet Office has got a role here that it does not currently fulfil?

Lord Adonis: I think it may have a role. In my experience, it all depends on having very good and able people around. This is why this personnel issue is so important.

Chair: So it is an execution problem?

Lord Adonis: The three groups who should be seriously oiling the wheels day in, day out are Ministers, special advisers—including special advisers in Number 10 and the Treasury, who play a crucial role in this—and permanent secretaries. Where they do work well together and they are of a high calibre, you have a well-functioning machine, and

where they do not, you do not. The Committees cannot be a substitute.

Q215 Mr Reed: We were listening to a couple of very senior civil servants earlier, and now we are listening to former Ministers, and the concerns you have raised are all with the Civil Service. I wonder, too, whether there are areas where Ministers themselves could be performing better. Ministers, like the rest of us, are going to be of variable quality, and to what extent do Ministers have, or are supported to develop, the appropriate leadership skills to lead, win the support of and inspire complex teams of people—complex organisations?

Mrs Spelman: As with all of Parliament, there is no continuous professional development whatsoever. You are shoved in the deep end: if you swim, you swim, and if you sink, you sink. That is just how it is; you have to learn on the job. My experience is the civil servants are very good. They might have been quite surprised when we came into Government. We did not know what was required of Government Ministers; they had to show us exactly what was involved. That is not for want of trying to find out, but there is no interaction between the Civil Service and the Opposition. If parties are in opposition for a long time, you are going to have Government Ministers who do not have much experience of being in government.

That does not mean they are not quick learners. You learn very quickly, and you learn, both through the good things and the bad things, how to do it better. That is inevitably going to happen. I do not know whether this is true in all parties. I know that in opposition we had a sort of performance review procedure for all Members of Parliament; it is good practice. I did this as a Secretary of State: I would review with my junior Ministers, on a six-monthly basis, how they were doing. It was a two-way process: how did they feel I was managing them, and how did they feel they were getting on with the job?

You can introduce relatively light-touch modern management procedures to help support Ministers in their job; that is part of the responsibility of the Secretary of State. You talk to civil servants about how to support Ministers in your Department, particularly if they have big challenging pieces of legislation to take through and they need a bit of unloading or loading—that is just part of good management. I do not think the blockages are there. My experience was very often we would unblock a policy clearance by one-to-one conversation in the margins of Cabinet meetings. It would turn out that it was some misunderstanding down in the system, where, perhaps for historical reasons, the Department had had a certain view about this policy. I would go to Cabinet and say, "I am quite sure I can sort this out with the DECC Minister; after all, we are sister Departments."

Q216 Chair: Your officials should do this.

Mrs Spelman: They try.

Chair: Or they do not try?

Mrs Spelman: I think they do try. First of all, they will try to unblock it, and in the last analysis your

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Secretary of State would be required to unblock it. If the Secretaries of State, by talking to each other, cannot unblock it, they appeal to the Cabinet Office to try to arbitrate how the matter should be resolved.

Q217 Alun Cairns: Mrs Spelman, I want to try to pursue the blockages that you talked about, and the points you talked about, Mr Herbert. At what level of the Civil Service are the blockages, or are they at ministerial level? Do you have any inclination about the motivation behind some of the blockages when they are cross-cutting policies or cross-cutting projects?

Mrs Spelman: They occur at every level.

Alun Cairns: Including ministerial?

Mrs Spelman: The blockages may be quite justified in the sense that one Department wants to bring through a policy that would cost the other Department a lot of money; let us give that example. That is a perfectly legitimate reason for the civil servants in one Department to say to the other, "That would be really difficult to implement; you do not understand the costs attached." If you take BIS, BIS has to take account of what the costs are on business; quite a lot of what an environmental Department wants to do concerns regulation, so you are bound to get those kinds of tussles, and they have to be worked through. Usually, they can be resolved by civil servants talking to each other about finding a way around. If they cannot be resolved at civil-servant level, they come to the ministerial level, probably starting out at junior-ministerial level, to try to resolve it. If it cannot be resolved at that level, then the two Secretaries of State would sit down and try to sort it out.

Q218 Alun Cairns: Mr Herbert, have you got anything to add? Did you see the motivation, as in the examples Mrs Spelman has given, as relating to finance, or were there other areas of motivation?/p>**Nick Herbert:** No, I agree with Andrew. I rarely encountered what I thought was a wilful resistance to what I was asking for, because there was some ideological opposition, although sometimes in Departments there can be a sort of settled view that needs to be challenged. When I first became a Minister, I encountered some teams that were incredibly able and determined to help us get through the reform programme. It was harder where the agenda crossed between the two Departments, because there simply was not the cohesiveness of approach, and, indeed, there was a competition and a lack of desire to work together that made it very difficult to get the process moving at all.

In relation to criminal justice efficiency, it was only when the riots took place and the Prime Minister became interested in the performance of the criminal justice system that there was that impetus from the top to effect a change and the system was required to work together. All of the energy had been dissipated, because there was just this competition and the lack of willingness between the Departments to work together. All the time that was wasted in developing that programme over a couple of years is the kind of

resistance that I am talking about. It is a resistance that is inbuilt in the system.

Q219 Alun Cairns: That competition and lack of willingness to work together, the resistance that was built up, was that to do with finance or was that for other reasons?

Nick Herbert: It is to do with whom people were answering to.

Sir Nick Harvey: I found occasionally, Chairman, that our Department and another Department would be at odds over some issue, and it could have run on for a very long time. Having a meeting with Ministers from both Departments and the critical officials from both Departments around the same table, essentially compelling the officials who had been at odds, perhaps because the Departments had different cultural views of whatever the subject was, would force them to play out the debate in front of the Ministers. The Ministers from the other Department and I would almost invariably instantly see it exactly the same way.

Q220 Alun Cairns: It is personality based?

Sir Nick Harvey: It has a cultural base, I would say. Different Departments look at the world in different ways, but when you forced them to debate it head to head and then gave them a political directive, one or other just had to fall in line.

Chair: That is marvellous: we have solved the problem of cross-departmental working.

Lord Adonis: There is also an issue of getting things moving in a timely fashion. Government is not a business in the sense that there is a bottom line and you have got to report monthly profit figures, and all of that, which is what drives so much of the private sector. In my experience, Whitehall is often at its best in a crisis, because then things have to be done, and they have to be done that day. Where you are not dealing with a crisis, it can always wait until tomorrow, and often not just tomorrow but next week or next month.

One of the things I used to do on submissions was always not simply to give a response but to give a date by when I wanted the response to come back. I learned early on that if you did not do that, suddenly you say, "What happened to that? I asked for some further advice on X and Y; two months have passed and nothing has happened." You were given a load of waffle as to what had happened. The real reason it had not happened is there is not someone who gets up in the morning and says, "By five o'clock today, I am going to achieve X."

It should be, if they are properly trained, standard practice by Civil Service managers to see that this happens. There is a problem in respect of Ministers; part of the problem is partly because of the demands of Parliament, but also the way that Ministers structure their lives. It is important to be self-critical: too many Ministers are essentially part-time. They go off to their constituencies on Thursday lunchtime or evening; they come back, if we are lucky, by Monday lunchtime, and they essentially work a three-day week. I am not saying that they are not working hard;

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they are doing lots of other things, but they are not there managing their Department. Government is like any other activity: unless you are there doing the job, you cannot be surprised if the machine slightly goes AWOL. In my experience, part of the reason the machine goes AWOL is that the Ministers are part-time.

Mrs Spelman: I really must just come in on that. That is fine if you are not a constituency MP. The big difference is, as a constituency MP, if you neglect your electoral base, you will be voted out of office.

Lord Adonis: I do understand that.

Mrs Spelman: I used to have to fight to defend my constituency Fridays, which were seen as fair game in the diary in the Department, because there are things that you cannot visit on Saturday and Sunday: schools and businesses are not open. I used to find that going back to the West Midlands manufacturing heartland used to really ground me, and I used to get ground down by the red box arriving on Saturday morning, which meant eight hours of work: you could have been anywhere, but at least you got that different perspective.

I want to come back on something that Andrew said, because something changed after you were in Government. This inertia you were describing is sought to be addressed by having business plans overseen by the Cabinet Office with timelines. Although it is not a perfect tool, I would like to point out the benefit of this. When we came into Government, because we had formed a coalition, we could not just slap down on the table, "This is what we are going to do by when." It had to be negotiated between two parties, and that meant with the civil servants you were working through a shared agenda. The key question for them was, "By what time do you think we can deliver this? We have to put a date in the business plan." That business plan is reviewed quarterly by the Cabinet Office. You go along with your business plan, and if you have missed your target, you get red flagged and that is made public. The reason for the fretting when other Departments sit on a decision that your Department needs is you are going to miss the target, and you are going to get the black mark for missing the timeline on it because the other Department has not paid attention to your timeline. It is an improvement; it has injected a bit of a sense of the temporal importance of what we are doing. It is not perfect; there are still a lot of missed timelines, but it was an attempt to address that problem you described.

Nick Herbert: I agree that business plans help, but it nevertheless was true that quite often things would be done at the last moment; somebody had spotted that there was a deadline and things would arrive very quickly, and, as Minister, you were required to make an urgent decision. The urgency was not because of the nature of the event—some urgent matter had come up; it was because something had been sent to you at the last moment. I used to be irritated by that, because they were often things that required rather a considered view. The business plans were a help, but there is a management issue about the disciplines internally of getting things done in a timely fashion.

Q221 Lindsay Roy: Nick, you have said that you feel that the Civil Service is no longer fit for purpose, and you have questioned aspects of the quality of the Civil Service. We have heard detailed issues around blockages, around silos, around lack of motivation and around lack of detailed information about the operation of a Department. Can we get back to basics: what are the core tasks Ministers need from the Civil Service and how can they be delivered more effectively?

Nick Herbert: In so far as my comments about the service overall not being fit for purpose, they relate to a number of things, including the skill set. I do not think you have to look at the West Coast Mainline to recognise that there is a skills issue, particularly in relation to the ability to commission, procure and manage these large programmes. That does need to be addressed. I am going to go back to what is around Ministers, and the fact that there is effectively a monopoly of advice that is given to Ministers. One of the frustrations was that it is not possible to go to people who are experts, or to outsiders, other than to ask them for an informal view, because in the end people cannot support a Minister unless they are given privileged access—access to the papers.

The previous Government had more policy advisers around Ministers than we decided to have as Ministers. For some reason, we decided not to have those. I distinguish between those and special advisers. I think that Ministers are relatively unsupported in their ability to drive the system. That is why the system is no longer fit for purpose, because Ministers are too weak in the system, given all the accountability they have. If you look at other similar parliamentary democracies, far more support is given to Ministers, which is drawn partly from the Civil Service, if you look at Australia, for instance, or it is outside experts. Much more is built around Ministers to enable them to drive the system.

Q222 Lindsay Roy: Is one of the core tasks to make contact with specialists outwith the Civil Service?

Nick Herbert: Yes.

Lindsay Roy: To ensure people have the confidence to do that.

Nick Herbert: Yes, yes. We as a Government have made relatively few of those appointments. They were bound up in the overall number that was placed on advisers, or there was an attitude that just said, "We do not want these people." I am told that the system does allow outside advisers to be brought in, although they have to then be employed as civil servants, which may well be a constraint. I would certainly have benefited from having access to policy advisers who were working directly for me, so that I could interrogate the system better. It helps to fill the gaps that Ministers might have in their own knowledge or expertise, but also to bolster the support around Ministers. You can think of some very prominent advisers that have been brought in by previous Governments. I think of David Blunkett, as Education Secretary, bringing in Michael Barber early on. That made an enormous difference in the Department's ability to get things done.

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Q223 Chair: Do the rest of the panel share that view—that, in fact, it is about bolstering your private offices to give you more control over your Departments?

Mrs Spelman: I think there are different ways of doing it. For example, if I take one of the most difficult decisions, which was what to do about bovine TB and badgers, the monopoly-of-advice problem would be a real weakness there, given that the decision is so controversial. We tried this Cabinet Office approach of very intensive stakeholder engagement in the policy elaboration. So before the decision was made, before the policy was decided, we had 23 separate stakeholder meetings, exploring from lots of different people's points of view what would be the solution to the problem.

It certainly gets away from the monopoly of, "You must do this, because this is what it says." It is quite time-consuming, as you can imagine—23 meetings for the Secretary of State—but worthwhile in having more confidence. It does not work very well in the "up against the deadline" scenario—of course it does not—but when it is particularly difficult, attempting to bring people into that interactive policy formation is a good and transparent way of Government working, if you give it the time.

Sir Nick Harvey: There is a problem that consultants have now got a dirty name, and you get tabloid stories about what the Government is spending on consultants in a time of austerity and so on. But that is one obvious way of augmenting the expertise of the Civil Service. The trouble is if you want, as I cited earlier, commercial expertise or you want scientific expertise, or you want subject-matter experts of one sort or another, and you are compelling them to come into the Civil Service, albeit perhaps on an interim basis, and accept Civil Service terms and conditions by comparison with what they may be accustomed to in the private sector, you are making it unnecessarily difficult. Although the idea of boosting private offices with policy advisers may get you some of the way, getting access to genuine experts, and allowing them to get into the heart of the Department to render that advice, is equally rather important.

Q224 Chair: Lord Adonis, this brings us to the West Coast Mainline question. That was an expertise problem, was it not?

Lord Adonis: On Nick's point about consultants, this merits real consideration. While Government needs to be able to call on the best expertise, the routine use of consultants has, to a substantial extent, deprofessionalised the Civil Service. You can reach for McKinsey or whomever, and therefore you do not need to inculcate financial management, project management and other skills in civil servants.

Frankly, we are recruiting the cream. I completely agree with what colleagues have said about the quality of the people who are recruited at 21. The difference is if you compare what happens to them when they are taken on as Civil Service fast-streamers with what happens to them in Boston Consulting Group, in McKinsey or in other organisations that do policy and

management in a serious way, it does not bear comparison at all.

You need to seriously invest in the skills and capacity of civil servants from the moment that they start as fast-streamers, so you do not have this routine search for the consultant who can simply do the job that civil servants are doing. However, you do need to constantly refresh the Civil Service and bring in people who have got real-time experience of, for example, commercial management, which you desperately need.

On the West Coast, because I had difficult problems with rail franchises when I was Secretary of State, I had to cling for dear life to the very small number of senior civil servants I had who had actually been engaged in the management of train companies. These were crucially important people to me, including one in particular who was essentially my commercial director, who had run a train company. He retired shortly after the election; he was not properly replaced. They had the ban on consultants, too, and they had not been bringing people in. They were essentially flying blind in dealing with the West Coast Mainline. That is no way for the state to manage its operations.

Q225 Chair: The corollary of that is the Civil Service is going to have to address the salaries question to attract these sorts of people back to the Civil Service.

Lord Adonis: There is an issue about salaries when you are recruiting people in, but training your existing stock of civil servants very well from the moment they start is not a salary issue.

Q226 Chair: If you train them very well and you second them to the private sector to give them experience, they are going to be more likely to leave.

Lord Adonis: I do not buy that at all. That is a counsel of despair.

Q227 Chair: It is not a counsel of despair; it is reality.

Lord Adonis: You will lose some of them, but you will attract some in. The fact of the matter is that, for the most part, the jobs you do in the Civil Service are 10 times more interesting than the jobs you do outside.

Chair: I am absolutely convinced you are right about that.

Lord Adonis: To argue that we should not invest in properly training them, because they might go elsewhere, is precisely what is wrong with the country at large in terms of training.

Q228 Chair: I am not arguing that, but surely if we train them to a higher proficiency and give them exposure in the private sector so they are more marketable outside, you will not tell me that fewer are going to leave?

Lord Adonis: I certainly would think it is a good thing to start training them properly.

Chair: You are avoiding my question.

Q229 Alun Cairns: I think we are missing the point, because I am trying to reconcile what Lord Adonis has said with what Mrs Spelman said earlier on, in relation to the Thames sewage PFI project, which was a once-in-a-generation model. These PFI and business models will change on an ongoing basis, so it is not merely about upskilling civil servants to deal with today's model. It will be completely different in 10 years' time, when there is a completely different model. I am trying to find a common ground between you that is not there at the moment.

Lord Adonis: There is common ground. You need to train your existing civil servants properly, much better than we do at the moment, and you also need to refresh the Civil Service by bringing in people with relevant frontline experience, whether it be commercial or sectoral. I think these two need to go together.

Q230 Alun Cairns: Is it not far more efficient to employ a consultant, as was suggested by Sir Nick Harvey earlier, to deal with the projects under consideration—be it a West Coast Mainline or be it the Thames project that we talked about—because that is the model that is under consideration, rather than upskilling someone on something today, when in five years' time the model will be very different?

Mrs Spelman: Yes, but you could systematically move people around the Civil Service. We had a ban on consultants, so I do not know what it was like to have any consultants in the Department; we just did not have them. We had to find other solutions. The permanent secretary appointed to DEFRA is the one with the skill of delivering a big project at the Department for Transport. That was my point about having much more of a career development plan for these bright civil servants to move from Department to Department, to gather the expertise, and systematically think, "DEFRA has got this big project coming up. Which of the other Departments are concerned?"

Chair: But it does not work, does it?

Lord Adonis: You have just heard what happened to one of the senior civil servants that should have been managing the West Coast Mainline: they moved Departments. You have just heard the story; this is the problem of what happens across Whitehall the whole time. Somebody who was deeply skilled in managing projects in the DfT suddenly, at a few weeks' notice, goes off to another Department.

Q231 Chair: This point about revolving the civil servants horizontally across Departments actually denudes the service of expertise, does it not? The MoD is in a fortunate position, because that does not happen very much, but other Departments suffer as a result of this career structure.

Mrs Spelman: I think that is far too negative. I saw, with the arrival of the permanent secretary, it was very insightful to hear about the different culture and issues within DfT, and to learn DfT's perspective on Whitehall: it was beneficial. The plundering of Departments for talented people cuts both ways. We lost good people to other Departments. It happens.

What is poor is succession planning. If you have got people in key roles, what is not given thought to is, "If this person leaves tomorrow, who within this Department will take that job on and be up to speed pretty much instantly?" I do not see that happening. There is a big gap. I lost a director of communications, a head of news and a permanent secretary, all through a very, very difficult period for the Department. They go to other Departments.

Q232 Chair: Do you all agree churn is a problem?

Lord Adonis: A huge problem.

Q233 Lindsay Roy: Lord Adonis, did you see a positive difference in the quality and efficiency of the Civil Service between the time you joined the Number 10 Policy Unit and 2010, when you left?

Lord Adonis: I do not think I really noticed any difference at all, no. Do you mean in the calibre of civil servants?

Lindsay Roy: The calibre, the collaboration, the strategic policy development?

Lord Adonis: No. About the same at the end; about the same at the beginning—the same strengths and weaknesses, I would say.

Q234 Lindsay Roy: Why was that?

Lord Adonis: I suppose, being self-critical, we did not do enough to reform it, but equally it did not reform itself. The Civil Service is not very good at reforming itself.

Q235 Chair: Some Ministers have complained about a collapse in the standard of grammar and punctuation in letters?

Lord Adonis: Is that not what the old say about the young from time immemorial?

Q236 Lindsay Roy: Are you saying that there was no robust self-evaluation?

Lord Adonis: No.

Lindsay Roy: There was not?

Lord Adonis: No.

Q237 Lindsay Roy: Is there now?

Lord Adonis: I defer to my colleague.

Mrs Spelman: Evaluation of what?

Lindsay Roy: Performance.

Mrs Spelman: Yes, you are asked. It is 360 degrees, so it is seniors, peers, subordinates.

Lord Adonis: What, for Ministers or for civil servants?

Mrs Spelman: Civil servants.

Q238 Lindsay Roy: Is it robust?

Mrs Spelman: I think the answer to that is it depends how truthful you are prepared to be when you are asked a question about people who work for you—it depends on this willingness. Any 360-degree appraisal depends for its quality on the willingness of the participants to be honest in giving their answers, so you get a true picture all round of this individual's strengths and weaknesses. What I do not see very well is the buttressing of strengths and weaknesses. Having

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identified areas of weakness, I would like to hear a bit more systematically about the backfilling. Again, if we are honest about ourselves, we will know what our own strengths and weaknesses are. There is no systematic support for the areas where you know you could do with more help. It is crazy not to provide that; in the private sector, you would have those areas addressed more effectively.

There is one thing I did want to say.

Chair: Very briefly.

Mrs Spelman: Very briefly. I do enjoy watching the Committee Members all using their iPads. I do think something that would be helpful in terms of modernising the service would be embracing the digital age. A huge amount of paper flows around continuously, and I challenge this paper load, because it can sometimes feel like a device that controls the Minister's day. The boxes arrive at night when you are tired, because it is the end of the Civil Service day, but you are making decisions at a time when you are not at your best. Obviously, I said you could have eight hours' paperwork at the weekend. The Australian Government is digital, and the excuse that we could not do it because of security I do not think addresses the question, because papers get lost.

Q239 Chair: Ministerial submissions have got longer and longer and longer. Do you ever send them back saying, "This is far too long."

Mrs Spelman: I always say, "I will not read more than one page, so make sure it is all on one side of A4."

Chair: Do we agree with that?

Nick Herbert: Yes. I think that the failure to move to the digital age is rather symptomatic. Submissions were sent to my private office by e-mail, within the Department, and then printed off into hard copy. Once they are printed off to heavy hard copy, they have to be moved about; that requires cars, but we did not have cars. Quite often, I would be over in the House of Commons late at night and receive a message to say, "Minister, your box is in your office," by which they meant the office in the Home Office. By some alchemy overnight I was meant to tackle that work.

There was an absurdity in the whole thing of constantly having to move this paper around, only it was not moved around, I found, and that was a big problem. When I asked if it would be possible to work by iPad, which is how everybody works now, I was told that would not be possible, because the Chinese were listening in to my iPad. I do not think the Chinese were terribly interested in police reform, but they apparently were listening in. It would have been possible to have a huge, huge outdated Home Office laptop; I did not want a Home Office laptop; I wanted to work on an iPad that I could carry around. The clunkiness of the system is deeply revealing.

Q240 Mr Reed: There is just as much here; you just cannot see it piling up, which is one of the problems. You variously expressed frustration with the ways that different Departments fail to co-ordinate. Is it your view that the federal system of individual Departments cannot be made to work effectively and

do we need something different, like a stronger centre or a move to a project-management approach?

Nick Herbert: I certainly think we should investigate the project management approach, because some of the biggest challenges that face us in terms of societal problems are long-term problems that will need to be addressed by action across those Departments; they do not fall neatly into Departments. I fear that, as long as you have these silos, they will not be addressed very effectively.

Whether it is looking at a range of different solutions, whether it is that Ministers work together rather than in their own Department, and so you have the sense that Ministers cross-cut more, or whether it is on the New Zealand-type model, where Departments are contracted to Ministers, and they all physically work together, it is worth exploring those different options, because the silo system is a big contributor to the problem of short-termism.

Lord Adonis: I am not much into machinery of Government changes. In my experience they are a massive, time-wasting distraction and there is nothing that the Civil Service machine likes more than devising new structures. I have been party to many of them in my time, and I cannot think of a single machinery of Government change that I have been a party to that has improved the operation of the machine, whereas every single one of them has been hugely draining of time and energy.

The Civil Service and, indeed, Ministers, to be fair, when you have got a Government lasting more than one term, particularly like doing them at the beginning of a new term, because this is when you get your shiny new Departments and your shiny new interdepartmental taskforce, or whatever it is called, working. That wastes a colossal amount of time at the point at which you have most capacity to act, which is immediately after an election. The best thing this Government did at the beginning of this term, which the coalition obliged, was not engage in a great game of departmental reorganisation. They then rapidly wasted that continuity they could have had: all of the senior civil servants then went and retired or moved anyway, so you had this massive change of permanent secretaries.

By not engaging in this great game of musical chairs, you have the opportunity for continuity and drive. Steve, you know only too well from local government that, as soon as you engage in a great game of local government reorganisation and merging councils and all of that, basically nothing happens until it is completed. It is exactly the same in Government.

Nick Herbert: That is implying that all I am arguing for is a merge of Departments, and so on, and I agree about that; I think there was too much of that under the previous Government. I am talking about a rather more fundamental restructuring of accountabilities and so on. Just to say that it is not possible because it is disruptive in the short term is not to investigate properly whether we need a different system.

Q241 Mr Reed: Andrew, earlier on you made an interesting comment I thought: that there is little understanding of the viewpoint of the citizen. Do you

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not see any fault in that that can be laid on the nature of siloed, top-down delivery structures?

Lord Adonis: If you are saying: do we centralise too much; is our system of Government too centralised? Yes. Clearly that is a big issue. You have got decisions on the Western bypass in Newcastle taken in London by the Department for Transport. That is not a great starting point for being responsive to the front line. However, even with our current system it is perfectly possible for civil servants, if they are properly managed and trained, to have much better experience—and for it to be part of their routine training and the way that their careers are developed and so on—and more intense experience of the world outside Whitehall than they have at the moment.

Q242 Mr Reed: Could we hear what the other two Members think about this?

Mrs Spelman: Something that is incredibly important to ensuring that the civil servants at the centre stay connected is to bring them together with the stakeholders on a regular basis, and then ask the stakeholders how they find the relationship with the Department. DEFRA systematically does that. It has a lot of very big stakeholders, like the National Trust, the RSPB, the Wildlife Trust—loads of people that they represent—and being forced to meet with them on a regular basis does help you stay attuned to what people outside the Civil Service are thinking, and then face up to their appraisal of you.

What is interesting is stakeholders said they felt well listened to by DEFRA, but not very well listened to by other Departments. I dug into this a bit, and an interesting fact emerges—that our stakeholders were being fobbed off by other Departments. They would say, “Your sponsoring Department is DEFRA; we do not need to engage with you.” I said to our stakeholders, “Do not take that. You go back into BIS and say, ‘We really must talk to you about the implications of this regulatory change.’ Go and talk to DCLG and say, ‘The planning reform has a huge impact on the landscape scale management of the countryside.’ The silo mentality is not mirrored by this Department. These are these Department stakeholders; there does not need to be any other engagement.” You need to break that up a bit.

Q243 Mr Reed: Did that lead you to conclude that the siloed nature of individual Departments can be managed better, or that it needs to be removed and replaced with a different structure?

Mrs Spelman: I am not a fan of machinery of Government change either, because most reorganisations never save money and cause massive disruption. Funnily enough, things were very often unblocked when real human beings with accountability met with the others with real accountability, and sorted it out. If you could replicate the opportunities that Ministers have to unblock blockages more effectively at the civil servant level, it might get the decisions flowing a little bit better between Departments.

Sir Nick Harvey: I share the instinct of Andrew that wholesale change of the architecture of Whitehall

would not really help here. There are problems with the silo system, but I fear that if we opted for something else radically different and completely unfamiliar, we might descend into complete chaos. We are far too centralised; I agree with Andrew on that. Quite often, politicians are able to bang heads together and make things happen. I would like to see the Civil Service’s relationship with Parliament changed, loosened and opened up.

I remember when I was working in the City I was very accustomed to looking in the Civil Service Year Book, finding out who the civil servant responsible for something was, picking the phone up and having a chat with them. When I arrived in Parliament, I discovered that you could not do this; they could see that the telephone you were ringing on was in the Department, so I would have to go back to my flat and pretend to be a postgraduate research student in order to find anything out. We really do need to try to break some of that down, and that would be helpful in casting light in from the outside world and helping stakeholders of the sort that Caroline is talking about find their way in as well.

Q244 Kelvin Hopkins: You have talked a lot about decisions being blocked, but the Minister of the Cabinet Office has been much blunter; you have been very polite about it. He says that previous Governments and the present Government have experienced their decisions being blocked by permanent secretaries—just blocked. Has this happened to you? Caroline Spelman said that there was always a way of negotiating your way through these things, but have things been blocked by civil servants?

Lord Adonis: I never faced a situation where something I was seeking to do was blocked by a permanent secretary, no.

Q245 Kelvin Hopkins: Did civil servants always have the opportunity to put to you—I am sure you are reasonable people—a view that was contrary, or to say they thought you were making a mistake.

Mrs Spelman: Yes, constructive challenge. Yes, really important.

Kelvin Hopkins: To put it as an extreme case, speaking truth to power. Sometimes Ministers get a bee in their bonnet and it is actually wrong, and the civil servant has to say, “I am sorry, Minister, but you have got this wrong.” Did you have that kind of relationship?

Mrs Spelman: Yes.

Q246 Kelvin Hopkins: That is good. It strikes me that one of the problems that has happened with the disappearance of all these skilled people is that, in an era of serious cuts in staffing, the people who are most likely to leave are the senior people: early retirement, big pension, they can go and get a job in the private sector. The most able and experienced people will leave, and you finish up with more junior people, less experienced people and people brought in from other Departments, who cannot do the job, and West Coast Mainline is an example.

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Mrs Spelman: Obviously, you can block people going; you can block them taking voluntary redundancy. If you do not want to lose good people, you can prevent them from availing themselves of that. We did not have a great deal of it that I was aware of at DEFRA, because prudently the previous permanent secretary had frozen all the vacancies for 18 months before the change of Government, so it allowed them to manage the change, if you like. It did not happen in all Departments, but it meant that when you had to bring through the savings on running costs, which inevitably involve some savings in jobs, they had a greater degree of control over it.

As the Secretary of State, because you do not have line management responsibility for the people who work for you, the detail of who was going from where and what impact that might have did not come to me, which I found a bit frustrating. It is a very strange experience to go into a Department and be in charge, but not be in charge of the people who work for you: that is a very odd feeling. All of us as Ministers found that strange. We wanted to know more about what the impact was going to be on staff changes; we were very conscious that it was likely to hit morale. We wanted to counteract negativity by speaking to affected departments within the Department, so that we could try to provide constructive, positive leadership as the Ministers of the Department. You are held out of those day-to-day decisions.

Q247 Kelvin Hopkins: There is a question about the morale of civil servants as well; I do not know how that has changed over the years. Given that we have had successive Governments who do not essentially believe in the state and want to privatise everything, get everything out into another sector and minimise the role of the state, civil servants must feel that they are no longer trusted, and so on. When you privatise things, when you give things to PFI schemes that cost vast sums of money, the ability to manage those schemes is much reduced. In the past, they would have been within public sector organisations, which had a degree of accountability to Parliament—public corporations, for example. You mentioned the water project, which has apparently quadrupled in cost.

Mrs Spelman: We are going to have a different point of view, because of the ideological stance that we take.

Q248 Kelvin Hopkins: It is pragmatic; the fact is public money has been wasted.

Mrs Spelman: Whether it affects morale is an interesting question. There is a very clear view, and has been for some time, that the size of the state should shrink, and that quite often the private sector provides a service more efficiently and effectively than the state could. That is not a new argument. I do not think it is that that impinges on civil servants' morale. I think their morale is affected in a number of ways, including obviously by pay and remuneration. If you cannot pay them more, and if you cannot promote them, that is going to affect their morale. Also, very importantly, there is the public acknowledgement Ministers can give to the good job

that they have done. I always said to my junior Ministers, "Do not forget to publicly praise the civil servants for the good things they have done, because we cannot pay them a great deal more at the moment and we cannot easily promote them, and to acknowledge when they have come up with a very good idea." The Flood Defence Partnership Scheme, which DEFRA introduced, was entirely the idea of the civil servants who run that section of the Department; it is a very good idea that stretches resources.

I do not know for sure, but I imagine that Ministers publicly pointing out that it came from the Civil Service is the kind of thing that lifts morale. Ministers need to look to praise the positive in public and be careful about criticising the negative in public. In leadership, if you are running an organisation and you blame the work force, you will find you hit the morale pretty hard.

Q249 Kelvin Hopkins: A final point is that there is a difference in the public sector and the private sector: it has been described as being four-dimensional rather than three-dimensional. The key is that they are driven by something else, called the public service ethos, while in the private sector you are not; you essentially are interested in the bottom line—making money. We have seen a situation where private-sector companies taking over what was previously done by the public sector are filling their boots at public expense. Civil servants are feeling, "If it was in the public sector, we would do it differently; we would do it in a more moral way," if you like.

Mrs Spelman: I have a nuance on that completely. To assume that everyone who works in the private sector is only doing it for the money impoverishes the job in turn.

Q250 Kelvin Hopkins: I am not blaming them, because that is their job.

Mrs Spelman: If you were in the private sector running a water company, you are motivated by providing a clean, safe and affordable water supply, and innovating. In the public sector, in the Civil Service, there is very clear evidence that people coming to work in the Civil Service come to work in the knowledge that they may not be as highly remunerated, but they come to work to serve their country knowing that their job is likely to be very interesting. Andrew said it was 10 times more interesting than the private sector; it depends on the job. It is acknowledging that public sector ethos is alive and well today, but there are significant things that need to change to make sure bright, capable young people continue to feel motivated to come into the Civil Service and have rewarding careers within it.

Q251 Chair: We have talked a bit about accountability already; Sir Nick described the business of trying to make civil servants more accountable. Do we think that the Armstrong memorandum is now out of date? Did it ever reflect the Haldane report, which suggested that civil servants should be accountable to Parliament through Select Committees? Do we have views on this?

Lord Adonis: They sort of are—are they not?—in that it is unusual for senior civil servants not to appear when they are asked to. I know there was this cause célèbre about the HMRC two years ago, and whether or not the head was going to appear, because the Minister did not want them to appear and all that. That looks, to me, to be the exception rather than the rule. The rule seems to be that senior civil servants do appear when they are asked to do so. The question is whether you need to formalise that so you give Select Committees a right to require senior civil servants who have clear responsibility for managing particular services to appear before them.

Q252 Chair: The question is: what are they obliged to say in front of a Select Committee? Are they the alter ego of the Minister, and they only give the line to take, or are they obliged to put on the table matters of fact and administration that might be inconvenient politically to the Minister to whom the Civil Service is responsible?

Lord Adonis: You can only have one Government at a time in terms of its accountability to Parliament.

Chair: Yes, but there can only be one set of facts.

Lord Adonis: This is the issue you come up against. If you are inviting senior civil servants to give their full and frank views where they are at variance with Government policy—

Q253 Chair: I am not asking them to give their political opinions or give their personal prejudices about Government policies, but we are requiring them to give the facts.

Lord Adonis: They should clearly give the facts, yes.

Q254 Chair: Sometimes, civil servants prevaricate about facts, because they know they are not in the line to take. That is not acceptable, is it?

Lord Adonis: They should clearly give facts, but their interpretation of facts and where they think that leads in policy terms clearly has to be constrained, to a greater or lesser extent, by what the Government is doing.

Mrs Spelman: It is very difficult; the reason I am struggling to answer is I am trying to think of an instance. I know that my former permanent secretary had to go and give evidence in front of a Select Committee about the RPA handling, and really all the handling of that IT system predated my arrival in the Department, so it made perfect sense. When we faced the inquisition of the Select Committee together—and that was more on the current issues that I had been involved in—I had a sense that we went into bat together, absolutely.

It is actually a very tough experience to face the bullets flying at you, especially over a difficult decision or something that has not gone well. That is why it is so important the Secretary of State has a say in who the permanent secretary will be, because when you go into bat together, you have got to be able to rely on each other in that situation. You need to give an honest account of what happened, but you are speaking for the Department together, because you took the decisions together.

Q255 Mr Reed: Caroline, you talked about Departmental boards?

Mrs Spelman: Supervisory boards?

Mr Reed: Yes.

Mrs Spelman: Yes, ours worked rather well.

Mr Reed: Yes, and the role that they played in the strategic working of your Department. Could you comment on the contribution that you feel they made?

Chair: Can I just say thank you to Mr Herbert, who has to leave for another appointment? We are just winding up.

Mrs Spelman: It took us a little while to work out how to make best use of the Supervisory Boards, because the Department previously had management board meetings, which were Ministers and managers together working through: it is how we got to the CSR money and so on. The supervisory boards introduced the non-executive directors to it, and they are supposed to provide a bit more of that constructive challenge within the Department.

First of all, you need good non-executive directors on it, with the skill-sets that are going to be complementary. Despite it being a buyers' market in terms of public appointments, it sometimes can be quite hard to find good people, especially good people on IT; those are very hard to find. IT projects bedevil Government, as we know. We managed to find one of those.

We discovered the best way to get the constructive challenge was to take a deep dive on a policy issue on each one of these supervisory board meetings, and the external input was really good on those occasions. It requires a degree of openness, because you are showing to these external people some of the things that perhaps are not going so well, to take their advice on a matter. In principle, supervisory boards, certainly at DEFRA, proved their worth. They were hard to get going in the beginning, but once we got it going it provided an additional dimension.

Q256 Mr Reed: What was your role on the board?

Mrs Spelman: I chaired it.

Mr Reed: You chaired it?

Mrs Spelman: Absolutely.

Mr Reed: You were always there.

Mrs Spelman: I always chaired it.

Q257 Chair: Did your junior Ministers attend?

Mrs Spelman: Absolutely. We took it seriously, because if you are going to make something work, you have got to make it work. We met every two months; the frequency was about right, and the best thing of all, just before I left, was we had a really systematic full away day: a full eight-hour meeting. There was really great candour about the Department's strengths and weaknesses. The reason why that happens is that it takes time for people to trust each other to say in public what is not so good. Until you can get to that point, it gets much harder to tackle the things that are not so good. I felt, in a funny sort of way, civil servants really enjoyed it, because there was an honesty, but in a supportive atmosphere, about what we really needed to improve.

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Sir Nick Harvey: I thought the defence board really worked very well. It was chaired by the Defence Secretary; there were two Ministers, the Defence Secretary and me; three officials, the permanent secretary, the finance director and the Chief of Defence Matériel; the Chief of Defence Staff; the Vice-Chief of the Defence Staff; and three external non-executive directors. It was kept small deliberately to make debates manageable. It met monthly, which gave the Department a very good drumbeat. It agreed a schedule of subjects for up to a year in advance, so everybody knew that they were working up a paper by the May defence board on whatever the subject was. The external assistance brought by the non-executives was of a very high value.

The other junior Ministers were peeved not to be there, and had I not been there I would have been peeved, too, but if you had had six of us there, it would have altered the balance of the board very significantly. It was a marked improvement on the previous board, which was chaired by the permanent secretary and had no Ministers on it; it became very much the premier decision-making body of the Department.

Lord Adonis: I entirely agree with that. In my day, we had a board. I never attended it. I was never invited to attend it, even though I was Secretary of State, and I had no idea who the Department's non-executive directors were, although there were some non-executive-directors. This is clearly no way to run an outfit. Having the Secretary of State chairing the board, having a direct relationship with the non-execs, is important in terms of developing really serious views on how the Department is doing for people who are not absolutely in the day-to-day management of it. It is a good and positive thing. I think this is a very worthwhile reform and it should be continued.

Q258 Mr Reed: It is interesting to contrast the very positive way that you are speaking about these boards

with some of the very negative comments we had from some of the people who had served as non-executive directors, who found the operation of them and the nature of the business plans bore very little resemblance to their experience outside Government.

Mrs Spelman: They are still comparatively new. They have been up and running two years, I should think. A lot depends on whether people want to make it work or not, so it depends on whether you are talking to the people who want to make it work or the ones who are not so keen on making it work. I would read it through that prism. The advantages are over time that you build up a really good source of good counsel and expertise. If you stop and think about various innovations the Cabinet Office have made, you have to say they have brought in some positive changes to improve the working of Government, and they deserve the credit for that.

Lord Adonis: Have you called Lord Browne of Madingley, because he is the senior non-executive director, and he clearly has played a key role in this? Both of these propositions can be true: there has been a big improvement in terms of how Ministers see them, but there are still big weaknesses that non-execs have identified.

Mr Reed: I suspect that is the conclusion we may well draw. Thank you very much.

Chair: Thank you very much indeed. We have had a very, very intensive and full session, and your four perspectives have been very, very interesting, and there is a remarkable degree of unanimity on some of the issues. Thank you very much indeed for your time. If you have any further comments you wish to add in retrospect, please do send them in in writing and we will take those as evidence. Thank you very much indeed.

Tuesday 12 February 2013

Members present:

Mr Bernard Jenkin (Chair)

Paul Flynn
Robert Halfon
Kelvin Hopkins
Greg Mulholland

Priti Patel
Mr Steve Reed
Lindsay Roy

Examination of Witness

Witness: **Lord Browne of Madingley**, Government's Lead Non-Executive Director, gave evidence.

Q259 Chair: May I welcome our witness to this session about the future of the Civil Service? Could I ask you to identify yourself for the record please?

Lord Browne of Madingley: Certainly. I am John Browne, a cross-bench member of the House of Lords and the Government's lead independent director.

Q260 Chair: You will recall that you gave the non-executive directors two out of 10 last time we saw you—a few months ago. Are you ready to revise the score yet?

Lord Browne of Madingley: Yes, I am. Four or a bit more than four would be a good score at the moment, but it is contingent upon reading the evaluations of the boards. This would be a second round of evaluations, which are not yet in. I would give it four to five on the basis of anecdote and experience, but I would like to see the actual evaluations come in before I finalise my score.

Q261 Chair: Lord Heseltine in his evidence to us in December questioned whether the non-executive directors have enough secretarial backup in order to be able to do their job effectively. Do you share that analysis?

Lord Browne of Madingley: First of all, the non-executive directors are doing pretty well exactly what was described in the Governance Code established when they were set up. That included having a board secretariat. The board secretariats are improving; there was very little activity in that area and I reported on that in my first report in the first year. It appears to have got better. The board secretariats have training and they are much more focused on servicing the non-executive directors with matters that come in front of the boards.

Q262 Chair: When you say a board secretariat, is that a central secretariat in the Cabinet Office?

Lord Browne of Madingley: No, each Department has its own.

Q263 Chair: Do you think there is sufficient understanding in the Cabinet Office and around Government that the non-executive directors do have a crucial role in the process of governance of the Civil Service and governance not just of mentoring Departments but of the governance process?

Lord Browne of Madingley: It is impossible to give a direct and clear answer. I would say the following: first, I do think what the non-executive directors are

doing is proscribed and prescribed by the Governance Code set up in 2010. It made it pretty clear that non-executives were, when you boil down all the words, effectively advisory and they worked, in effect, at the grace and favour—maybe that is too strong a word—of the Secretary of State of each Department, who was the chairman of the board. Without the goodwill of the Secretary of State primarily, I think the non-executive's role would be heavily diminished. That is very important to remember. There has been no mission creep or re-definition of the non-executive directors, other than that which is in the Governance Code. That is really quite important to note.

Q264 Chair: That is very interesting because there are clearly some parts of Government that feel that the non-executive directors—and it may be a feeling this Committee is developing as well—are part of the corporate leadership of Government. Therefore, they are intended to try to convey the collective agenda of Government through this federalised system of Government Departments. Otherwise they are just private mentors of Government Departments all doing their own thing, contributing to the fragmentation rather than the collective effort.

Lord Browne of Madingley: There are several points. First of all, I am going to come back to what is actually written on the piece of paper that describes what they do. That is the Governance Code. That is quite important to remember. The quality of the non-executive says that their sheer force of personality gives them presence, influence and probably more authority just by being there than would otherwise be the case for a normal adviser. You could say that they are just people who advise—private advisers—but they are more than that. They do actually sit on these boards when the boards work; they advise the Department, the Secretary of State and the Permanent Secretary; and they challenge what they see to the extent they are permitted to do so. Many people have said they would like to look at different rules and different powers for the non-executives, but until those are changed the non-executives are very much controlled by the existing document that governs their powers.

Q265 Chair: I think we are at cross-purposes, Lord Browne. I am not suggesting that they should have different powers. All I am suggesting is that they should have collective understanding of what, for example, is in the Civil Service reform plan. They

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should be helping it to be implemented rather than just have an agenda set by their own Departments.

Lord Browne of Madingley: The non-executives do actually work cross-Government. We meet the non-executive directors as a whole in conference several times a year. We also meet in conference as a set of lead non-executive directors several times a year to share best practice and to understand what is going on. That is important. Secondly, the non-executive directors have been invited—and they have accepted—to sit on the various committees and sub-committees that are involved in the Civil Service reform programme, which in itself is based on the five themes I reported in my first report to you.

Q266 Chair: How many of your non-executives do you think are happy and how many do you think are not very happy?

Lord Browne of Madingley: Happiness is probably the wrong description for any director doing anything. Whether they think they are doing what they were asked to do and whether they are achieving under the rules of the Governance Code, most of them would say they are getting something done and they think it is fulfilling. The reason I say that is so far we have only lost four non-executive directors. One retired because he had far too much to do. The other one was involved in an internal Barclays bank inquiry. The third, who was on the DCMS board, became the Chairman of the Arts Council, so that would have been a rather difficult conflict to have had. The fourth, in the Department for Education, became a Minister and went to the House of Lords, so he could not stay there either. We lost four for very good reasons¹.

Q267 Chair: Out of how many?

Lord Browne of Madingley: Out of 60. We are also now looking at refreshing and renewing the appointments of non-executives because their three-year terms are about to come up. We obviously cannot replace all of them; we will extend some; we are in discussion with Secretaries of State to see how to handle upcoming vacancies.

Q268 Chair: Would it surprise you to learn that we have picked up a fair amount of frustration amongst non-executive directors, some of whom feel a little bit lost and a little bit pointless and are wondering what they are really expected to achieve?

Lord Browne of Madingley: It does not surprise me at all, but on the other hand it is very difficult to debate anecdote. That is why I want to come back and say I think we need to debate the results of the board evaluation when we have that in hand later this year. That will give us a much better view of what the broad balance of people are thinking. I am absolutely sure that any collection of people will certainly have a good chunk of people who say it is not working, a good chunk of people who say that it is working superbly, and other people in the middle who say it is working according to the circumstances of what they

came in to do. I would like to see the board evaluations.

Q269 Chair: Do you think the frustration reflects the fact that the Government itself is not very clear about the direction of the Civil Service and the direction of the reorganisation of Government? Is the confusion coming from higher up?

Lord Browne of Madingley: When I spoke to you last time, I said that one of the things that the non-executive directors found very frustrating was the lack of clarity on priorities. That is still the case.

Q270 Chair: Are you able to have some input to represent that view, and how do you represent that view into the Cabinet Office and the Civil Service reform plan?

Lord Browne of Madingley: Very much so. Various it depends on which Department it is. I see and hear that non-executives are still trying to push very hard for clarity, for reduced agendas, for getting things done and for getting the right people in the right places to get things done. On Civil Service reform, again, my colleagues are making their best efforts to keep pushing for clarity. If I may, it is clarity about a few things being done very well and, in particular, when those things are defined, the associated work programme is of sufficient detail and granularity to be able to hold people to account. We find that is still not the case.

Q271 Paul Flynn: When you gave evidence to us last summer, you spoke of the frustration of non-executive board members at the poor attendance of Ministers. Caroline Spelman told us that her Ministers had very good attendance, but Nick Harvey said there was only one Minister in addition to the Secretary of State who was allowed to attend their management meetings. Is this sensible? Shouldn't all the junior Ministers attend the management meetings or be allowed to? The excuse given was it was more manageable with a smaller team, which is a strong argument for having a committee of one.

Lord Browne of Madingley: Every style is possible of course, but I think, again, the original design for the boards was that the Secretary of State and quite a few junior Ministers would attend the boards. They did not. The attendance of junior Ministers, as I put in my last report, was poor. I then wrote to say this really needs to change and it has been changing. I will not know whether it has changed across the board until I have seen the results of the second board survey.

Q272 Paul Flynn: The information from Nick Harvey is that the other junior Ministers apart from one were not members of that committee, so they could not possibly attend. Does this make sense? The junior Ministers have to take all the flak in the House; shouldn't they be part of the decision-making process?

Lord Browne of Madingley: I would expect so, but I would need to look at the reasons why someone has made this decision. Again, originally it was to have a broad-based representation of the political representatives, i.e. the Secretary of State and the

¹ Note from witness: The total figure is in fact 7 as Doreen Langston (former DFID), Stewart Gilliland (former CLG) and Hanif Lalani (former DfT) stepped down before the end of their contracts for personal reasons.

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Ministers, the officials—the Permanent Secretary and other senior officials—and then the non-executives. The original thought was one-third/one-third/one-third on the board just to keep the balance of everyone together.

Q273 Paul Flynn: Could you give us an illustration of the different decisions by the management board and by the ministerial team? For example, where would the decision on something like the recent invasion of Mali have come about? Was it considered by the board or by the ministerial team?

Lord Browne of Madingley: I have absolutely no idea, I am afraid. I just do not know how that would be considered in the Foreign Office.

Q274 Paul Flynn: Can you give us a general idea what is considered by the board and what is considered by the ministerial team? Where does the line go down?

Lord Browne of Madingley: The board looks at a programme of decisions that are the implementation of strategy. It also therefore looks at the strategy to see whether it can be implemented. These are strategies that mandate the Government to do certain things. What it does not do is change the mandate of the Government, obviously. It is directed by the most important things that the Government has said it is going to do. They are all reflected in the business plans or the plans for each Department, and so that is a rolling agenda through the board.

Very importantly, the risk committee looks at the risks associated with the implementation of Government policy, and that is variously successful. Obviously in some places it has not been successful because the wrong things have been referred to these committees. The committees are very much in the hands of the Secretaries of State.

Q275 Paul Flynn: We have heard a lot of evidence of the miserable lives of junior Ministers and how senior Ministers run around trying to make some work for them to do to give them the appearance of having some purpose in their lives. It was illustrated in Chris Mullin's book when he was a junior Minister. Just because they are not members of their boards, it will add further to their insignificance.

Lord Browne of Madingley: I have never been a Minister. I do not know what it is like being a junior Minister. What I can comment on is my own experience in corporate life: it is really important to incorporate into a meeting everyone who has part of a decision. Actually great decision-making starts with having great meetings—meetings where everyone associated with both making the decision and taking it away are there and heard.

Q276 Paul Flynn: When was a recent golden age of decision-making that you could draw our attention to so we can admire it?

Lord Browne of Madingley: Where? In anywhere?

Q277 Paul Flynn: In recent Governments. I have been here for 25 years; tell me what the glorious moments were when wonderful decisions were taken.

Lord Browne of Madingley: That I do not know.

Paul Flynn: They have somehow missed me.

Chair: The assassination of Julius Caesar.

Paul Flynn: That is even before my time. Taking only the last 25 years, when was this?

Lord Browne of Madingley: I have taken a reinterpretation after seeing the new version at the Donmar. The answer is I do not know. I am not a historian of government, so I cannot comment on that.

Q278 Paul Flynn: You just mentioned these glories of decisions where wonderful, pristine and perfect decisions are taken in some never-never land you have just been describing to us. We are agog to find out when it was.

Lord Browne of Madingley: It is not in government. It is in my experience of corporate life. Remember, I am not a Government servant.

Paul Flynn: Thank you.

Chair: Mr Flynn is our resident cynic. Every Committee needs one.

Lord Browne of Madingley: I would say that there are many books written on great decision-making in corporate life, and also some bad decisions.

Chair: You are very welcome to send us a reading list.

Q279 Lindsay Roy: Lord Browne, recently there have been several high-profile cases about competence issues in the Civil Service, and Mr Hopkins will pursue the west coast main line later on. How pervasive are these issues of competence?

Lord Browne of Madingley: What is being asked of the Civil Service is obviously different from what has been asked in the past. There are big gaps in competence and skill in certain areas. For example, the leadership of major projects is clearly a gap that needs to be filled, so one action that the non-executive directors did take was to establish this long-term—and I do stress that it is not going to be overnight—training for major projects leadership with Oxford University. All senior responsible officers are going through that, and it would be wonderful if we could, for example, say no one could run a project unless they had been through that.

A second area is commercial skills across the board. There is a big lack and they have to be of a very high quality, because any company will have people who have spent their entire life honing their skills of negotiation. If you put those people against a civil servant who only does this as a part-time job, I think you know what the answer is going to be. We have to upgrade the skills there. I pick these two as examples because I think they are really quite important.

The role of Government as a commissioning agent that contracts things means that the skills of contracting, procurement and commercial activity need to be much more honed. There is activity. I am very pleased to see in the Civil Service reform a whole strand to re-skill the Civil Service. That is important. Then there is Lord Heseltine's view that we need to get more people in from the outside world on secondment as well as on permanent employment. That would help to expand the quality of what happens.

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Q280 Lindsay Roy: The Prime Minister has lauded the world-beating talents of the Civil Service, but he has also spoken about a changing culture. You have given us two examples; are there any others you would like to give us?

Lord Browne of Madingley: Those are the two that are front of mind in my view.

Q281 Lindsay Roy: How do we gauge the effectiveness of this programme of leadership training and commercial activity?

Lord Browne of Madingley: First of all, it will take time. I do not think any of this can happen in a two or three-year timescale; it is a five to 10-year timescale. It requires change in quite a lot of people. You should be able to see it not by how many people have gone through a programme, but whether the projects are done better, whether procurement is done more effectively and whether in retrospect the deals are better. Those sorts of things are the ultimate test.

Q282 Lindsay Roy: Is there a set of criteria already in place against which to gauge effectiveness?

Lord Browne of Madingley: No. As I replied to the Chairman, I think the targeting of reform still requires more work on granular targets. Maybe that is an ugly way of putting it—more detail. As I am sure everybody knows, the best way to get anything done is to keep constant as many things as possible, focus on the one thing you need to change, be incredibly clear about what it is you want to have done, put some measurement behind it, and keep measuring and going back and saying, “How are you doing?” It seems to me that the next step of Civil Service reform is to put those detailed targets in place.

Q283 Lindsay Roy: So as non-executive directors, have you been pushing for that?

Lord Browne of Madingley: We will push as much as we can and see how far we can take it.

Q284 Priti Patel: Lord Browne, I want to question you about trust, in particular, and non-executives, but in response to Mr Roy you have mentioned several things, including leadership, competence and skills, and granular targets and delivery. To what extent is the whole concept of vision essential to that as well? Targets and delivery can be part of the process of the Civil Service, but are we ambitious enough in having a solid, very clearly defined vision in terms of how the Civil Service should function and what it should be achieving? Then obviously processes would just follow automatically.

Lord Browne of Madingley: I am reluctant to use the word “vision”, but I think a purpose has been outlined in the various sets of speeches and so forth about what it is that is expected of the Civil Service. The thing that I have observed is that it is not repeated enough times. The most important thing about having a purpose or a vision is for everybody to understand it. Again, in my experience you cannot repeat it enough.

Q285 Chair: Do you mean the word “strategy”?

Lord Browne of Madingley: Strategy is probably the next level down, which is actually getting it bolted

down into actionable pieces. I do not like the word “vision”.

Chair: Mission.

Lord Browne of Madingley: A mission or a purpose might be to have a Civil Service that is this big, doing these things at this level of competence, measured by something.

Q286 Priti Patel: Just to follow on from that, do you feel that is because there is a lack of corporate experience within the Civil Service? You will know from your own background and experience—having a mission, a vision or a defined objective, when you are accountable to shareholders and wider public, with targets, etc—it is more deliverable within that framework. There is an intrinsic understanding within the corporate world compared with the Civil Service. Do you think it is because of that lack of experience?

Lord Browne of Madingley: Partly. Of course, there was a big debate about Government being so different from any other experience in the entire world that nothing was relevant to Government administration. That cannot be right, but equally Government administration is not business. It is absolutely not business and the ultimate test, of course, is there is only one Department that has any revenue, which is the Treasury—HMRC. Everybody else has costs, and you would not normally find that in business.

There are many other things about flexibility, broader scope and what have you, but there are many things that could be learnt from activities all over the world in the corporate area. One of those is to set a very clear mission or a clear purpose and to not vary it. To get the very best performance out of anybody, there is a limit to the number of things you can change simultaneously. If you de-stabilise too many things, it means people cannot focus on one or two things, and most people cannot do more than one or two things at once; it is very difficult.

Q287 Lindsay Roy: Would you agree that mission, strategy and implementation plans are the easy bit? It is the corporate approach and tenacity to achieving them that are absolutely critical to success.

Lord Browne of Madingley: The purpose bit, at least, when it is done is very easy, but you have to be clear about it. If I may, my observation with so many people is that they get bored with the purpose and they want to keep changing it. You must not do that; you need to stick with the purpose even if you are bored with it because you would de-stabilise too many people too quickly. That is important. Then with the right care, you can make it a very actionable plan. There is plenty of learning that allows you to take a purpose and then make it into a set of actionable plans.

Q288 Lindsay Roy: But it does require that tenacity to see it through.

Lord Browne of Madingley: Absolutely.

Q289 Priti Patel: In your evidence last July, you said that non-executive directors could improve trust between Ministers and civil servants by acting as a bridge between the two. In light of some of the very public concerns that have been raised about officials

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blocking decisions and tension in the relationship between officials and Ministers, what role have non-executives in your view played in improving the relationships?

Lord Browne of Madingley: The answer is I cannot answer directly because I do not have evidence in front of me that says, “These are the 10 things that people have done.” However, my impression is that non-executives, and in particular lead non-executives, have the trust of both the Secretary of State and the Permanent Secretary in many Departments. I listen to what they say, and that is simply based on the anecdotes that I hear. I think that is quite important. I do not know where all these stories came from, but I do think that the non-executives help in this area. They cannot be the magic bullet that makes everything perfect, but lead non-executive directors can be a place where both sides can say something and it can go nowhere else.

Q290 Chair: This trust problem between Ministers and civil servants is pretty urgent. Don’t you feel involved with it and don’t you want to make sure that your non-executives are engaged with it?

Lord Browne of Madingley: We are all engaged with it. We have no power to make it better, and so rather than frustrate ourselves by trying to do things outside our powers, we just observe it. It is very good: when teams work together, they work well; when they work against each other, they do not work well.

Q291 Kelvin Hopkins: The review of the west coast main line rail franchising fiasco was led by the Department for Transport’s lead non-executive director, Sam Laidlaw. Is this really the kind of work that you envisaged non-executive directors undertaking?

Lord Browne of Madingley: No, it was not entirely. It allows me to say that I think most non-executive directors are doing things beyond what they expected to do. They are doing things that are important for Departments other than being on the board. This means that they are giving a tremendous amount of time to the activity, far more than they originally thought they were going to do. But Sam Laidlaw is a very competent businessman. He was someone who was knowledgeable about what the Department was doing and seemed to be a very good chair of such an inquiry.

Q292 Kelvin Hopkins: It seems to me that you are going to come up with a cosier report if you have the non-executive directors investigating something that has gone on in their own Department, rather than an external person doing the investigation.

Lord Browne of Madingley: I would not make that assumption at the beginning because I think non-executives do absolutely maintain a high degree of independence. Therefore, I hope they have an independent judgment of what they do, so I would not make that assumption at the beginning. Sam Laidlaw’s report demonstrated a high degree of independence.

Q293 Kelvin Hopkins: I do not doubt his honesty and integrity, but you are going to get a different kind

of report if you have somebody from outside who perhaps goes in.

Lord Browne of Madingley: I think he was not the only person doing this report.

Q294 Kelvin Hopkins: Was he serviced by some of the civil servants from the Department?

Lord Browne of Madingley: You would have to ask him for details, I am afraid.

Q295 Kelvin Hopkins: They are not going to come up with critical conclusions about their bosses, are they?

Lord Browne of Madingley: No, but I think it is like everything. There is a balance between knowledge and conflict. You have to get that balance just right. You can always have people who know nothing about the subject come in—intelligent people who do a very good job, I am sure—but equally someone who knows something about the subject, the area or the players might get to the answer a bit faster and might produce a better answer. Therefore, it is a judgment of the degree of conflict that is involved, if any, in the tasks that are given. We find this very much with the appointment of non-executives. There is always the chance of a small conflict. The question is how the conflict is managed, and we try to keep them very minor. We obviously do not put a big agricultural producer on the board of Defra or put recipients of grants from DCMS on the board of DCMS. It is a matter of getting the right balance.

Q296 Kelvin Hopkins: Not to put too fine a point on it, but there was a strong suggestion at the time that a decision was quietly made at a very early stage to give the franchise to FirstGroup. That was basically to give them some cash up front because they were not financially very strong and they did not want to see FirstGroup franchises failing elsewhere because of under-funding. They would have got away with it had Virgin not kicked up such a fuss and made such a stink about it.

Lord Browne of Madingley: All I know—and I cannot even remember it now—is what I have read in the report. I am afraid that is all I know about this.

Q297 Kelvin Hopkins: Should the departmental board have picked up on the problems at the Department for Transport at an earlier stage?

Lord Browne of Madingley: Again, I think it is what the report says. I summarised some of the report by this: there are two important things to get something done. One is to have the right process and procedures—the right process of getting things done—but process and procedures do not work unless you have the right people in place as well. You need both the right people with the knowledge, understanding and the skill in place, as well as the right process and procedures. One cannot overwhelm the other in these areas.

Q298 Kelvin Hopkins: I draw a parallel between a governing body of an educational institution and the management. Having spent many years on governing bodies like that, as a chair indeed, going in and trying

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to sort out a problem when something has gone seriously wrong was not a job for someone like me, however able I might be. It was a job for perhaps an auditor, a professional accountant or someone who really knows how things work in management terms, not just somebody who is involved in governance.

Lord Browne of Madingley: If I recall correctly, Sam Laidlaw's inquiry team included an independent legal firm, an accountant and an internal auditor, if I am not mistaken. I would need to check that to look exactly at the composition of the team. I think it would be no different, though, in a corporate life, for example, to appoint one non-executive director to do an inquiry or the chairman of the audit committee of the board, and then equip her or him with the right professional skills and other members to get the job done.

Q299 Kelvin Hopkins: Those are basically my questions, but I still believe that the conclusions they came up with—that they could not deal with the strength of the negotiators on the franchisee side and that the civil servants had left—were all very comfortable conclusions that did not point the finger at what had gone wrong right at the beginning. Somebody had made a decision, if I may use the term, to railroad something through, and they did not actually succeed in the end.

Lord Browne of Madingley: As to the report, you should really ask Sam Laidlaw for evidence.

Q300 Mr Reed: Lord Browne, in your evidence to the Committee last July you expressed some considerable surprise at the inadequacy of management information in Government Departments. Since then have you seen any evidence of improvement?

Lord Browne of Madingley: Yes, but not across the board. There are definitely improved pockets of management information. We have seen some very interesting work done by the Ministry of Justice, for example. The Cabinet Office board gets much better management information than it used to. I see pockets of it, but there still needs to be more stress placed on this. The important thing is that management information is meant to produce information that shows that decisions are made based on that information.

Q301 Mr Reed: What do you think the barriers are that are stopping other Departments from performing better, in the way you have just described for the MoJ and the Cabinet Office?

Lord Browne of Madingley: The most important thing about management information is it has to be wanted and it needs to be wanted at the very top. As the old phrase goes, what is measured is treasured and what is treasured is measured, and without treasuring it, nothing is going to happen. It needs to be demanded from the top consistently.

Q302 Mr Reed: What role can non-executives play in making that happen?

Lord Browne of Madingley: Just that—pushing the need for management information and to actually look at how a decision tracks by its impact as it goes

through the system. That is what management information does.

Q303 Mr Reed: The better use of management information is a technique that the Civil Service could and should import from the private sector and the corporate world. Are there any other business techniques that could transfer into the Civil Service that would be similarly beneficial?

Lord Browne of Madingley: The question is too broad to be answered specifically. I will give you some examples: management information, really understanding the management of talent and the use of incentives are very important. I do not mean necessarily financial incentives, but when you set up any project or any activity, part and parcel of setting it up, of course, is to work out how to align the people inside the project with the outcome you want. That is about incentives and it does not happen automatically. It is part and parcel of the design. That is quite important.

Q304 Mr Reed: Could you just expand on the incentives a little more?

Lord Browne of Madingley: In my past and present experience of corporate life, they are financial as well as developmental. They go from the very simple things of having points in time where you look at a team and say, "Well done," to the longer term, which is, "These leaders have done very well; therefore, they can be promoted"—that is a very big incentive—to, "We set out a target to produce £100. I agreed with the team that they would get 5% of it, so I have £5 to distribute and I will do that." That is part of the design; it is not part of administration. It is really important to get that, and that is the effective use of incentives.

Q305 Chair: Do you think there is sufficient understanding in Government that policy and implementation are closely linked in that way?

Lord Browne of Madingley: More so, yes. It is a statement of the obvious: policy that cannot be implemented is not policy. Statements of policy are very often contingent upon their ability to be implemented.

Q306 Chair: Why do you think this whole management information thing is taking so infernally long?

Lord Browne of Madingley: It is a culture change. It is a change that is very deep-seated and there is no doubt it is coming along. But you need to measure things. They are not just things that happen. You should want to be measured against what you have committed to do. It is part of culture.

Q307 Priti Patel: Can I just come in on that point? On the purpose of non-executives, you have mentioned that you sense they are powerless. They clearly have a role to play, and you have highlighted where, but they are powerless in some aspects as well, with regard to the west coast main line example. Do you think there is an opportunity to strengthen their remit so that they can actually bring in change to a

greater extent and actually bring that in alongside many of the cultural, management changes that you have just highlighted across Government Departments?

Lord Browne of Madingley: There is a possibility, but one piece of the design cannot just be altered unilaterally. For example, the selection and appointment of the non-executives was done in a way that was appropriate for advisers. The selection and appointment of people who have mandatory power is a very different matter. It has to be much more public, for example. Then the implications for everything from the accountability of the Permanent Secretary to the accountability of the Secretary of State have to be thought through very carefully. Having a check and balance, again, is no bad thing in my mind, but I do not know quite how to do it.

Q308 Chair: Lord Browne, what do you think about the conversation going on about the appointment of Permanent Secretaries?

Lord Browne of Madingley: The non-executives, of course, had a role written in that they would be part of the selection process. That has worked well. It did not work in one case, and as a result of it I agreed a further strengthened protocol with the Head of the Civil Service, with a letter we wrote and sent to everybody, about the role of a non-executive as one of the people who sat on the selection panel for Permanent Secretaries. I believe that bit of it is apparently going quite well.

Q309 Chair: Lord Heseltine said that NEDs should make recommendations. Does their role extend to making recommendations?

Lord Browne of Madingley: As part of the interview panel, absolutely. They have that power already.

Q310 Chair: So at the moment NEDs are not frustrated about their lack of involvement in Permanent Secretary appointments.

Lord Browne of Madingley: Not to my knowledge. They were, because we had this issue with the Ministry of Justice that resulted in the protocol letter.

Q311 Chair: Presumably you see this role as intrinsic to there being a bridge between Ministers and officials.

Lord Browne of Madingley: Yes. They are not the appointment authority; they are one voice in the appointment.

Q312 Chair: What do you think about the proposal being put forward that Ministers in those Departments should actually have the decisive role in the appointment of Permanent Secretaries? Richard Wilson described it as a return to patronage.

Lord Browne of Madingley: These are very emotional words. What I have observed happening is that choices are offered to Ministers, and they take one or other of the choices that they are given.

Q313 Chair: The criticism is that that is not what they are offered at the moment. We had one former Cabinet Minister saying that she was allowed to be

interviewed by each of the candidates, but she was not allowed to interview them and then the choice was made by this independent panel, and she had no control over the outcome. Do you recognise that?

Lord Browne of Madingley: I have read the evidence. I just have not seen it happen like that, and I have not actually asked my colleagues exactly what is going on here. Actually we are meeting this week—a good moment to reflect on what is happening.

Q314 Chair: In business it would be extraordinary for the chief executive of a company not to have control over the appointment of the managing director.

Lord Browne of Madingley: It would.

Q315 Chair: Yet that is the case in Government.

Lord Browne of Madingley: They would not have unilateral control. The senior appointments have to be balanced, and any good board would have a nominations and governance committee that would look very carefully at what the chief executive is doing to the direct reports of the chief executive. Then the chief executive would be looking very carefully and would want to make sure air and light went into the appointment process, and it was not just “people like me”, as it were, being appointed.

Q316 Chair: If the Government does not in the end implement the proposal, do you think that Secretaries of State should appoint their own Permanent Secretaries, and that would not necessarily be completely disastrous? You think the system can be made to work.

Lord Browne of Madingley: You have asked me a double negative question, so I have to be very careful in answering it, Chairman. You can choose to do it any way at all, so long as you do avoid this question of patronage. I agree with that. Actually there has to be a good, rational basis for decision-making. It is right that equal candidates should be offered for selection by an interview panel. It would be really very impoverished if there were only one person who could do the job. If there are two people who could do the job, they are probably two different personalities and the Secretary of State should pick between the two of them, I would think.

Q317 Chair: In the private sector, it is reckoned to take three years before a managing director really will get a grip of a big company. The churn at the top of Government Departments is pretty destructive, isn't it?

Lord Browne of Madingley: I have already said something about this. I do think it needs to slow down. It is not just the Permanent Secretaries; it is the directors-general, the next people down. There is a lot of substance knowledge that needs to be obtained.

Q318 Chair: Do you think so-called competency-based interviews value direct experience in a Government Department enough?

Lord Browne of Madingley: I am not quite sure I understand what a competency-based interview is.

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Q319 Chair: I am so glad you do not. We use the term because we are told that modern recruitment is based around competency-based interviews, but in fact what we want is people with deep and detailed knowledge of the Government Department that they are going to be running. Very often we seem to finish up with Permanent Secretaries who do not have that deep and detailed knowledge of their Department.

Lord Browne of Madingley: Putting it in basic terms, it seems to me that interviewers need to conclude whether the person is competent to do the job. If that is what competency-based interviewing means, then I agree with that.

Q320 Chair: Do you think experience in that Department is valued enough as a criterion for the appropriate of the Permanent Secretary.

Lord Browne of Madingley: It is an important criterion, but you have to examine whether you can get relevant experience in another field in another way. You would expect someone in a very strong profession, for example, to have professional qualifications and professional experience. You need someone running finances to be qualified to do that; you need someone running the HR who is qualified to do that; you need someone running procurement who

is qualified to do that. There are some jobs where you could say there is experience in other areas that might contribute, but there are some jobs that are so functionally based—if I can use a buzz-word, and they are actually a function—that you need very direct experience and training in that function. IT is another example.

Q321 Chair: On your favourite measure, which is nought to 10, how well would you score the Government on the ability to appoint Permanent Secretaries?

Lord Browne of Madingley: I am going to pass. I do not know is the answer.

Chair: You disappoint me.

Lord Browne of Madingley: It is a demonstration of management information: only relevant—

Chair: I take it it is not a 10 then. Anyway, thank you very much indeed, Lord Browne. We are very interested in your role in the Cabinet Office as lead non-executive director and helping to lead the change programme in Government around the Civil Service reform plan. I have no doubt we will have you back again soon. Thank you very much indeed.

Lord Browne of Madingley: Thank you for having me.

Examination of Witness

Witness: **Lord O'Donnell GCB**, former Cabinet Secretary.

Q322 Chair: I very much welcome our second witness this morning on our inquiry into the future of the Civil Service. Could you just identify yourself for the record, please?

Lord O'Donnell: Sure. I am Lord O'Donnell, former Cabinet Secretary and Head of the Civil Service. I am currently a member of the House of Lords.

Q323 Chair: We welcome you back about a year after your valedictory session. I very much wonder how you are feeling as you read the newspapers about the evidence of disquiet and unhappiness that seems to be of course magnified by the journalists but nevertheless evident at the top of the Civil Service and between Ministers and officials. How do you feel about that?

Lord O'Donnell: First of all, I am very delighted to be back. Secondly, I am more delighted that you used the word “evidence” twice in that question, because that has been sorely missing from this debate. You refer to newspaper stories. I like to use evidence; I think evidence-based policy is absolutely crucial. If we are looking at the state of the Civil Service, I would stress that for me the really important thing about the public sector is public sector outcomes. Is Government doing a good job? The Civil Service is a part of that, but I think there has been far too much attention paid to it. There are lots and lots of other things that could make hugely more difference if we changed them.

In terms of the Civil Service, if you want to look at that, I am very disappointed that we have so many negative stories between Ministers and civil servants.

I am reassured by the evidence that the Civil Service stills feel engaged. Their engagement scores from the big evidence base that we have, which is the People Survey, have gone up. The evidence strongly supports that senior civil servants feel they are doing a worthwhile job. In terms of the numbers leaving, around 5% say they would like to leave as soon as possible. That is about where it has been for the last three years, so there is not much change there.

The area that I am most disappointed about, though, is this mood and tone. It was interesting listening to all the things you were saying about the private sector there. I think non-executives have been a fantastic improvement, but they have been there a long time—long before the change of Government. I am learning things about the private sector quite a lot and you do learn the strengths and weaknesses of the private sector. In general it is a lot easier in the private sector than in public sector. That is my experience, having been outside for a while. There are things both sides could learn from the other.

Q324 Chair: You mentioned the mood and tone. What is giving rise in your view to this unhappy mood and tone?

Lord O'Donnell: I think it is hardly surprising. If you are a civil servant, what has happened to you in the last few years? Your promotion prospects have deteriorated quite significantly; you have looked around you, and this is the smallest Civil Service for 70 years; pay has been frozen for a large proportion of civil servants; and your pension has been reduced in real value considerably. Civil servants can put up

with all of those things. There is also the increase in desire: people want better for less. There is a lot going on. No one can accuse this Government of not having radical changes in education, welfare, health, you name it—there are lots of big things going on.

One of the disappointing things is, because we are not very good at measuring outcomes, we cannot show what I believe to be the case: that productivity has risen dramatically. We have this big reduction in numbers, and outputs still seem to be going along quite happily. There is a big change there, and what they need in these circumstances is what the private sector would now be doing. That is trying to encourage and inspire its workforce and commending them for the things they are doing well. That is what the private sector does well. They of course also have the ability to incentivise.

We are in a world where we have become less clear about outcomes. In the old days of targets, whatever you thought about them, we had a clear set of targets. That is not the case anymore. Targets are verboten. Secondly, incentives: even the small bonuses that were paid in the past are basically taboo as well. You have a real problem. If you want to incentivise people, look at the great successes; look at the great success since I have left of the Olympics. The Civil Service were managing across a change of administration to deliver a project using the best skills of the private sector with the public sector. There were big incentive structures; we got people in from outside; we paid them a lot; and we kept them in post for a long time. All of these things we did because we could for that project. We do not have those freedoms for other projects, alas.

Q325 Chair: You have explained why the Civil Service might be frustrated and unhappy; they are unclear about their objectives and un-incentivised. A lot of this mood and tone, though, is being very directly generated by Ministers. What do you feel this is about?

Lord O'Donnell: If I were a Minister I would be frustrated. I would be frustrated that the world economy has not done what I hoped it would do and be frustrated, therefore, that the UK economy, with its main trading partner growing very slowly, is not performing and the growth forecasts that have been put forward by the OBR have not been hit for some time. That has meant the deficit reduction programme is taking longer and, therefore, we are going to have a period where all of these outcomes of the financial crisis are going to take longer. I am not surprised they are frustrated.

Q326 Chair: So basically you put your hand on Francis Maude's shoulder and say, "There, there. I know it's very tough but there's basically nothing wrong."

Lord O'Donnell: No, there are plenty of things that we can improve. I have already mentioned quite a number of areas where things could be improved. We have been modernising the Civil Service for a long time now. There is this great feeling that things have changed—non-executives were an important part of the appointment of Permanent Secretaries long before

the change of Government. Let's just be clear about this. They are really valuable. What happened with the change of Government is we got in a new batch, who have been incredibly useful and incredibly valuable. I completely agree with what Lord Browne was saying: it is the ability to focus, and I think you referred to the strategy. We need to get clear outcomes, then get on with it and not muck around and change things along the way, and be clear that the outcomes are deliverable. One of your sets of questions was related to whether they were deliverable at a time when you are cutting staff by 20%, where you might want to have filled in the gaps by bringing in consultants, and you are not allowed to do that. We need to be careful about whether we have laid out that vision well and are getting the resources to do it.

Q327 Chair: What do you feel about this very direct blaming that Ministers are putting at the door of the Civil Service?

Lord O'Donnell: It is not something you would see in the private sector, is it? I remember the Ratner case was a pretty classic example.

Q328 Chair: Why do you think Ministers have felt compelled to do this? Is it just the recession? Is it just the economic climate? I think there is a bit more to it than that, isn't there?

Lord O'Donnell: There are times when projects are not going as well as they would like and I think they are looking around for who to blame. You could at times blame your colleagues, but that gets into a very public row.

Q329 Chair: I agree with you that the blame game is very destructive, but there is something giving rise to this that is much more fundamental than I think you are engaging with at the moment. What do you think it is?

Lord O'Donnell: I am not sure, having spoken to a number of Ministers. I think you will find there are a lot of Ministers who are happy with the service they are getting; there are some others who are not, for reasons that are not really related to the Civil Service. They are related to the nature of what they are trying to do with the resources they have. They are very frustrated about that and I understand that.

Q330 Chair: We are told the whole Northcote-Trevelyan model is in the last-chance saloon.

Lord O'Donnell: Having just two years ago finally, after 150 years, put Northcote-Trevelyan on a legislative basis, I think that is a very odd description.

Chair: They are not my words.

Lord O'Donnell: Who said that?

Chair: Francis Maude.

Lord O'Donnell: I think that that is severely wrong. Let's go back to the evidence.

Chair: Why do you think he is saying this? What is behind this?

Lord O'Donnell: Ask him.

Q331 Chair: Was there none of this frustration about when you were Cabinet Secretary?

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Lord O'Donnell: There are always frustrations that we cannot suddenly wave a magic wand and change the welfare system or suddenly get rid of a big deficit. These things take time. Within the public sector, we are operating to a number of constraints as well. We have legislation that may have been right at the time but is actually constraining for the future. The interesting thing for me is now I sit in the House of Lords. Listening every day in the House of Lords, there is not a day that goes by without someone asking for more regulation of some kind or another. We are getting it now with food and financial regulation. You name it: every time something happens, Parliament comes up with, "We would like more Government, more regulation. Thank you very much." With constrained resources in the Civil Service—I am not saying it is wrong; do not get me wrong—this is a difficult when you are trying to cut your admin budgets in every single Department by one-third.

Q332 Priti Patel: You have given the analogy of the private sector, obviously alongside your experience of the Civil Service. Most private sector companies and corporations have their leaders—their chairmen and chief executives—and a very defined leadership mission or whatever you want to call it. In light of the current frustrations on both the side of Ministers and civil servants, do you have the sense that the Civil Service itself has strong enough leadership to reconcile some of these spats, divisions and frustrations that are being echoed in the press on a regular basis?

Lord O'Donnell: I have every confidence in the Civil Service side, but the Chairman mentioned this point about the length of time chief executives have to get to grips with things—I think you said three years. One of the biggest issues is, curiously enough, the decision-makers in Government are Ministers. If you want clarity and real follow-through, keep the Ministers in place for longer. As it happens, an unintended by-product of coalition is that we are starting to get that. That is a thoroughly helpful and good thing. We need clarity of mission.

When you get a change of Secretary of State—this has happened to me a number of times in various Departments I can think back to—within the same party, the whole emphasis of what they are trying to do has shifted dramatically. That is hard to live with in terms of the organisation you are doing. In a sense you are trying to bypass the political/ministerial end and go to the Civil Service end. You cannot. You should start from an analysis of what Government is trying to achieve. If you can get clarity about outcomes and consistency of purpose there, those are the perfect conditions for the Civil Service to get on with its job of implementing the Government's programme.

Q333 Priti Patel: If we were to break that down per Government Department, do you feel that there is enough strength of leadership within the Permanent Secretaries to cascade that down to the civil servants within each Government Department?

Lord O'Donnell: Yes, I think so. If you look at what they have been doing in a time when you have frozen

pay, reduced the value of their pensions and you are cutting their jobs, you would have thought it is a pretty tough leadership or management task to stop the engagement scores—when you ask 300,000 civil servants—falling through the floor. In fact they have gone up. That says to me they are doing something right.

Q334 Mr Reed: One of the things that Lord Browne said to us is you need extreme clarity of purpose in an organisation, and that needs to be consistent through a period of time, even once you may have got bored of repeating it. From what you are saying to us, you do not believe the Civil Service is getting that from Ministers.

Lord O'Donnell: It is hard, in that what you would like is a very clear strategic approach that laid out the outcomes Ministers want to achieve. Then you can talk about various ways of getting to them. We have moved away from that outcome-based approach, so that has created some issues. The discussions I have had with some people within Government were all: "I have it wrong and it should not be about outcomes; it should be about setting up some frameworks so other people can deliver outcomes." Those outcomes might be different things, but it is not Government's job to specify what the outcomes are. I think that is a much harder world in which to show leadership.

Q335 Mr Reed: Do you believe that Ministers are properly supported or perhaps trained to do the job that is expected of them when they first come in?

Lord O'Donnell: No, of course not. Ministers come into the job not having gone through any training programme. This is absolutely clear, and the Institute for Government is doing some work. I would love it to do more in terms of developing MPs into potential Ministers, so when they come in they understand what it is. The lot of a junior Minister is a pretty dreadful lot. They are often excluded from senior decision-making. There is the way we do reshuffles, whereby we start with the Cabinet and then we go down, as opposed to saying, "The issue is Defence. Let's pick a team that's right to run the Department of Defence," and picking the whole ministerial team. I have tried this. I have not succeeded in persuading Prime Ministers of that view, but I think that is important.

Then junior Ministers quite often get frustrated about the support they get. I discussed this on a radio programme quite recently with some. Quite often that is a reflection of the power struggle within the Department. I would really like junior Ministers much more bound into the team, given much clearer objectives and appraisals. Couldn't we have some appraisals? Couldn't we have some outcomes for them? Couldn't we then assess them? Couldn't the Secretary of State write something on how well their junior Ministers are doing, which would feed in? These are quite radical ideas that do not actually happen at the moment.

Q336 Mr Reed: Going back to the Chairman's question earlier on in the session about why Ministers may feel so frustrated, do you think their frustration is a manifestation of a lack of that support and training?

Lord O'Donnell: I think that is part of it, but I also think it is part of this desire that things happen very quickly. Actually, given the fact that a lot of our IT systems are legacy systems and there has been underinvestment in a lot of the capital and maintenance side, trying to make changes is a very difficult task.

Q337 Chair: If I could chip in at this particular moment, I have had this conversation with Ministers and with Francis Maude in particular; he would not mind me reporting this conversation. I think the Government came in believing that, if Ministers were strong and clear in their direction, the Civil Service would perform and senior civil servants would deliver. They say it is simply not happening, and the idea of getting another lecture from a former Cabinet Secretary about just being clear in their objectives is going to drive them mad. They say it is not working. What do you think the problem is? Have you discussed it with them?

Lord O'Donnell: It is not my job to discuss it.

Q338 Chair: No, I appreciate it is not your job, but you must meet them in the bars or on the chat programmes.

Lord O'Donnell: Can you get them to give you specific examples of what it is that is going wrong? To use the words of Lord Browne, let's get into the granularity of this and let's discuss what it is they are trying to achieve. Let's look at the outcomes. P.S. Why aren't you prepared to put the money in to do the evaluation?

Q339 Chair: I see. We need higher public spending.

Lord O'Donnell: No, you can reallocate it or do less and actually try to think, in the way the private sector would, about what your three priorities are. Let's really concentrate on changing in those areas, as opposed to, "I'm Secretary of State. It's my legacy. I'm going to change everything." Let's concentrate on the things that will make the biggest difference to the public.

Q340 Chair: It is granular. It is about asking for things to be done, apparent agreement being reached and then finding that people who leave the meeting go and say something else, and it is not done. Why do you think that is happening?

Lord O'Donnell: It might happen because the person they are reporting to—their Secretary of State—actually does not agree with it.

Chair: Right. It is the Ministers' fault.

Q341 Paul Flynn: I was on the previous Committee here and I have heard previous Ministers—David Blunkett and Ken Clarke—talk about the last Government and the Government before that and make the same point about rubber levers. They pull on the rubber lever and nothing happens. I do not think this is a bad thing. Seeing as it is the present Government in power, we view it a different way. It is probably an advantage. We have a Government with all kinds of eccentric and extreme ideas; you need the

Civil Service to act as a moderator to give stability to Government.

Chair: Is that the question?

Paul Flynn: It is. Is this not a vital function of the Civil Service: to guard us from the—

Lord O'Donnell: The vital function of the Civil Service is to implement the programme of the democratically elected Government, but it is also our job along the way to challenge that.

Q342 Chair: Challenge? This is obstruction. Ministers do not mind civil servants honestly saying, "You shouldn't do this because..." What they cannot stand is apparent agreement and a decision made, and then it not happening. That is not challenge, is it?

Lord O'Donnell: No, but if that agreement is made and it is true that it is genuinely there across Government—as opposed to one Minister thinking, "I've agreed this," and some other Ministers saying, "I do not care what he thinks he's agreed. Actually this is the way we are going to do it"—then you have a problem that should be resolved at Cabinet.

Q343 Chair: You must have had some experience of that happening.

Lord O'Donnell: Absolutely.

Chair: So why does it happen and what is the answer to it?

Lord O'Donnell: Civil servants are in this situation where, curiously enough, sometimes when Ministers disagree, they choose not to say it to each other directly.

Q344 Chair: Is it a collective problem?

Lord O'Donnell: Quite often people will agree to something in principle, and they will reallocate some power from Departments to the centre to get on with things and they will give the centre certain control over various things. When they hit the rubber, a Department quite often feels that the centre is slowing them down in delivering what they want and is asking them lots of questions when they just want to get on and deliver something. That is when you get into problems. The civil servants are trying their best to reconcile those differing positions.

Q345 Lindsay Roy: It feels like one of the key questions from a civil servant to the Minister would be, "Is that realistic within the timescale you want it delivered?" in terms of outcome.

Lord O'Donnell: Yes.

Lindsay Roy: That is where there is often a perception of blocking. It is not blocking; it is just a dialogue as to whether it needs two years or three years to achieve the outcome.

Lord O'Donnell: We have seen that in various cases, and there was one in education recently, where a Minister requested something and was told, "That cannot be implemented in that timescale," and then it is up to the Minister to decide whether they want to press on regardless or do it. You will find that with some Ministers, when you go to them and say, "We cannot do that within that timescale with these resources. We need either a longer timescale, more resources, or we need to move these constraints on the

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way we do it”—that is often part of it, but they are very political issues—you get to a situation where you have to find a way through these things. In the end, if Ministers decide they are going to do it, they do it.

Q346 Priti Patel: Obviously things are not working; there are tensions and there are frustrations being echoed. Do you attribute some of this to a breakdown of trust or a breakdown in the way of working?

Lord O'Donnell: I think the media have decided to amplify this rather more than it is.

Chair: But it is there.

Lord O'Donnell: It is there, but it does not make my top 10 of things that would really make a difference in terms of effectiveness of Government. Most of these things are pretty much second order. Trust is important; we do need trust between the two. When you get things that everybody is reading about in the media and everyone is talking about them as we are today, that in itself is going to be an issue that raises the question of trust. I think trust should be earned on both sides by a respect on both sides and real clarity about what each is trying to do.

Q347 Chair: What does the Civil Service need to do in order to facilitate this more effectively, given that you are inevitably going to have inexperienced Ministers coming into post? I hear a certain amount of resistance from you at the moment—that the Civil Service does not bear six of the other half dozen of the blame here. If a relationship is breaking down, it is never one person's fault.

Lord O'Donnell: That is true. What we observe is we are in a world where we are asking Government to get involved in more and more things. We want them to solve problems of obesity; we want them to solve problems of climate change; we want them to do all sorts of things. You are putting more and more demands on Government at a time when you would like Government to be spending less. That in itself is a challenge. The long-term demographics are going to be a challenge for all of us, and the social care thing is a very good step forward on that.

Q348 Chair: What is it that the Civil Service needs to rethink in order to try to help Ministers get over this problem? Actually what the Civil Service is doing at the moment, and you are doing it now, is pushing back this problem to Ministers. You are saying, “This isn't our fault. Ministers have to get themselves sorted out”. The Civil Service runs 95% of this country; Ministers float over the top and come and go. The responsibility is with this great constitutional instrument called the Civil Service. What does the Civil Service have to do to improve this?

Lord O'Donnell: The key decisions are 100% made by Ministers.

Chair: Of course, but what can the Civil Service do?

Lord O'Donnell: You cannot just say, “Of course,” and then just leave it to one side.

Chair: What can the Civil Service do to improve this situation?

Lord O'Donnell: I was very clear when I took office as Cabinet Secretary that I thought the way the Civil Service needed to change was a) to stick with the

traditional values of honesty, objectivity, integrity and impartiality, but b) to add to them. This is the bit that I would still emphasise today. We need more pace, more professionalism, and we need pride and passion in our public sector ethos. That to me is the bit that we really need to get on. I still think pace; I would like us to be more innovative and I would like us to be more risk-taking. Parliament could certainly help in that. I would love to look forward to all those occasions when the PAC starts looking at the successes, and I know you have done some stuff on the Olympics. That is good; I think that is important. We need to start looking at the things we do well as well as the things we do badly. I agree on the projects. One of the areas where we needed to improve our professionalism was on finance and HR. We got in a lot more finance and HR professionals. Were we too closed?

Q349 Chair: What I am hearing, Lord O'Donnell, is that you do not question any of your previous analysis and that there is nothing you need to rethink about how this relationship with Ministers and civil servants is working.

Lord O'Donnell: I would not say that.

Q350 Chair: What is it we need to change?

Paul Flynn: Francis Maude, I think. You must remember that the Chairman is one of the small and dwindling circle of admirers of Francis Maude.

Lord O'Donnell: Francis Maude has come in and is trying to do a very difficult job. He has been faced with trying to improve value for money; he has done some excellent work on procurement and all the rest of it. I think he is trying to modernise the Civil Service. Personally, on some things I disagree with him, but on a lot of things we are in the same place—on more professionalism and more pace. I tried very much to open up the SCS to outsiders; I think a quarter have come in from outside. If you look at the appointment processes for Permanent Secretaries, DGs and directors, those three groups, over the last five years we tried to open those up to outsiders coming in. When we have opened them up, about half of the outsiders have got the positions.

Chair: Very briefly, Mr Reed, and then we must get to Mr Hopkins.

Q351 Mr Reed: It will be brief. From local government, with which I am more familiar, I have seen examples of councils that have delivered significant change and councils that have tried to and failed. What seems to be the difference is that, when an organisation tries to impose change or a new direction from the top without buying in the hearts and minds of the whole organisation and the people who work for it, it does not work. I am wondering from this conversation whether some Ministers are coming in, saying they want change to happen and then six months later are surprised it has not. Are they doing enough work with the Permanent Secretaries to buy in the understanding of the organisation so that it knows why it is supposed to be doing what it is being told to do?

Lord O'Donnell: There is a very clear leadership mantra I started within the Civil Service. If you want to take people with you, you just need to do something very simple. That is spell out the future—the vision thing that John Browne was nervous about—that we are trying to achieve. That has to be in terms of something that really gets people, like public sector ethos—better service for the public. Once you have laid out that that is what you are trying to get to, then—your point exactly—engage the staff on how you are going to achieve that. Then, to get back to the point the Chairman was on about, deliver it. It is: future, engage, deliver.

Q352 Mr Reed: Does that happen with some of these change programmes?

Lord O'Donnell: That is the emphasis we are pushing through for the whole of the Civil Service. That leadership mantra is being taught through the whole of the SCS; we have taught it at various Civil Service Live occasions. That is what we are trying to do. Ministers see that very much as what the Civil Service do, and maybe they should do more of it.

Q353 Kelvin Hopkins: You have talked about power struggle, and I am interested to know where power really lies. There are a number of competing components in Government including, significantly, special advisers, and special advisers who are close to the Prime Minister in particular. This question does not necessarily reflect my view, but it is a question I have to raise: former Ministers and commentators have criticised the staffing of the No. 10 policy unit by civil servants and not by special advisers. Do you accept the criticism that this may have placed No. 10 in a weaker political position?

Lord O'Donnell: First of all, it is for the Prime Minister to decide whom he wants in his policy unit. He could choose to have a mix. When I worked as press secretary for John Major, I remember him starting off thinking about what he wanted in his policy unit, and he took a mix of special advisers and civil servants. I thought that worked incredibly well as a policy unit. I do not see any reason why you cannot have a mix. Coalition makes that more complicated, but my view has always been that No. 10 is unusual in that globally Prime Ministers have ended up being more powerful. That is a global phenomenon because of the nature of globalisation. Therefore, they do need a lot of support, and I think they need strong Civil Service and political support.

Q354 Kelvin Hopkins: We have seen this week a report of a payout to a civil servant over claims of bullying by special advisers in the Department for Education. Those are special advisers who apparently undertake random acts of verbal aggression—in other words lots of swearing, shouting and foul-mouthed language—against civil servants. Surely there is a very unhappy relationship going on now. I have a view about this, but I would like to hear your view.

Lord O'Donnell: I think they are probably mimicking some television programmes that they have seen and have not gone on Leadership 101 or Management 101. That is again a problem.

Chair: May I interrupt and say that the television programme was mimicking what was going on in Government?

Lord O'Donnell: I think in this case causation goes both ways, Mr Chairman.

Q355 Kelvin Hopkins: Armando Iannucci, who writes this type of stuff, is astonished that when he writes something he has imagined, it turns out to be true.

Lord O'Donnell: I think you are right, and I have always said that I am absolutely not against special advisers. The issue should be about quality, not quantity. Good special advisers are really good for the Civil Service. Good special advisers help Ministers. By good special advisers I mean special advisers that know the subject and also do the politics. Unfortunately, we have a large number of special advisers who do the media. That is what they do. They burnish the credentials of their Secretary of State. The sooner we can get away from that to special advisers realising they work for the Government, the better.

Chair: Are you thinking back to our report?

Lord O'Donnell: Yes. There were lots of things in that I would strongly agree with.

Q356 Kelvin Hopkins: I travel by train, and from time to time I bump into quite senior civil servants; once I bumped into a Permanent Secretary—years ago. An anonymous civil servant recently spoke to me on the train; I do not know where he worked, where he lives or whatever. He said that the reality now is that special advisers are bullying civil servants, staffing is being cut so they are all being overloaded, and they are under constant stress and being demoralised. He also said that, when it comes to evidence-based policy, what happens is somebody dreams up policy and then they try to fit evidence to make the policy look realistic. Are you not in a situation where Government is trying to do daft things, but the civil servants cannot actually take pot shots at Government, because that is not their job? Their job is to carry out what Governments wish to do.

Lord O'Donnell: This policy-based evidence is a very bad idea. What we can do is just champion, as you will find every civil servant doing, evidence-based policy. I am trying in my own little way to get out there as a one-man band for randomised control trials, to get a much better quality of evidence and much better data. When Lord Browne refers to management information, he is dealing with something where we think, “Yes, please,” but your management information for a Government Department will be lots of input information.

Q357 Chair: Surely one of the jobs of the Senior Civil Service is to ensure that there is management information available, whether Ministers want to look at it or not.

Lord O'Donnell: No, it is there. It is there but it is quite limited.

Q358 Chair: I do not think Lord Browne or Lord Heseltine think it is there.

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Lord O'Donnell: Lord Heseltine wanted a certain form in terms of MINIS. I think there is plenty of information there. When I was there in the Cabinet Office with our non-executives, including Lord Browne, there was in a sense a bit too much information and it was not presented very well. One of the issues we still have—and it is the bane of the public sector—is trying to get really good output information.

Q359 Kelvin Hopkins: I have said this before and I will say it again. My view is that the last Government and this Government is trying to force through a revolution towards a more privatised and a more liberalised world, with less Government and more things done by the private sector. In a sense, civil servants are being asked to dissolve the very thing they work in and they are understandably unhappy about this. Many of them think it just simply does not work. In revolutionary situations, politicians need commissars to make sure things happen at every level. The special advisers are like commissars driving through things even if they are daft. Isn't that the situation?

Lord O'Donnell: I would not say that. If special advisers are really getting involved in the policy process, from a political point of view, I would probably welcome that. The problem is quite often they spend their time briefing, and that is where they are having most of their say.

Q360 Mr Reed: In your evidence in 2011 you told the Committee that you believed the Civil Service was not risk averse but that implementation could be slowed down by things such as statutory requirements, consultation periods, EU regulations and similar. The Civil Service reform plan does not address such obstacles, so are we going to end up with a Civil Service that Ministers do not want because we are not able to address the issues that are frustrating them?

Lord O'Donnell: This gets to the heart of it. The concept of the Civil Service reform plan is something I grapple with. What you want to ask is: what is it Government is trying to achieve? It is a public sector issue here, and then the Civil Service is part of it, but I would say some of the biggest issues or some of the biggest problems are that we look at problems completely the wrong way. We are assuming that the way individuals respond to incentives is—to use the jargon—a neo-classical economic way of doing things. That is absolutely not the way people behave.

Q361 Chair: So you do not like the Civil Service reform plan.

Lord O'Donnell: No, but of itself this is not going to make a dramatic difference to the effectiveness of Government.

Q362 Chair: So the Government is obsessing about the wrong thing?

Lord O'Donnell: It is a small part and I do not want to be defensive about it. I would never be complacent about the Civil Service: let's improve it; let's try to make it pacier, more professional and all of those things. That is great, but if you really want to improve

public sector outcomes, I think there is a radical transformation necessary. It is really thinking about the very basics of what Governments need to do and how they need to do it.

Q363 Mr Reed: So then in your view the reform plan does not examine the first principles of either the Civil Service or Government?

Lord O'Donnell: There are some good things in there. They are starting to look at the behavioural stuff; and there is the Prime Minister's thing—that we really should be about maximising well-being. All of these things you could put towards a coherent plan of how to improve Government effectiveness.

Q364 Chair: We might finish up agreeing with you. We decided to call this inquiry "The Future of the Civil Service" not "Civil Service Reform" because we wanted it to be wider.

Lord O'Donnell: I would strongly agree with that. Once you have decided all of those things, you can then decide what kind of Civil Service you need to best deliver it.

Q365 Mr Reed: Could you just briefly clarify what those things are? What are the principles that we should be starting with?

Lord O'Donnell: Number one, the principle we should be starting with is clarity of outcomes. This was said by lots of people. If you really want to deliver, and in a way the private sector is really good, say, "We are going to try to achieve this." Trying to get outcomes as stable as possible is another principle. A cross-bencher would say this, but as far as we can we should get cross-party agreement on some of the big, long-term issues. Social care would be a classic topical example. Get that clarity of outcomes, and then make up your minds about how you want to deliver them and what the right ways to deliver them are. The two principles there are: what is best for the user, or the public, and what is best value for the taxpayer. If you can get those two things right, then it may be that this should be delivered by the Civil Service; it may be that it should be delivered by a private sector company; it may be that you need a public-private partnership. I would be quite neutral about that. What I would care about is what gets it right for the public and the taxpayer.

Mr Reed: So focus on the outcomes.

Lord O'Donnell: Focus on the outcomes.

Q366 Lindsay Roy: There has been a proposal by Government to increase ministerial involvement in Permanent Secretary appointments. Is that something you support?

Lord O'Donnell: No. There is a lot of ministerial involvement at the moment. There always has been. Ministers get to clear the job description; if they want to, they can have a session with all of the candidates; they can have a say about whether they want people outside or internally in the Civil Service to be considered for the appointment. Quite often it is Ministers who say, "No, I do not want you to go external on this. I want you to go internal." That is an issue. I would say there is plenty of involvement, and

in the end the Secretary of State has a veto and the Prime Minister has a veto. We saw that quite recently. In the end, if they do not like the person who comes through, we start again.

Q367 Lindsay Roy: If you get the specification right and the criteria right, on what basis can you have a veto?

Lord O'Donnell: That is our system. In the end if you get the specification and the criteria right and the panel have thought that this is the right person for it, and the Secretary of State says, "They may be the right person in your eyes, but from a personality point of view"—or something else—"I think that I cannot work effectively with that person," then I think it is quite important for us to listen. Actually if a Permanent Secretary starts off and the Secretary of State does not think they can work effectively with them, the chances of that Permanent Secretary being effective are very small. It is right that we have that part of the system.

Q368 Lindsay Roy: Are we not saying when we leet people that any one of the three or four who are leeted could do the job effectively?

Lord O'Donnell: Quite often they will go through that, but the panel will say, "This is the person we think is really good."

Q369 Lindsay Roy: I understand that, but in essence in leeting people the notion is that initially, from the information you have, any one of the three or four who have been interviewed could do the job effectively.

Lord O'Donnell: I am not sure. You are only part-way through the process. The reason you interview is to test out various areas where, on the paperwork and the experience, you have a view about someone, but you actually want to test whether they understand what it is like to operate in the very political world of being a Permanent Secretary.

Q370 Lindsay Roy: You said you were very open to bringing new people in and to competitive interviews, and yet you arranged managed moves to DWP and to Defence that were not open to competition. Why was that?

Lord O'Donnell: You discuss it with the Secretary of State and first of all you are saying to them, "Do you want to go externally?" so we will look outside, so there will be the big package. If they say no, then you are down to the internal. If you are there with an internal, you will have a view about who the relevant candidates will be internally. Sometimes it is quite obvious that there is one person that is the best person for it, and the Secretary of State, if they agree with that, will do a managed move. You want an experienced Permanent Secretary. If somebody says to me, as one Secretary of State has, "I want a new Permanent Secretary, but it has to be someone who has already been a Permanent Secretary," then you are quite constrained.

Q371 Lindsay Roy: How did you know that the skill sets and the ways of working of these individuals were

compatible with expectations? Was that in the detail that you discussed with the Secretary of State?

Lord O'Donnell: Yes, exactly. What you are trying to do is talk to the Secretary of State about what it is they are looking for. What do they see in a Permanent Secretary? Do they want a Permanent Secretary that is going to be there all the time, a chief policy adviser on hand 24 hours a day? There is obviously an element of that in all Permanent Secretary posts. Or do you have someone who says, "My real challenge for this Department at the moment is implementation. I want you to be out there talking to the troops, engaging them and getting them to deliver"—doing all of that? Quite rightly, at different times Secretaries of State will want different sorts of skill sets for their Permanent Secretaries.

Q372 Lindsay Roy: Did this initiative to have a closed approach come from the Ministers and were they happy with the outcome of the process?

Lord O'Donnell: You would only ever go closed if you had the approval of the Secretary of State.

Q373 Lindsay Roy: Were you approached by the Secretary of State or was it your initiative to approach the Secretary of State himself or herself?

Lord O'Donnell: If a Permanent Secretary decides they are coming up to retirement, the first thing I would do is go and talk to the Secretary of State about what they want to look for and give them the options: "Do you want to go for an open competition? Do you want to go for a closed competition? Do you want to go for a managed move?" It is their choice.

Q374 Chair: Do you not think what has given rise to this proposal is that in fact, paradoxically, Secretaries of State probably have less influence over Permanent Secretary appointments than they had before there was open recruitment, formal interviews and assessments by independent panels, competency-based interviews, and before there was the bringing in from outside of people with very limited experience in Government Departments? In the old days, there used to be a sherry with the Cabinet Secretary and a discussion about the names that might be considered, and the Secretary of State would have quite a lot of influence over the process.

Lord O'Donnell: I cannot say for the sherry days. I was not there in the sherry days. I can safely say I never knowingly had sherry with a Cabinet Minister.

Chair: Today it would be pinot grigio, wouldn't it?

Lord O'Donnell: Yes. We would certainly have a discussion with them, and as to the idea you would have a discussion with them only when there is a move, you are looking at succession plans all the time. We have long and complex discussions in the senior leadership committees of the Civil Service about succession plans.

Q375 Chair: Now you no longer plan careers in the Civil Service like they used to be planned—like the armed forces plan people's careers, for example. They could not run the armed forces on the basis of open recruitment and open selection. This is a much more chaotic process in some respects than it used to be.

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Lord O'Donnell: There are certainly advantages from being able to go outside to look for talent.

Q376 Chair: I think that is a yes, isn't it? It is a more random process now.

Lord O'Donnell: It certainly adds a dimension of uncertainty, because you will be getting people in from outside who look really good and you hope will develop well. Some will and some will not. Actually in a Civil Service that needs to take a few more risks, I was always on the side of let's try that.

Q377 Chair: If you are going to bring in outsiders, should they not be brought in and groomed for the job?

Lord O'Donnell: Absolutely.

Chair: They should be brought in at DG level or Deputy Permanent Secretary level in order that they are groomed for the job rather than just parachuted in.

Lord O'Donnell: That is totally right. If you look at the proportion of externals at Director, DG and Permanent Secretary, you will find much more at Director, quite a few at DG and virtually none at Permanent Secretary.

Q378 Paul Flynn: There was recently a very rare event where David Kennedy had been approved as the Permanent Secretary at Energy by a Committee chaired by Bob Kerslake. He was acceptable and enthusiastically accepted, we understand, by Ed Davey, the Secretary of State for Energy and Climate Change. The Prime Minister intervened, rejected him and put someone else in. The only plausible reason is that it was part of the pressure the Prime Minister was under politically from the global warming deniers in his Department, because David Kennedy has an intelligent and objective view of the future.

Chair: Question, please. We have had this speech before.

Paul Flynn: Is it worrying if you get Prime Ministers going around and overturning people who have been put there by what was an acceptable system? That has not happened for many years.

Lord O'Donnell: We have a system, as I explained, where there is a panel and the Secretary of State has a veto and the Prime Minister has a veto. If we were in a world where those vetos were used regularly, I would be very worried. What was demonstrated by this is that veto exists and it can be used. I would be deeply concerned if that became a common thing. There would be something wrong with the system if that happened often, but for it to happen once, you can say it is part of the system and it demonstrates that Permanent Secretaries have to work with their Secretaries of State and be acceptable to the Prime Minister in our system.

Q379 Chair: Briefly, on accountability, do you think the Haldane model holds true?

Lord O'Donnell: I have very strong views about accountability. I think Ministers should be accountable for what happens in their Departments. There are all sorts of possibilities for devolving that accountability. The idea that civil servants are not accountable I try

to reconcile with the fact that we seem to appear at lots of Select Committees, even after we have retired.

Chair: We are very grateful to you.

Lord O'Donnell: I am very happy to be here. I do think the accountability system is sensible the way we have got it. If we got to a stage where named civil servants were going to be accountable for specific projects then, if I were that civil servant, I would want to have the power and the responsibility to ensure that I could manage that.

Q380 Chair: Do you recognise that there is potentially a problem that the Permanent Secretary or the official covers for the Minister in front of the Select Committee and then the Minister dumps it on the Civil Service, and then nobody is accountable? That does seem to happen rather a lot.

Lord O'Donnell: I would say that should not happen.

Q381 Chair: I do not want to go into examples that might be personally invidious to people, but it does happen, doesn't it?

Lord O'Donnell: It does happen and I think that is a huge mistake on all sides.

Q382 Chair: How do we get through billions and billions of wasteful procurement projects and nobody is ever held accountable?

Lord O'Donnell: There are ways you could improve accountability there. For a long time—I remember this from 20 years ago—we have gone down this route where the answer has always been, "Let's get the private sector person in. They're brilliant at this". We have had various reviews of procurement activity; we have had Ministers like Lord Drayson who have come in with lots of private sector experience. We have to understand that procurement in something like Defence is a difficult area.

Q383 Chair: Looking at the health service and the Mid Staffordshire Inquiry, the Francis report, there is an uncomfortable feeling that individuals have not been made accountable for this.

Lord O'Donnell: I do not think anyone can have been a public servant and not felt that here is a dereliction of duty by public servants and felt very bad about that.

Q384 Chair: Do you think that Ministers are anxious not to put senior officials into the spotlight because they are so dependent upon senior officials for protection from fallout when things go wrong in the health service?

Lord O'Donnell: This is one of those ultimate things: we need to decide who it is you are going to give the power and responsibility to. At the moment it rests with Ministers in most cases.

Q385 Chair: Do you think accountability is manageable in such a vast organisation as the health service?

Lord O'Donnell: That is why you might well want to delegate accountability and, if you are going to do that, you have to delegate with it the power and the responsibility to manage it. You cannot have one without the other.

Q386 Chair: You were serenading the virtue of targets and the Francis Report highlights targets and the determination to meet targets as possibly one of the incentives that militated against better, stronger and clearer leadership.

Lord O'Donnell: That tells you that the way it was delegated was incorrect. They did not have the right outcome measures. They had some very partial outcome measures.

Q387 Chair: Who was responsible for those outcome measures?

Lord O'Donnell: Ministers.

Q388 Chair: No Ministers were cross-examined by the Francis Inquiry.

Lord O'Donnell: Indeed.

Q389 Chair: Doesn't it leave you feeling uncomfortable? I'm uncomfortable about it.

Lord O'Donnell: It does. If you look at the example I know best, on monetary policy, you have set up a very clear target-based regime—inflation targeting—and you have given power and responsibility, and the Governor is accountable.

Chair: We celebrate your success with monetary policy.

Lord O'Donnell: It is a clear version of accountability.

Q390 Chair: How should we approach the problem of accountability in the health service in this context?

Lord O'Donnell: You have got to decide if Ministers are prepared to delegate the power and responsibility and to specify clear outcomes.

Q391 Chair: How are the people locally going to be held accountable?

Lord O'Donnell: It goes back to Mr Reed's question. You have got to specify what the outcomes you want are.

Chair: It sounds like targets to me.

Lord O'Donnell: No. I would say you can get something quite general about the well-being of your patients and then say, "Here are some indicators of it". It cannot ever be reduced to a couple of waiting times indicators; it has got to be something about the satisfaction of those patients and getting some user feedback—getting a broad case of what that hospital is trying to achieve.

Q392 Chair: But you agree with me that there is something wrong if the chief executive of that hospital has not been held accountable, and none of the area or PCT officials, none of the officials in the Department and no Minister has been held accountable for what happened at Mid Staffs.

Lord O'Donnell: I think that is where you get to a situation where you have not set up a regime where you can have power and responsibility, and accountability, and sort it out so that when things go wrong you know who to blame.

Q393 Chair: So you could excuse us for looking a little further into that.

Lord O'Donnell: It is a complex area, but where I would concentrate on is trying to get those accountability regimes right.

Q394 Greg Mulholland: Lord O'Donnell, could I just ask you about staff turnover—"churn"—in the Civil Service? It is clearly an issue at the moment and perhaps has always been. Looking at Permanent Secretaries who were there in 2010 at the time of the general election, remarkably, only two of the 16 Departments still have the same one. In the case of four Departments there have been three in a little over two years. That surely cannot be a good thing for the kind of leadership that we need. During your tenure, do you think you did enough to seek to keep Permanent Secretaries in place?

Lord O'Donnell: There are two issues there. Turnover for the Civil Service as a whole is very low at the moment. That is a separate issue; we could come back to that, but I wanted to get that on the record. The interesting question about Permanent Secretaries is when I came to office in 2005, taking over from Sir Andrew Turnbull—as he was then—he had created a situation where a number of Permanent Secretaries were about to go. That allowed me to be involved in the appointment of the next set of Permanent Secretaries, which I did around 2005 to 2006.

I had a very settled team throughout my period as Cabinet Secretary. What we tried to do was to say what we wanted these Permanent Secretaries to do was to be in office, to know their subject very well—the Chairman has been going on about this—to know their Departments well and to be able to be there to manage whatever outcome was thrown up by the general election—to help the new Secretaries of State, if there were new Secretaries of State, to come in. Obviously it was a slightly different outcome than might have been expected in the sense of the coalition.

What you had then was a number of Permanent Secretaries who were due to move. It does not surprise me at all that there was a big turnover then. I could have predicted it two or three years beforehand; that is precisely what was planned and, therefore, that is what happened. You will get this; you are trying to bring on the talent underneath to be sure that you have got people who can take over from those and you have got your succession plans in place, but occasionally those are disrupted by factors beyond your control—the death of Lesley Strathie being a tragic example where your best laid plans have to be amended.

Q395 Greg Mulholland: You say that the overall turnover rate in the Civil Service is very low. Sue Cameron in *The Telegraph* says that staff turnover over the past two years in the Treasury has been "an almost unbelievable 50%". Is that still the case? I am not talking about Permanent Secretaries.

Lord O'Donnell: If you look at staff turnover in the Treasury, you will find that it has been, from memory, 25% to 30% virtually every year for the last six years or more. It is a department with very high turnover rates—too high, in my view.

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Q396 Chair: That might explain a lot. In the private sector, if your business is turning over more than 15% of its senior management, you are in trouble.

Lord O'Donnell: Yes. I think we have got a problem of both too low turnover in certain aspects of the Civil Service—there are areas where the turnover rates are well below your 15%—and too high. It is quite clear that in the Treasury the turnover rate is too high. Part of the problem is that the Treasury is a highly regarded Department and, as I go out to the private sector, they are all desperately trying to hire people from the Treasury. They give them a very good training and they pay them vastly more. Because of my daughter's position, I am looking at graduate salaries at the moment. If you were joining an investment bank you would be on £40,000-plus; if you join the Civil Service fast stream, which is probably more difficult to get into, you will be on something around the low £20,000s. There is a big difference.

Q397 Greg Mulholland: I just want to finally raise the interesting evidence from Lord Adonis. I do not know if you have seen that. He was talking about the difficulties of keeping a Permanent Secretary in place. He came to see you—he said, “I... took the unusual step of going to see the Cabinet Secretary”. When he raised this problem and what you as the Head of the Civil Service could do to help that, you apparently said, “My dear Andrew, I am only the Head of the Civil Service; I do not manage it”. Were you saying that the Head of the Civil Service does not have a role in terms of trying to keep people in post?

Lord O'Donnell: To be honest, I do not remember that conversation. When it comes to Permanent Secretary appointments—precisely the discussion we have had there—I am not the sole decision-maker by any means. It is a panel that does it; the Secretary of State has a veto; the Prime Minister has a veto; and so I am constrained. I cannot do the Sir Humphrey thing of saying, “A is going to go there. B is going to go there” irrespective of what Ministers want. It is very much done in partnership.

Q398 Chair: Can I just ask about this recruitment and retention point? You are free to say this now, but the £140,000 salary cap is pretty silly, isn't it? It is not very helpful.

Lord O'Donnell: No, it is not helpful.

Q399 Chair: The pay freeze in the Civil Service has not actually saved much money because the payroll costs seem to go on going up, do they not?

Lord O'Donnell: That is because it is not a complete pay freeze.

Q400 Chair: Would it not be better to give Departments payroll budgets within which they can set terms and conditions as they feel is appropriate in order to be able to retain people that they need to retain?

Lord O'Donnell: I would not do it that way. The reason I would not do it that way is because you can imagine that some Departments, who have got better settlements than others, would then have more money to spend on those things and, given that the kind of

skill set you are looking for quite often might be someone that is in another Department, you will then get bidding-up between those Departments. The Department that gets the most generous budget settlement will end up bidding away the best people. Is that the right thing?

I would rather go down the route of skill sets. As Lord Browne said, we do have some issues about shortages on commissioning and on commercial skills. If you are a commercial person you are paid a vast amount in the private sector to negotiate the kinds of franchises that were referred to earlier. Therefore, they have the skills. That group of people are not the ones who are so much imbued with the public sector ethos, so we have to pay the going rate for some of those people. If we do not pay the going rate, we will end up with second-rate people, I am afraid. The people who turn out within the Civil Service to be really good contract negotiators will look around and be bid away by the outside.

Q401 Chair: So there needs to be a much more sophisticated function at the centre of Government about how to manage this.

Lord O'Donnell: We do need to think about variable pay, performance-related pay, whether we can get the incentive structures right and whether we can use pay systems, in the way that any modern HR function would say.

Q402 Chair: Should the Minister for the Civil Service—or rather Francis Maude, who represents the Prime Minister in this role—have a personnel department reporting to him through his Permanent Secretary that deals with this on a much more hands-on basis as opposed to the present, which does not seem to work?

Lord O'Donnell: We have got HR expertise within the Cabinet Office and we have given those professional things. The big issues you have discussed do not require massive amounts of HR skill. They require some political decisions, do they not? You mentioned the pay, the bonus structure and the incentive structure—this is not rocket science in HR. This is the basics.

Q403 Paul Flynn: You have rejoiced in improvements in what you call productivity, which meant getting the same amount of work done by fewer people. That means, to civil servants on humble pay, one person doing the job of two people or sometimes three people. At the top of the Civil Service, when you retired, three people were appointed to do your job. Is this leading by example?

Lord O'Donnell: Let me stress that I think you can get productivity up by doing things better and doing things in different ways. This is why I think it is very important to say better for less, not more for less. We should not be trying to get civil servants to work twice as hard; we should be trying to get them to work twice as effectively.

In terms of the split of my particular role, the Prime Minister decided that he wanted to have separate people being Cabinet Secretary and Head of the Civil Service, and a separate Permanent Secretary for the

Cabinet Office. The latter I think I would have done myself—I said this—but he decided that and I can understand the reasons. During coalition government, the Cabinet Secretary has a lot of extra things to do in terms of trying to manage coalition. For the Head of Civil Service it is a particularly difficult time, hence the nature of the questioning we have got.

Q404 Paul Flynn: Were there problems in the way that you handled the three jobs?

Lord O'Donnell: I am sure there are things that I did not do as well as I could have done. I am sure there are areas where if I devoted more time to it I could have improved outcomes, so having more resource there was good. Like I say, given the needs of coalition, I would have moved to having a separate Permanent Secretary in the Cabinet Office.

Q405 Paul Flynn: So if we get back to one-party government, we could see it reverting to being one job, not three jobs. The Trinity will become God again.

Lord O'Donnell: I think this is very much a solution for the times we are in at the moment and when it comes to a change of administration, even if it is another coalition—we know about coalition now, so we have learnt a lot about making coalitions operate—that will be an open question.

Q406 Paul Flynn: I love the answer to this question, so I will ask it again. Could you explain how appointing three highly-paid people to do the work of one highly-paid person did not cost anything?

Lord O'Donnell: Because, for example, Bob Kerslake was already being paid as a Permanent Secretary and he took on the job of Permanent Secretary and Head of the Civil Service. We had people within the Cabinet Office who could carry on doing that and they paid them less than they paid the one who was doing all three jobs.

Q407 Paul Flynn: So the three salaries were the same or less than yours.

Lord O'Donnell: Yes. Sorry, the three salaries each individually were less than mine.

Q408 Paul Flynn: But the total was a great deal more.

Lord O'Donnell: The total was more, but remember Bob Kerslake was already being paid a salary as Cabinet Secretary of DCLG.

Q409 Paul Flynn: Could you just tell me which official—Bob Kerslake or Jeremy Heywood—should ultimately be responsible for the success of the Civil Service reform programme?

Lord O'Donnell: I think they are jointly responsible for it.

Paul Flynn: That is not an answer.

Lord O'Donnell: Yes, it is an answer.

Q410 Paul Flynn: It is a mystery. We heard yesterday that the Pope resigned, which we did not think possible—we heard God has resigned—and now we have this mystery of two civil servants in one.

When I ask you which one does this and does that and you answer that they both do it, it seems a recipe for chaos.

Lord O'Donnell: No, I disagree, in the sense that you want policy making to be right and you want execution to be right. When people are thinking about policies you want for them to be thinking all the time, “Is this implementable? Is it deliverable?” You need the two things very close. We had it in the form of one person doing Cabinet Secretary and Head of the Civil Service. We had had them separate for a large proportion of the history of the Civil Service. They have been separate. It is not like this has never happened before and at the moment I think you need both aspects to be right. If you gave it to just one or the other, that would be a mistake, in my view.

Paul Flynn: I am grateful for your answers—not so much the last ones.

Q411 Chair: Can I just ask you a very simple question? How well do you think the new arrangement is working?

Lord O'Donnell: It is very hard to tell from outside because I am not living with it day by day. It is a very difficult time to be managing the Civil Service and doing the jobs they are doing. These are not easy times with the way the economy is going. I personally think they are both doing a very good job.

Q412 Chair: Do you think their peer group amongst the Permanent Secretaries treats the two roles with the same parity of esteem?

Lord O'Donnell: I think the peer group treats them both according to what they need.

Q413 Chair: I guess that is a “no” then.

Lord O'Donnell: No, it is different. If you are really worried about the policy side of things and you want to get a policy thing through, you talk to Jeremy; if you are worried about the Civil Service side, you talk to Bob.

Q414 Chair: Do you think it is working better than the previous arrangement?

Lord O'Donnell: That is impossible to say.

Q415 Chair: That is a very honest answer. I appreciate that. Do you think if the next arrangement were to restore the unity of the two roles and have a Permanent Secretary in the Cabinet Office who acts as the alter ego of the Cabinet Secretary and Head of the Civil Service and takes a number of the reports—because I remember you complaining about how many reports you had—you could split the number of reports between the one-on-one reporting structure, but you need not necessarily split the role of Cabinet Secretary and Head of the Civil Service?

Lord O'Donnell: Yes, but once you start trying to split the Permanent Secretaries, they all want to report to the Cabinet Secretary and Head of the Civil Service. In principle yes, and I think probably that is the right answer. In practice, they will all want to report to—

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Q416 Chair: We asked the Government to review this six months on and they said six months would be too soon. It is now a year on. Do you think they should be reviewing this arrangement?

Lord O'Donnell: With any change you would want to assess how well it is doing, and they are living with this all the time, so they will look at it. I do not know if they are reviewing it or not, but I would say with all changes it is worth having a look at it. One year

may be too short a time to have evaluated whether it is working or not. You always have to wonder about the counterfactual: what would you have done if you did not do that?

Chair: You have been very voluble today and passionate, as you always are. Thank you very much, Lord O'Donnell, for being with us this morning. I have no doubt we will have you back again at some stage.

Tuesday 13 February 2013

Members present:

Mr Bernard Jenkin (Chair)

Paul Flynn
Kelvin Hopkins

Priti Patel
Steve Reed

Examination of Witness

Witness: **Sir David Normington GCB**, First Civil Service Commissioner and Commissioner for Public Appointments, gave evidence.

Q417 Chair: Welcome to this session on the future of the Civil Service. Could you identify yourself for the record, please?

Sir David Normington: Yes, I am David Normington. I am the First Civil Service Commissioner and also the Commissioner for Public Appointments.

Chair: I gather you wanted to say one or two words.

Sir David Normington: No, I thought it better that I did not.

Chair: If you want to say two sentences, then please do.

Sir David Normington: No, I am fine. I think it is better that you ask me the questions.

Q418 Chair: We will jump straight in. Rather than getting into the rights and wrongs of the Government's proposals for appointing Permanent Secretaries, why do you think all this has arisen? What is behind it? What is the problem that Ministers think they are trying to address, and what do you think the problem is that Ministers perhaps are not addressing in the right way? What is that problem?

Sir David Normington: Do you mean overall, or do you mean just in relation to the propositions about ministerial appointments?

Q419 Chair: I will let you decide that. Is it an overall problem or is it just a little spat?

Sir David Normington: I hope it is not too much of a spat. There is a need to improve the skills in the Civil Service. There is a need to get better people into the top of the Civil Service to improve leadership capability and so on.

Q420 Chair: So it is a skills problem?

Sir David Normington: The core of the issue for the Civil Service is about skills, capabilities and experience. Actually, the argument about whether Ministers should have choice is, frankly, a side issue—that would be my view—and the wrong issue to be arguing about. Ministers having the right to choose does not have very much to do with getting the best people into the Civil Service, which is what we are all about.

Q421 Chair: Would you agree that this has arisen because there has been a breakdown of trust between the ministerial class and the top administrative cadre, so to speak? Has something gone wrong in that relationship?

Sir David Normington: There seems to be some breakdown. There is a danger of taking individual

cases and generalising them to the whole Civil Service. I am a little bit more distant from it than I used to be. I look in and I do not see a general breakdown of trust. Clearly, there are some difficulties, and clearly Ministers like Francis Maude have spoken about those difficulties.

Q422 Chair: This view you are expressing does reflect quite a strong view we get from professional civil servants: that somehow the problem is much less than Ministers think it is. Lord O'Donnell, whom we saw yesterday, would even go so far as to suggest—actually, he did not say it in quite so many words, so I am not putting words into his mouth—that quite a lot of the responsibility for this lies with Ministers not being clear, not setting objectives clearly enough, not communicating effectively what they actually want, or disagreeing with each other. He suggested that these were all problems that Ministers have made for themselves, rather than there being anything wrong with the Civil Service.

Sir David Normington: If that was his view, I do not completely agree with it. We need to unpack this. It is always the case that there is a tension between Ministers, who want to get on and deliver their political programme in quite a time-constrained period, and civil servants, whose job is to provide objective and independent advice and, sometimes, to point out the difficulties in doing things. That can be a creative tension, but sometimes—particularly in the middle of a Parliament, when Government is feeling that time is passing—it can become a real tension and it spills over into particular Departments in particular cases where Ministers feel things are not happening with enough pace and speed.

Q423 Chair: Sorry to caricature you, but that is another response we get from professional civil servants: that this is all part of a “mid-term blues syndrome”; particularly because the economy is so tough, it is all very tough for Ministers, so we need to understand how they feel—but there is not really a problem. I put it to you that there is a problem; there is something very seriously going wrong. It is not just these Ministers who are amplifying this noise. A lot of former Ministers from the previous Administration feel exactly the same way, and ex-Labour Ministers do not think the Government is going nearly far enough with their reform proposals.

Sir David Normington: Some do; I know that. If Ministers think there is a problem, there must be a problem, I guess. I am not now a civil servant. All I

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hear from civil servants is that they do not themselves believe it is as bad as the headlines would suggest. However, there clearly is a problem if Ministers think there is a problem. If they think they are not getting the service they need, or if they think things are being blocked, clearly there is a problem. I would say it was a problem of leadership and skills.

Q424 Chair: You introduced a new word: “leadership”. I like that word; it is very important.

Sir David Normington: In a sense, if you want real pace and drive and very good implementation, then you need a very good leadership team who are able to do that.

Q425 Chair: The leadership team seems to have this dysfunctional element in it that bursts out into the newspapers, and obviously it is being exaggerated in many cases, but it is there.

Sir David Normington: There are many places where it is not there. Our problem is that it is very hard to get into individual cases, is it not? There are some places where there has been dysfunctionality and problems. Looking in, I personally do not think that is a general problem. Ministers clearly think that there is something that needs tackling, and I would say that there are leadership capabilities and skill gaps that need filling.

Q426 Chair: The Civil Service Reform Plan talks of strengthening the role of Ministers in Permanent Secretary appointments. What do you take that actually to mean?

Sir David Normington: I take it at face value. The Ministers of the Cabinet Office explained it on the day as meaning two things: firstly, they wanted to have the final choice in Permanent Secretary appointments; and secondly, they wanted to be able to bring in short-term appointments without open competition on secondment or for short periods to meet urgent business needs. Those were the two specific propositions that were then put on the table.

The ministerial appointment of Permanent Secretaries is not actually in the reform plan—it said “strengthening”. If you take that at face value, that is what the Commission has tried to do. We tried to respond to what was actually on the face of the plan. We have put on the table something that says Ministers should be involved in the process. It would be ludicrous to hold them at arm’s length; they should be involved at each stage in the process. All we are saying is—and in this sense it is quite a small argument—we do not think we should step over the line and give them the final choice. The Commission has never done that.

Q427 Chair: You have hoisted the Jolly Roger pretty early in this conversation and made your views clear. Are we not in the middle of a conversation and have people not got dug in to their respective trenches? How do you think this is now going to be resolved?

Sir David Normington: I hope I am not hoisting the Jolly Roger. Look, when the plan was published last summer, it said that the Government wanted to engage in discussion with us, and that is what we did.

Actually, we spent until December looking at possible options, and out of that came the statements we made in early December about how this could be resolved so that Ministers had more involvement in the appointment of their Permanent Secretaries. We offered that as a positive response to the Government.

Q428 Chair: Have you had feedback on that from the Prime Minister and senior Ministers?

Sir David Normington: The Government has said, “Well, we’re disappointed, but we’ll see how it works out for a year.” That was the official response. In a sense, there was at least an acknowledgement there that we had shifted our position.

Q429 Chair: So you feel at the moment there is a truce, to use my adversarial analogies?

Sir David Normington: It is not my word, but yes, there is a truce.

Q430 Chair: Nevertheless, the noises coming out of Ministers in the Cabinet Office are still pretty aggressive about wanting to change the system. That is right, is it not?

Sir David Normington: They have not given up their wish to change the system and to have the final choice.

Q431 Chair: Do you agree with Lord Wilson, who described this as an attempt to bring back patronage? It is a good word, isn’t it?

Sir David Normington: Yes, and I know that it is an emotive word. The Commission, for which I speak, is clear that it is a step in the wrong direction and that it could lead to more personal favouritism and patronage. I do not accuse the Government of wanting to do that because, actually, both it and the Prime Minister himself said very clearly that they do not want to change the basic model of the Civil Service. The Commission’s judgment is that, whether or not that is the case, giving Ministers choice—even in this limited way—is a step down that road. It will not change the whole system overnight, but it is a step in the wrong direction.

Q432 Chair: Would you reflect on the assertion that, in fact, in the old days Ministers used to have much more influence over the appointment of Permanent Secretaries? Forgive me for mentioning that my father wrote a letter to *The Times* a little while ago explaining how he chose Sir Brian Hayes, or rather Sir Brian Hayes was chosen for him after he had made some indications. This had come after turning down the four previous candidates for that role in the Department of Trade and Industry in the early 1980s. Has the system lost something of that spontaneity and adaptability because we now have a rather bureaucratic process and we do not plan people’s careers properly anymore? People are not groomed for specific roles, or do not appear to be, as we have open selection because there is determination to—and rightly so—bring more women and ethnic minorities into top positions in government. We have actually made it very much more difficult to allow that informal influence of Ministers over the process.

Sir David Normington: What has changed is that there are now, usually, competitions to fill these posts, including Permanent Secretary posts. What you are describing is a system where, effectively, there was a word here and a word there—an informal process, usually. What your father was describing was a system where the choice was between existing senior civil servants, so there was no question at that point of going out to open competition. Once you open the filling of the post to competition—and particularly to external competition—you are, of course, in a completely different world, where I am afraid you do have to have some processes. In this world, the law actually says that you have to have fair and open competition leading to an appointment on merit.

Q433 Chair: We have tied ourselves in knots, have we not?

Sir David Normington: I am not sure, because it depends on whether you think the informal tapping on the shoulder was a good system. It usually led to the appointment of men and it usually led to the appointment of a certain type of person. If you were in the know or if you were in the in-group, you got appointed.

Q434 Chair: Is the right thing to say to my old dad, “That was a different world.”?

Sir David Normington: It was a different time and it was a time when we did not open appointments to open competition. So it was a different time, yes.

Q435 Mr Reed: Yes, it is a bit of a false dichotomy, is it not, saying that the options are a tap on the shoulder or no ministerial involvement? There is a huge space between the two.

Sir David Normington: Yes, there is.

Q436 Mr Reed: I just wanted to draw a parallel with what happens in local government, where the elected leaders of local councils sit on a recruitment panel to appoint their own chief executives. The Audit Commission identified local government as being far more cost-effective than national Government. I wonder whether it is your view that one of the causes for that is that this model of recruiting chief executives fosters a greater level of trust in that critical relationship at the top of the tree.

Sir David Normington: Before I answer that, I just do not want to be characterised as being against ministerial involvement. I and the Commission I represent are strongly in favour of ministerial involvement.

Mr Reed: I did not mean to characterise you in that way.

Sir David Normington: We are in favour of ministerial involvement and, at the end of the process, the Minister—or the Prime Minister, in the case of Permanent Secretaries—makes the appointment or does not. It is a different case in local government. Actually, it depends on the standing orders of different local authorities. It would be very hard to say that there was a connection between the way people are appointed in local government and what the Audit Commission is saying. A chief executive is required

to serve the whole council, and not the party that is in power. That is the safeguard: the appointment has to be a cross-party appointment. In reality, and when I see it going wrong, you get the chief executive identified very closely with the party in power, and if the other party, or parties, gets into power, you change the chief executive. That is, in a sense, the risk that you run in the Civil Service.

Q437 Mr Reed: If that fosters a stronger relationship that is better able to drive the kind of change that the democratically elected Minister wants, what is wrong with that?

Sir David Normington: I do not disagree with the need to have a very strong relationship at the top. I would just dispute that the only way of achieving that is for the Minister to make that final choice. As soon as you move from the panel making its assessment and making its recommendation of the candidate to one individual making that choice, which is the proposition, you inject an element of subjectivity into that. You take away, in a sense, the work that the panel has done to assess the evidence.

Q438 Mr Reed: The model of local government is not an individual; it is a panel that includes politicians.

Sir David Normington: It is a panel that includes them, yes.

Mr Reed: Therefore the check on the individual politician is the rest of the panel.

Sir David Normington: I do not know local government well, but I think mainly it is a panel of politicians.

Mr Reed: Not necessarily. It can be other senior officers or other people.

Sir David Normington: It depends. If we were talking about a chief executive, it would be rare for other officers to sit on that appointment panel.

Q439 Mr Reed: Would it be impossible to envisage a model in national Government where the Minister would sit on the recruitment panel?

Sir David Normington: We have looked at that possibility. At this moment, our judgment is that that blurs the line, which has always been drawn, between an independent panel overseeing the process and making its recommendation and the Minister being involved in that, but actually not making the decision or the choice. Look, this is a matter of judgment. We are having an argument with the Government in this space. There is a whole lot of space here about politicisation, which the Government had said absolutely clearly it did not want to move into. Our judgment is that we should not concede this point because it is fundamental to the way in which the Commission was set up and to the way the Civil Service was developed.

Q440 Paul Flynn: Regarding your recommendation on David Kennedy, did you get it wrong?

Sir David Normington: In the sense that the Prime Minister vetoed it, I suppose we did get it wrong.

Q441 Paul Flynn: Do you not have more of a role than rolling over and letting the Prime Minister walk

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all over you under those circumstances? It was a clear recommendation and a very distinguished board, and it is very rare for these recommendations to be overturned. We understand the Secretary of State, Ed Davey, was happy with the appointment. He was a very strong candidate. Why do you accept that the Prime Minister should dismiss it and you have no complaint about that?

Sir David Normington: Because the law passed by Parliament says the Prime Minister has the final decision.

Q442 Paul Flynn: But there are certain strengths in the system. There is another matter that concerns this Committee, and that is the role of the Independent Adviser on Ministers' Interests, which is a reform that has virtually been trashed by the Prime Minister; we will be reporting on this later. We are concerned that bodies that are set up to act independently of the political process are being undermined, and is this not what has happened in this case?

Sir David Normington: Actually, what happened was the process, which is underpinned by the law, worked. It is always regrettable if we get to a stage where the Prime Minister vetoes the appointment; it is the only case that I know of where that has happened. The system is set up so that there is a double lock on the whole process. The panel has no power other than being able to recommend a single candidate: the one it judges to be best. That is what it did, and the Prime Minister, by law, can decide to appoint or not, and that is what he did. I cannot have any complaints about the law, in a sense, working. I would have preferred it if the candidate judged best by the distinguished panel, as you describe it, had been accepted.

Q443 Paul Flynn: Are you not making a stand for the process? Most of us would say that the process is one that has worked well for a long period and in hundreds of cases already.

Sir David Normington: It has.

Paul Flynn: They are independent, and it does work. If it goes through like this, it means the politicisation of the honour if the Prime Minister is doing it for clearly political reasons—because of this shift in the number of global warming deniers in his party and the pressure he is under to kick out someone who seems to be sympathetic to dealing with climate change. That is the political part behind it. Your distinguished body took their decision independently, and the Prime Minister put two fingers up to you.

Sir David Normington: You have to accept that, if you have a system of checks and balances, occasionally every check and balance in that system will operate. The Government is saying to me that Ministers do not have enough involvement. Actually, this is an example of the way in which the law works so that, ultimately, the elected Prime Minister can say, "No, it's my judgment. I'm not having that person." Ultimately, the Prime Minister has to have the power to override a non-elected body like me and my Commission; that is how it works. I cannot have any complaints about that.

I work very hard to try to make sure that panels operate independently, assess the best evidence and

produce the best candidate. In the end, the check is that the Prime Minister can veto, but this is also why he cannot choose; otherwise, you cross a line. Vetoing means, "I am not working with that person," but choice means, "I am going to choose someone else." At that point, you really do risk a political choice being made.

Q444 Paul Flynn: Previous Prime Ministers have worked according to the traditions and the precedents, which meant a respect for the independence of his choice. The present Prime Minister seems to be working from the Ceauşescu manual of how to run a country. It is a profound change here on this and the Independent Adviser on Ministers' Interests. Why are you not shouting to the rooftops that this is an outrage? What we are going to have is someone appointed who is a wheeler-dealer and who will probably okay the £30 billion subsidy to foreign countries to build nuclear power stations and do new deals, rather than what we need, someone who has a paramount need, as David Kennedy did, to attack global warming.

Sir David Normington: I will just repeat again that the Prime Minister exercised properly his legal power, and I should not complain about that. However, what then happened was—and this is what we insisted on—that the competition was rerun.

Q445 Paul Flynn: At what cost?

Sir David Normington: I do not know. I could probably find out. Of course, it was costly to rerun a competition.

Q446 Paul Flynn: Are these equally distinguished people happy to sit there and go through the same rigmarole again, knowing that the Prime Minister might well reject the person they appoint? Does it not demoralise them?

Sir David Normington: I do not know if it demoralises them. They believed they had chosen the right person. It included the chief executive of Diageo, it included one of the country's leading experts on climate change, and it included the Head of the Civil Service.

Q447 Paul Flynn: The panel knew what they were talking about. They assessed this man, who was obviously the best one for the job, and the Prime Minister has trampled over their decision. Why are you not outraged? Why are you not banging the desk this morning and saying, "This is an outrage!"?

Sir David Normington: The Prime Minister is entitled to do that, in the end.

Chair: You have exhausted this line of questioning, Mr Flynn.

Paul Flynn: You did say you would be gone in two—

Chair: Last question, Mr Flynn.

Sir David Normington: May I just make one point? When we reran the competition, the person appointed was a civil servant. The person who was rejected was from outside the Civil Service; it was a rather surprising turn of events. Though you made some implied criticisms of the person we chose the second time round, you will find that that person is also a

very good person to head that Department. That was a decision that the panel took and not a decision that the Prime Minister took.

Chair: So, the empire struck back in the end.

Sir David Normington: No, everybody was happy in the end.

Q448 Kelvin Hopkins: It is said, and I know this to be a fact, that the private energy companies have undue influence in DECC. They have people working inside DECC, and it looks to me like they blackballed David Kennedy. They told the Prime Minister they did not want David Kennedy and that he should find someone else. Is that not the reality?

Sir David Normington: I do not know that, I am afraid. I just do not know. In a sense, I do not really know what happened in that period, after the Secretary of State had agreed and the Prime Minister paused.

Q449 Kelvin Hopkins: If it proves to be true, would that not be very worrying and damaging for the Prime Minister?

Sir David Normington: If it were true, but I do not know whether it is true.

Q450 Chair: Before we go on to the next question, if the Ministers championing this idea actually succeeded in their aim, so that the Secretary of State in that Department had the final say over the Permanent Secretary in that Department, would that not make the case for pre-appointment hearings for Permanent Secretaries in front of Select Committees absolutely unanswerable?

Sir David Normington: If there was ministerial choice, do you mean?

Chair: Yes.

Sir David Normington: There would be a strengthened case for it. When the Liaison Committee met the Prime Minister last time, that question was asked of the Prime Minister. Once you move down a road of Ministers making the appointments and making the choice, you probably do have to start redesigning the system and thinking about what other checks and balances you put in. The American system, which is, of course, right at one extreme, does effectively have that, because you have to have Congress approving, effectively, the appointments. You do that because you cannot just have a system where the Executive appoints all its people.

Q451 Kelvin Hopkins: Your predecessor, Dame Janet Paraskeva, told us in 2010 that the Constitutional Reform and Governance Act would “safeguard the impartiality of our Civil Service”. Are you surprised that, less than three years after the Act was passed, there are calls—not universal calls, but in certain quarters and even on this Committee, though not by me—for a more political Civil Service? Are you surprised that, just shortly after this Act was put into statute, there were calls for a change in the impartiality of the Civil Service?

Sir David Normington: I am very surprised and extremely disappointed. I thought that a settlement had been reached in 2010. Interestingly, when I was in the Civil Service, I was never a particular advocate

of having a Civil Service Act because I did not think that it was necessary. Clearly, in the role I now have, I begin to think differently because, obviously, if that is to be challenged, and if the move to more political appointments is to be made, that is something that would have to be debated by Parliament and you would have to change the law. That is the proper way to make such major change. Do not ask the Commission to make it; the Commission is part of the 2010 settlement, put there to safeguard the impartiality of the Civil Service, and you might say in the nick of time.

Kelvin Hopkins: It strikes me that it is rather like when people have lived together for a very long time and then get married just before they break up. That is what it looks like. At the last minute they want to make a point—just before the whole thing changes.

Sir David Normington: Maybe. You have to take at face value, though, the very strong statements in the Civil Service Reform Plan and from the Prime Minister that he does not want to change the fundamentals of the model. I do not think we are having an argument with the Government about politicisation; we are having a smaller argument about whether what they are proposing would—inadvertently, maybe—be a step in the wrong direction. I am sure that the Government is not challenging the whole settlement. The value of the 2010 Act, though, is if Parliament wants to challenge that whole settlement, then it should do so. The Government can put the proposition before Parliament and the debate can be had.

Q452 Kelvin Hopkins: I have put this question many times before at various other interviews, including with Lord O'Donnell yesterday: in the past, we had a much easier relationship between politicians and the Civil Service, because they were philosophically much closer together. In the last two or three decades, there has been a dramatic change in politics. The direction of politics has been towards globalisation, privatisation, liberalisation, marketisation and dismantling the state—those are the drives. It sits very uncomfortably with the Civil Service, who are used to serving an active state, and this problem has arisen because of ideological and philosophical changes in the way Governments have operated.

Sir David Normington: That is a slightly dangerous argument, because if you believe, as I do, in an impartial and objective Civil Service that serves the Government of the day, then if the Government of the day is not in favour of, for instance, the active state, or wants to change it in some way, then it is the role of the Civil Service to get behind that. I am afraid you cannot have it both ways here; if you want an impartial Civil Service, it has to be willing to serve the Government of the day, and that is whether it is a radical Government wanting to change everything or one wanting to preserve the status quo, or whether it believes in the active state or not. The Civil Service has to be able to adapt, and if it does not, you are risking an objective Civil Service. You would then have a legitimate worry about whether the Civil Service is standing in the way of change. The Civil Service is not there to stand in the way of change.

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Q453 Kelvin Hopkins: What about when the Civil Service is being asked to engage in the progressive dismantling of itself over time?

Sir David Normington: It is a very difficult time for the Civil Service, because there is a lot of change, huge cuts, no pay rises and there is a lot of pressure. I am afraid—well, I am not really afraid, as I believe in it. I believe the elected Government is entitled to set the direction and to be served by the Civil Service. If the Civil Service does not do that, it is not doing its job.

Chair: Maybe the Civil Service is afraid.

Sir David Normington: It may be afraid. In this environment, where the jobs are being lost and there are 20% or 30% cuts and so on, people are entitled to be afraid about whether it will be their job next. I do not blame anyone for that; it is just what is happening and the economic environment is very difficult. In that sense, Mr Hopkins, it is very different from the environment 10 or 15 years ago.

Kelvin Hopkins: I am an unreconstructed statist, so I am on the side of the Civil Service.

Chair: Every Committee has to have one.

Q454 Priti Patel: I would like to develop the discussion around the whole issue of competence in the Civil Service. Many previous witnesses to this Committee have raised the issue of competence among the Civil Service and tensions with Ministers, and we have seen quite a bit of that in the press as well. What do you think is the source of the current ministerial frustrations or concerns with competence in the Civil Service?

Sir David Normington: There are probably quite a number of answers to that, but at core I would identify two things. A lot of government now is either about managing big programmes and projects, or managing relationships and contracts with external bodies, which are increasingly delivering services on behalf of the Government. Those sets of project management skills—commissioning or contracting skills, as they are often called—are in relatively short supply and you see things going wrong. The big cases of things going wrong are often about projects that are not being managed properly or arm's length contracts that are not being properly managed. There is quite a lot of frustration about the delivery of Government policy, and that is one set of issues.

I go back to what I said to the Chairman about leadership. Ministers are frustrated, sometimes, about pace, drive and determination. Leadership, for me, is about setting the direction very clearly and driving that forward. The best Civil Service leaders, as in other sectors, do that, but there is not quite enough of that capability. It is not a specific skill; it is a leadership competence and it is harder to teach. Nevertheless, it is what makes the difference. If you have a very good leader who is inspiring the staff, setting the direction, really driving it on and removing the barriers, then Secretaries of State have no disagreement with that—they are happy.

Q455 Priti Patel: On the issue of leadership, we had Lord Browne here yesterday as well, and he gave the comparable analogy of leadership in the private sector.

Much of that obviously will come from those driving policy as well. Do you have any observations or any comments about the leadership skills of Ministers? You have already said that Ministers can get frustrated with the pace of progress or lack of progress. How do you think the two can be reconciled together—the leadership gap, potentially—among both the Civil Service and Ministers?

Sir David Normington: It depends what you think Ministers are there for. I think they are there to set very clear political direction, which is leadership, and also to go out into Parliament and to the public to argue about and for that direction, and to listen to people's views and change that direction if there is a need to. Yes, Ministers and Secretaries of State need to be leaders. What they do not need to have is the detailed capability of implementation; they have a right to expect that to be in their Civil Service. That is part of where they get frustrated because, very often, elected politicians do not have that experience of leading a detailed implementation, though some do. That is what the Civil Service is supposed to be for.

Q456 Priti Patel: In your mind, there is an issue regarding competence around implementation, as well as a competence and skills gap—you have touched on procurement commissioning. These are not new gaps at all, as previous Governments have also highlighted them. What do you think Government is getting wrong? Do you think they are not placing enough emphasis and resource around skills training? What do you think Government should do about this?

Sir David Normington: When I was in the Civil Service, I believed that there was not enough investment in those skills, and it is also very difficult to recruit for those skills from outside. As a Commissioner and as a Commission, we see the difficulty with the present constraints on pay, for instance, of recruiting from outside the very skills that the Civil Service needs. You therefore have a double whammy. There has not been enough investment in those skills. There has not been enough recognition of the importance of those skills to Government. There has not been the route to getting people promoted. That is the way you get recognised in the Civil Service: you get promoted, if you are any good. Therefore, you need to promote some people who have made a success of some of the skills I am describing. There has not been enough of that either. Therefore, you have a mismatch, to some degree, between the skills at the top of the Civil Service that are needed, and also it is very hard to recruit those skills from outside.

Q457 Priti Patel: Surely there has been a recognition that the Civil Service cannot carry on with this deficit in the skills gap for a start? Also, can you just explain to me why it is so difficult to bring people with the right skills, perhaps from the private sector and outside the Civil Service, into the Civil Service? What are the barriers?

Sir David Normington: It happens, and the Commission is very keen on opening up these processes so that, if the Civil Service has not got the skills we are talking about, it can go out and get them.

However, there are some barriers to that. If you are a big successful project manager in the private sector, you are paid four or five times what you are paid in the Civil Service. There is no way of competing with that; a bit more flexibility on pay would be desirable, because sometimes you can attract people. It is not just about pay, though.

At the senior levels, we see that people looking as to whether they should transfer into the Civil Service are weighing up the risks of coming in. At the moment, some of them are saying, "Well, actually, the Civil Service is losing everybody. There appears, from the media, to be quite a tense atmosphere. We are not going to get any more pay; in fact, we are going to have to take a pay cut." It does not look like much of an offer. If you want to go out and get the skills that are described in the Civil Service Reform Plan, then Government needs to change the whole way it thinks about attracting those people, as well as the offer it makes and the pay it offers. You need to structure the pay for those people so they are incentivised to stay in the role and to get their main pay when they have delivered something, not at the beginning. It is not rocket science. It is obvious, frankly, and it is time somebody got on with it.

Q458 Chair: Is there a paper that is going to emerge from the First Civil Service Commissioner on this matter? You are saying something very clearly with great passion, which has great force.

Sir David Normington: I could do a paper for you at this Committee on this subject, if you would like.

Chair: We would like that very much, because we are very concerned about the skills deficit.

Sir David Normington: Fine. I will do that.

Q459 Priti Patel: What I do not understand, though, is why there is not greater collaboration and partnership working with those in the private sector who have expertise. Government has been known to bring in consultants and has spent a lot of money on consultants in the past. As part of that contractual arrangement, we could actually have a skills and knowledge transfer. I do not understand why that has not taken place and why there has not been enough focus on it.

Sir David Normington: In the past, that has not happened enough. It has sometimes happened, but there has not been, in the past, enough written into the contract. It ought to be a central part of the contract so that consultants, in various guises, leave something behind. We have to just aim off for the fact that the private sector is also out to make money and it does not necessarily always want to leave a lot behind, because then it can sell its services again.

Priti Patel: They are not all bad in the private sector. There is a desire to make it happen.

Sir David Normington: You can build that into the contract; I agree with you.

Q460 Mr Reed: This probably pre-empt the fascinating paper we are going to receive from you shortly. I was thinking, with respect to the points that Priti was asking there, do we need more of a project-management approach or project-based approach to

the whole of government in the way that the Scottish Government has been experimenting with? That is my first point. To underpin some of that and some of the points you have just been discussing, what infrastructure will we need to deliver the appropriate leadership skills through that? I am thinking of things like a different model of training college or training programmes or career routes that may take career civil servants not just through the Civil Service, but through local government, elements of the National Health Service, the third sector and the private sectors, where they are involved in the delivery of public sector services.

Sir David Normington: On that last point, that is essential. It does, in a sense, mean that you have to have some different thinking about how you develop people within the Civil Service with those skills and how you progress them through, and where they are going to get that experience. That is desirable. There is a proposition and I think Lord Browne has been championing it; I think it is called a major project academy, or something, which actually is about precisely what you are describing. It is a very good idea.

On the issue of how you organise Government, you cannot organise the whole of Government on a project basis. However, I have always been a fan of that way of thinking because programme and project management is about being very clear about the objectives, and being very clear about the resources and organisational structure you are putting behind those objectives to deliver them. It is also about being very clear how you assess the risk and who is responsible for assessing that risk. In other words, the disciplines of project management are the disciplines of good government. Although I do not go the whole way on organising the whole thing on a project management basis, there is a lot to be said for it, because when things go wrong, it is because the objectives are a bit fuzzy, nobody is quite sure what they are doing, there are not quite enough resources and nobody is assessing the risks. I exaggerate, but those are the sorts of thing that go wrong in Government and, as we have seen, in things like the West Coast Main Line, those sorts of issue are present.

Q461 Mr Reed: How far could we push that concept? Could you develop the idea of a public service leader, rather than a civil servant, who was sector neutral, operating in a sector or across different sectors as appropriate to any particular outcome that was intended? Are you then looking at a totally different concept of the Civil Service?

Sir David Normington: Possibly. I think they are closer to that thinking in Wales, for instance, where, because it is smaller, it is easier to think about the public service as a whole. In England, the size of it makes it quite difficult to contemplate it in quite that way. However, much more movement across sectors and actually sharing the development of project leaders and so on is a good idea.

Q462 Chair: This whole business of leadership and competence and joining policy with implementation is what our two Reports on strategic thinking were really

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about. Why do you think strategic thinking skills seem to be so missing from Government as a whole? It is startlingly evident from the way that Government reacts on a day-to-day basis to things that they are far more driven by the day-to-day than the strategic. Why do you think that is?

Sir David Normington: That is sometimes the case, but it is not always the case. There has just been a proposition for building a railway line that will not be built until 2030, so it is not always short term.

Chair: Okay, but there is a Treasury infrastructure plan that looks forward for four years. HS2 is in stark contrast to the rather political airports policy—if you can call it a policy—that we have at the moment.

Priti Patel: It is a position.

Chair: It is a position; it is not a policy.

Sir David Normington: Something about the way the political system works is it works in political cycles, frankly, and it is very hard for a Government to set longer-term goals. When it does, nobody really believes it, because it seems so far away from people's lives. Many of us will be dead before the line is built, so it is hard for any of us to think very seriously about it, is it not? There is something about the political process, and probably about our lives, that means we do not think quite in the longer term.

Chair: Other countries manage to do this better than we do, at the moment.

Sir David Normington: Do they?

Q463 Chair: Yes, they do. Do you think that policy has become separated from implementation by the way the Cabinet Secretaryship is split from the Head of the Civil Service, in that all the delivery reports go to one individual and all the policy reports go to the other individual? Is that not militating against a strategic approach?

Sir David Normington: I would not have split it; I have never been a fan of splitting it. However, I am not sure that it has had that effect, because, looking from the outside, I see the Cabinet Secretary and the Head of the Civil Service working hard to join themselves up and make sure there is not the split and the division you describe. I do not think it has had that effect, but you will not get me defending the split, because it is always better to have a single line of authority from the Prime Minister through the Head of the Civil Service and the Cabinet Secretary. You will get more effective delivery, in the long term, in that way.

Q464 Chair: It does reinforce the impression that policy next to the Prime Minister is the real McCoy in the Civil Service, and deliveries stuck out there in DCLG are not of such a high status. How do we address that problem?

Sir David Normington: The only thing I would say—because I do not have to defend my former colleagues—is I get no sense at all that somehow the Cabinet Secretary is divorced from implementation. He is very focused on that, because policy is nothing unless something happens and it is delivered, and he knows that and is very focused on that. The danger is that the Civil Service Reform Plan could be over here, and actually it is also part of implementation, because

it is all about the skills you need for implementation and the way you organise Government to implement. The danger is that it gets slightly sidelined because people think it is somehow about Civil Service reform.

Chair: That is where Civil Service reform has always been: it has been down the corridor, the door is on the left, she does Civil Service reform and everybody else gets on with the day job.

Sir David Normington: I fear that has sometimes been the case with past reforms, yes.

Q465 Chair: Thank you for that, most interesting. One of the deficiencies identified as leading to the West Coast Main Line rail franchising fiasco was the high turnover of senior posts. Now, in the private sector, if you are turning over your management at more than about 15%, you are reckoned to be dying. The Treasury's percentage is 23%. Would you agree that, across Whitehall, it is much too high?

Sir David Normington: Yes.

Q466 Chair: What is the First Civil Service Commissioner going to do about it?

Sir David Normington: I am sorry, but I do not run the Civil Service, and I am limited in that respect. People want to give me lots of jobs and I do not have that job.

Q467 Chair: What recommendations would you make?

Sir David Normington: You have to unpack the facts a bit. It is a fact that there is a substantial turnover in the Treasury, and it is a fact that there was quite a lot of movement at the top of the Department for Transport. I did have a look, the other day, at the average length of stay of Permanent Secretaries who left in the year after the election, when there was a lot of turnover. The average length of stay was just short of five years for those Permanent Secretaries. There are some exceptions to that, but actually there was a very stable period of leadership. There was then a lot of turnover at the end of 2010 and into 2011, which was on the natural cycle. I just thought I would put that fact on the table.

To your general point, if the message is that the Civil Service needs to be reduced by 20% to 30%—and that is a very sharp and principled message—you must expect some of the best people, and some of the best people are in the Treasury, to think about going and looking elsewhere. The Treasury has always had a bigger turnover, because it has very able people who are poached by people in the City and elsewhere. Therefore, I do not think you can get away from that basic problem, which is added to by the fact there is a big shake out of people at the moment. Although you always want to keep your best people, of course, the best people are the ones most capable of going off and getting another job.

Q468 Chair: In your paper that you so kindly offered us—and I appreciate that very much—perhaps you can address how your proposals would address this question of churn and short-term appointments. If we are going to move to a project-management concept

of policy delivery, then you need single senior responsible owners who see those projects from inception through to conclusion, because that is what happens in the private sector.

Sir David Normington: Indeed, and I will address that because it is at the core of how you structure jobs and pay systems to ensure that you have the best possible chance of people staying.

Q469 Priti Patel: We have already touched on an element of the difficulties and the barriers regarding the private sector coming in. You have said that there are problems with pay and with it being attractive enough to take some of the brightest and the best from the public sector. What are your views on things such as salary caps and whether or not they should be removed, and also on the condition that Departments are required to stay within a fixed-pay budget? In responding back, how do you think, if we were to make changes to salary caps and pay offers, that would stand up to public scrutiny and also the overall principle of fairness and fair pay within the Civil Service?

Sir David Normington: It is very difficult, in the current environment, to argue for higher pay for civil servants. The Commission is not arguing for general uplifts in pay; it is simply saying that, if you need to go into the market to recruit the skills and the capabilities that you have not got in the Civil Service, you will have to have more flexibility, and the pay cap is a barrier. Now, the pay cap is not always enforced; it is possible to persuade the Treasury to lift it for certain posts. However, the Commission sees it being enforced very rigorously and it has held senior pay in the Civil Service down. You cannot have it both ways, and you can make the public case for selectively taking that cap off where you need to recruit particular types of skill. I would focus it on particular cases, but I am completely aware you cannot argue for a general uplift. I am sure the people who come after me today will want to do that, but I cannot go as far as that.

Q470 Priti Patel: Is this just about pay? We heard, as I said earlier, from Lord Browne yesterday that, in the private sector, there are other ways to incentivise people to come over or move jobs and so on. You have also touched on another non-executive member involved in a different appointment as well. Do you think we could learn from the private sector about different forms of incentive? Do you think the non-executives themselves—those with extensive business backgrounds—could bring from the private sector some of their own expertise and insight as to what works in project management or consultancies on pay and opening it up, making it much more diverse and attractive to people from the outside to come into the Civil Service?

Sir David Normington: Possibly. It is very difficult, in a public sector setting, to offer the kinds of pay and incentive that the private sector gets. Actually, I would not want to go down that road, generally. Public scrutiny will not allow that and, anyway, as we have seen in the private sector, it sometimes has unintended consequences. There may be ways you can structure the jobs. There may be ways in which you can

develop your promotion systems. There may be bonuses you can use. Having appeared before the Home Affairs Committee in my previous job three times, and having been criticised relentlessly for the bonuses we offered to our senior staff, I just concluded it was not worth the candle. It just was not worth it.

Now, the Civil Service does have something that is very precious: it does have its ethics and its integrity. It does have a very important ethos. It was very interesting, yesterday, to hear the chief executive of Barclays wanting to change the whole nature of Barclays, and actually that was all about the kind of ethical approach that the Civil Service has. You ought to be able to sell that; you can sell it to young people coming into the Civil Service—they get that. The chief executive of Barclays might die for those objectives of integrity, honesty, impartiality and objectivity. That is a selling point. We should not undersell what the Civil Service already has.

If I may make one other point, the Civil Service Commission chairs senior competitions at the top three levels in the Civil Service, and over the last five years we have chaired 370 or so competitions, and half of those competitions have been filled by people coming from outside. About a third of those have come from the private sector. It is mainly at the third level down. But some of those people have then progressed up, so it shows that it can be done if you design the jobs properly, if you sell those jobs properly and if you get your pay offer right. It is not a hopeless cause.

Q471 Chair: May I just chip in there? We heard, anecdotally, that very often the outsiders who apply for Permanent Secretary posts are way behind the internal candidates, because they simply are not used to operating in Government. That is hardly surprising, because Government is such a complex space in which to operate. If we are going to bring outsiders in, they need to be brought in at DG level and groomed for these top posts, rather than just brought straight in to the top job. How do you think the Civil Service should address that? Maybe you could address that in your paper as well.

Sir David Normington: I do not want to write your report for you. I need to be careful here, because what is happening at Permanent Secretary level is that, under the leadership of the present Head of the Civil Service, the default position is that Permanent Secretary posts are opened up to competition. If I, as the Chair of those panels, say, “Well, we’ll never recruit anyone from outside,” I think, actually, I am setting up too high a barrier. So it is horses for courses. I do not think I would go with the argument that you could never recruit someone from outside the Civil Service as Permanent Secretary. However, the most successful examples of Permanent Secretaries who have been recruited from outside are indeed the ones who have come in at director-general level, where they have been part of a team, have not been quite as exposed—as of course you are as the head of the organisation—and have learned the bit that they do not know and have progressed to be Permanent Secretary. That is a good model.

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Q472 Priti Patel: You mentioned the numbers and percentages of those who have come in from outside and we have mentioned pay as a potential barrier. What other feedback have you received from external candidates as to why they were interested in coming in and, when they were unsuccessful, how did they feel about the process? Are there any lessons that the Commission itself has learned about the recruitment process?

Sir David Normington: We have quite a lot of people who have made their money in the private sector who feel that they want to, as they say, give something back, and they are prepared to accept a cut in salary because they believe that they have something to offer the public service, so we have that motivation. We have another group of people, particularly at the Permanent Secretary appointments, who, when approached or when they get into a discussion about it, say, “I just wouldn’t touch it because it is a step into a world at the very top of my career—at the end of my career—that I just don’t know about. It’s too unfamiliar. I might go to another company, but, actually, it’s too big a step to a world I don’t know. I don’t know about appearing before Select Committees. I don’t understand the public accountability arrangements. I don’t really understand the relationships with Ministers. I have too many views of my own.” At Permanent Secretary level, you get people who can see how they would bring the leadership skills. However, the other bit, which is operating in the policy and political space, they cannot see themselves doing. In many cases, that is a realistic assessment, which is why coming in at one level down and learning it or experiencing it does prepare you better.

Q473 Mr Reed: Last one, Sir David. In your evidence, you stated that it is now the norm for Permanent Secretaries to be recruited by open competition. Now, in your time as First Civil Service Commissioner, have you presided over any managed moves of Permanent Secretaries?

Sir David Normington: I do not think I have presided over them. In a sense, the Commission does not preside over them. It is always open for the Civil Service leadership to agree with the Prime Minister or the Secretary of State to move some Permanent Secretaries around, and not through a competition but just to do that. I would have to just think about it. There may have been those instances in my time as Civil Service Commissioner.

Q474 Mr Reed: Outside your time then. Perhaps you have seen some of that or been aware of it from outside.

Sir David Normington: Yes, there would have been one or two around the end of 2010. For instance, I do know of a case or two where there was—rather like what we were talking about earlier with your father, Mr Jenkin—a discussion with the Secretary of State, and an existing Permanent Secretary, who had done four or five years, was moved without a competition.

Q475 Mr Reed: Why was that done that way rather than through an open competition?

Sir David Normington: It was because there was somebody who was a very good fit for the job that needed to be done. To put that person, who had five years of experience and was very suitable for that job, through a competition was thought to be a waste of time. What you would end up doing was spending money and ending up with that person.

Q476 Mr Reed: Who takes the decision as to whether it is best to have a managed move or an open competition?

Sir David Normington: At a Permanent Secretary level, it will be taken by the Head of the Civil Service—and probably the Cabinet Secretary as well—in consultation with the Prime Minister and the Secretary of State in the Department that is involved.

Q477 Mr Reed: Does that expose the Civil Service, in those circumstances, to the risks of patronage and favouritism that we talked about right at the beginning of the session?

Sir David Normington: A little bit, but not too much, because these are people who are already Permanent Secretaries and it is rare, though not unknown, that the Secretary of State, particularly in a new Government, knows the person particularly well. They are not choosing somebody they know and like in those cases. It is a little step down that road, but not very much usually.

Q478 Mr Reed: Are you comfortable with it?

Sir David Normington: Yes. It is okay sometimes. I would not want to go back to that being the norm. The Commission would not like that, because it thinks that there should be fair and open competition.

Q479 Chair: You do oversee them, do you not?

Sir David Normington: I get told about them, but I have no legal role at all in them. I do not oversee it, in that sense.

Q480 Chair: Should there not at least be an informal arrangement?

Sir David Normington: There is an informal discussion with me, but I have no locus in it, except that they involve me in the discussion.

Q481 Priti Patel: Are you able to comment and actively respond? What if you disagree with what is being suggested?

Sir David Normington: Because the Commission prefers open processes, I might argue for an open process. In the case I described, if I really believed that the open process was going to lead to the selection of the person who was first thought of, and that person was already at that level and had a proven track record, I probably would not argue against it. I am not the decision taker in that case.

Chair: I appreciate that your meat and drink is organising these open selections and that is your *raison d’être*, but if we were able to plan a little bit more succession in some Departments it might actually improve the continuity and the corporate knowledge held at the top of those Departments. One of those managed moves has worked extremely well;

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one of them did not last for very long. It is horses for courses, as you say. You sound as though you are religiously inclined to open selection.

Sir David Normington: No. I am in favour of succession planning, because it is the responsibility of the leadership of the Civil Service to ensure that there is always a supply of very good candidates for top jobs from within the Civil Service. All I would say is that I am not greatly in favour of the tap on the shoulder as the way of promoting people. That is not fair, usually, and it does militate against people who ought to be considered, and are not considered, getting a fair hearing. I am in favour of open processes, generally. There are three ways of filling Permanent Secretary and other senior posts: a managed move, which we have been talking about; an internal competition, which need not take long, but allows the internal candidates to put their hands up and say, "I'm suitable for this"; or a full, open competition. You should choose a horse for the course there.

Q482 Chair: If you started a full open competition and you looked at the applicants and you said, "Well,

it's so obvious; it's this person," you might short-circuit the process, because the time taken to make these appointments is another problem.

Sir David Normington: It does not have to take long. Where it takes a long time, it is often because the choice is difficult and there are a lot of candidates, or because there is not much choice and the decision is taken to go out again and to try to search the field more actively. You can run competitions in about six weeks.

Chair: Sir David, you have been very forthright and given us a lot to think about. I am looking forward to receiving a bit more to think about from you, and I am very grateful for that. Thank you very much indeed for coming this morning.

Sir David Normington: Not at all. Thank you very much.

Examination of Witnesses

Witnesses: **Dave Penman**, General Secretary, FDA, and **Hugh Lanning**, Deputy General Secretary, PCS, gave evidence.

Q483 Chair: Welcome to our two witnesses on our next panel in this session on the future of the Civil Service. Could you please, each of you, identify yourselves for the record?

Dave Penman: I am Dave Penman, General Secretary of the FDA.

Chair: Just describe to us what the FDA stands for.

Dave Penman: The FDA used to be called the Association of First Division Civil Servants. It is now just called the FDA. It is a union that represents about 18,000 members who are senior managers and professionals, mainly in the Civil Service, but also in the NHS. Our members are senior civil servants, lawyers, tax professionals, diplomats and school inspectors, so there is quite a broad range between managers and professionals.

Chair: You are relatively new to your post.

Dave Penman: Yes. My predecessor, Jonathan Baume, who was rather familiar with this Committee, retired at the end of October.

Hugh Lanning: I am Hugh Lanning, Deputy General Secretary of PCS, which is the Public and Commercial Services Union. We represent 250,000 members from the most junior through to senior civil servants, and I am not new to the job. I have been dealing with Government and Ministers and the Civil Service and the Cabinet Office for over 30 years, so it is a number of Administrations that I have seen from start to finish.

Q484 Chair: You do not always agree with each other?

Hugh Lanning: Dave and I, we—

Dave Penman: We go back a long way.

Hugh Lanning: I appointed him.

Q485 Chair: You seem to agree, to begin with. The FDA's evidence to this Committee "reject[ed] the notion ... that somehow the Civil Service is 'broken'", and PCS' evidence rejected "the perception" that Civil Service reform was necessary "as a solution to a perceived 'problem'". So, everything in the Civil Service is fine?

Hugh Lanning: No, I would not say that. You have not started with your normal question, which is, give us three sentences about what is wrong with the Civil Service. I had prepared for that.

Chair: Now is your opportunity.

Hugh Lanning: The first point is that we do welcome there being a discussion at the Committee. One of the problems with the Reform Plan is that it was essentially a private discussion that took place without consultation and it was rushed. There has not been a public debate about Civil Service reform. If it is going to last more than one Administration, there needs to be a consensus on it, otherwise it will just swing from one way to the other. We think this is a good step.

I came up with three sayings, perhaps not sentences, if you like, that describe where we think we are at: "The Government is stupid," or, to be more precise, Ministers. This is, if you like, focused on a lack of stability and consistency from Ministers, micromanagement by Ministers, lack of clear objectives and also a lack of political support to Ministers. We have said that it is not that there is nothing wrong in the Civil Service, but you have to look at two sides of the equation and not just at one, if you are going to come up with a solution.

"It's the cuts what done it," is the second phrase. Why is there churn, loss of experience and expertise—the things you are talking about—and low morale? We

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think the primary causes are cuts, privatisation, the use of consultants, and the lack of funding and commitment to training. If you look at it, it has actually been resources, rather than reform plans, that have driven change over the years.

Lastly, “Stop rearranging the deckchairs.” Reorganisation and machinery of Government changes, on the whole, are a waste of time and money, and we need to encourage cross-departmental working, rather than trying to rearrange the Departments to suit the latest plan. If you look at some of those issues and the things underlying them—and I am happy to go into more detail—there are things that need improving. But is the Civil Service so fundamentally broken that it needs a change in how it is structured and how it is organised? No, I do not think that is the case, nor do I think there is evidence for it.

Q486 Chair: Mr Penman, are you in agreement with that?

Dave Penman: We are simple folk in the FDA, so we talk about the three Rs—recognition, reward and resources—as being critical. We put the expression in our evidence about the Civil Service not being broken. It is not dysfunctional. Reform is constant. If you talk to any civil servant, probably at any level of the Civil Service, they would have experienced, over the last 20 or 30 years, constant change and constant reform. We broadly welcome the Civil Service Reform Plan, as there are a lot of good ideas in there, but there are areas where we have some significant concerns as well, and it is simply the latest iteration of the constant change that takes place in an organisation of over 400,000 staff delivering a significant proportion of what the public expect the Government to deliver in public services.

Any organisation should expect reform and change to happen on an ongoing basis. This is not something that simply happens as a result of ministerial whim. The politics of management, rather than philosophy, takes us into a bit of danger. Change happens from within the Civil Service all the time. That was my experience as a civil servant and that is my experience as a trade unionist as well.

Q487 Chair: If you were to focus on what is particularly frustrating Ministers and giving rise to this public friction and public criticism in the newspapers and has given rise to the Civil Service Reform Plan, what would you say that these particular things are? Are they a problem for the Civil Service?

Dave Penman: This Government has come in and has set the Civil Service a very significant challenge. It has got quite a radical reform agenda and, at the same time, it is asking the Civil Service to significantly reduce the resources that it has to deliver that reform agenda. That is a very difficult management challenge for the Civil Service, and it requires a different skill set, at times, than the Civil Service has—and Sir David Normington talked about that previously. The Reform Plan was not simply a response to a frustration about the Civil Service. It was the Government taking stock, looking to the future and saying that the demands are going to be different, and

this is an attempt to try to identify how the Civil Service should address those demands. In some of those areas, we think the Reform Plan makes sense. There are a lot of ideas about procurement on major projects, which is an increasing feature in the way the Government works. There are a lot of good ideas, but there are also some issues that seem to be the focus of a lot of media attention and a lot of discussion here about ministerial involvement in Permanent Secretary appointments and so on. That is actually at the margins of what is taking place in reality and the experience of most civil servants.

Hugh Lanning: I mentioned a lack of a stability and consistency. Under the last Administration we had 17 Ministers for the Civil Service during the period. How on earth can there be a delivery of objectives with that sort of regime?

Chair: The Prime Minister is meant to be the Minister for the Civil Service. You only had two.

Hugh Lanning: There were 17 people directly responsible for the running of the Cabinet Office and the Civil Service who had that sort of brief; I counted them as they came in and out. To be fair to the current Administration, there has only been one. Our problem is that it has been Francis Maude, all of the way through. It is a better model, and there is consistency and stability. The difficulty you get into is Ministers wanting to micromanage. They want to run the Civil Service, rather than focus on the big political objectives and having clear objectives.

Just to give you another example, I did not like a lot of what the Blair Government did, but it delivered on its election pledges in the first period, where it had very focused objectives that they had worked out and planned. It was an effective period. It is not a model that has been used by very many. There are big, broad objectives. I know, from talking to a lot of the Ministers, that they are not clear what their role is when they are there and what the jobs are that they actually have to deliver on behalf of the Government. There is a frustration there, because they are not experienced and they are not given enough political support or training, as Ministers, and therefore you blame the Civil Service—you do not blame the part that you come from.

Q488 Priti Patel: I would like to discuss morale. You both cite low morale in the Civil Service right now. Could you provide an insight to the Committee on how significant it is, how widespread it is and the level of this dissatisfaction, and, in particular, how this can be addressed?

Dave Penman: Most civil servants really enjoy the work they do. They do some of the most interesting and challenging jobs that are out there in the economy. Many of them make a very specific choice. When one of our members is asked what he does, he says, “I’m a builder.” He says, “I build schools and I build hospitals.” He is a tax inspector. He brings revenue into the country. He could earn two or three times the money he does if he wanted to work in the private sector, but he does not because he passionately believes in what he does. That underpins a lot of what our members enjoy about the job and the value they bring to it.

Increasingly, there are issues there that are impacting upon morale and motivation, and I am talking about our members. A recent survey of senior civil servants showed that two-thirds were looking to move outside of the Civil Service. We have pay levels. You have just tasked Sir David Normington with coming up with a report on pay; he did so in 2008 when he was the Permanent Secretary at the Home Office, and identified the long-term problems that there are at the senior levels of the Civil Service over pay. Increasingly, there is the potential that it gets out of kilter, with cuts on resources; attacks from Ministers and the public denigration of the professionalism and competence of the Civil Service; pay levels that, as I said, are so far behind the market; and the balance between what you get from the day job—and it is a fantastic job—and all the other bits that come with it. We are starting to see some of the comments that are our members are making, and some of the responses we are getting indicate that there is a morale and motivation problem, and it is a problem that is building for the future.

You talked about turnover rates just now. We are in the middle of a double-dip recession, and pay levels are so significantly behind the market that, when the market picks up, we feel there will be an exodus of the most talented civil servants to the private sector. There are issues about morale, but more importantly there are a number of indicators that this Government should wake up to about what civil servants are saying about those issues, and it should try to address them over a longer term, although we recognise that that is quite difficult in the current fiscal environment.

Hugh Lanning: I agree with a lot of that, but you do not have to take my word about what the morale problems are. There is the Civil Service People Survey that management run and that we quoted, and we help to promote that. The four things that came out from that that hit morale were pay and benefits, with the cap and freeze; the undermining and the continual changing; the lack of learning and development opportunities; and also the lack of resources, in a context where you are being vilified. It is a difficult balance. If you are being constantly vilified and you are putting up with all of that, whatever the values of the job, you end up having a low morale because you do not feel appreciated

Q489 Priti Patel: Can I just come back with a couple of questions there? Do you sense that there is a great or a significant enough understanding among Ministers about what the Civil Service is there to do in terms of supporting Government and supporting Ministers and so on? You have both mentioned pay and touched on the issue of prospects of progression too. Do you think, as a society, we actually understand the Civil Service and the value that the Civil Service brings?

Hugh Lanning: I would say not. One of the constant points of feedback we get from our members—the biggest groups of our members are in the Department for Work and Pensions, Revenue and Customs, and so on—is that when they say what their job is, people do not feel they are the Civil Service. The public image of the Civil Service—this is probably more Dave’s

members—is Whitehall, “Yes, Minister” and it is that. It is not the day-to-day jobs, the operational jobs, that are done in the local DWP offices or on the borders, or in the prisons and so on. The reality of what the Civil Service is is quite out of kilter with what the public image is. That is a frustration. A lot of Ministers come with a prejudiced view, rather than with the working knowledge of what their Departments do in practice. They come to like the Civil Service as they get to know what their Departments actually do and the responsibilities, but that is not where they start the process, especially if they have not been in government. Where would you learn that? We are not very public-facing in selling the Civil Service as a whole.

Q490 Priti Patel: Can I just ask one other question? If Francis Maude were here right now, what one recommendation would you put to him to change and uplift morale?

Hugh Lanning: Engage with us. Engage with the staff of the unions. It all feels, at the moment, as if it is being top-down driven with a command approach, with no engagement with the staff about what the change is and no explanation, and no say on where the changes need to be and how they will take place. It is that absence of consultation and discussion, both from a management and political perspective. It is being done to them, not with them.

Chair: Mr Penman, do you agree with that?

Dave Penman: I would start with recognition. On that point about Ministers celebrating the success of the Civil Service, Francis talks about the £13 billion worth of savings that the Civil Service has delivered over the first two years. That is not lauded as a success. The Civil Service has delivered that and, at the same time, has consistently delivered high-quality public services. The Civil Service does not champion itself very well, and Governments do not champion the Civil Service very well either. That leads to the problems that we have. We do not respect their competence. We do not think we should necessarily pay the going rate. “It is always better to get someone from outside in the private sector, because they know what they are doing and the Civil Service does not.” That leads to some of the problems that manifest themselves in the concerns that our members have.

Hugh Lanning: Could I just pick up on that point? There was a discussion you were having previously about the lack of skills and expertise within the Civil Service, and the need to go outside. One of the problems we have is that we give away the expertise in the Civil Service to the private sector. If you take all the IT projects that were there, we sold the expertise in the Civil Service and they said, “Oh, we’ve got no one who can run an IT project.” We have just done it with MyCSP. We have given away all of the people who ran pensions administration to MyCSP and we are left with nobody. It is a constant pattern that you see. We decide we are going to sell off, privatise or reorganise something. Subsequently, we denude the Civil Service of the skills and the expertise that were there previously, and then you have to rebuild it all again from scratch, which seems to me a daft approach. When we are thinking about

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reorganisation, we do not say, “These are the skills we need to keep within the organisation and these are the ones we can afford to let go.”

Q491 Mr Reed: It is very rare that you see a leader in a major private sector or third-sector organisation stand up and vilify their own employees, but some Ministers do it. Why do you think that is?

Hugh Lanning: It is because they do not think the Civil Service is theirs. It is not the same as if you are running a company, where you get the profit, you have ownership and you have a stake. The Civil Service is seen as there to do your bidding and to be there, and they do not feel the same ownership or the same commitment. The driver is the politics. The driver is the politics rather than the management; that is seen as being the main task. Actually, the people who do it best, if you look at it, are the people who get their civil servants and their Departments behind them in line with what their political objectives are, so that those two are aligned in the process. That happens when there is a good dialogue between the two, so that the Civil Service understands what the Minister is trying to do.

Q492 Mr Reed: What do you think they hope to achieve politically by doing that, then?

Hugh Lanning: They probably hope for promotion out of that job into another one. If you look at it, it is about getting political credibility. It is not about, “My long-term commitment is to be here,” unless you are in one of the big offices of state, such as the Chancellor of the Exchequer, or something. On the whole, there is a political ladder for people to go up, which is probably more important than the job.

Mr Reed: The churn of Ministers contributes to the problem?

Hugh Lanning: Absolutely, yes.

Dave Penman: It is interesting, and you heard this in previous evidence from Lord Hennessy, who talked about this, that it is almost at exactly the same point in this Government where those sorts of comment are being made as with the Labour Administration and the comments that Tony Blair and other Ministers made. It is part of the political process. You have a party in opposition that comes into government. It finds that what necessarily made good politics in opposition does not necessarily make good policy. Things are a lot more difficult than they first thought, and suddenly they get frustrated. A convenient scapegoat often is the Civil Service and the civil servants. Probably too much is made of it. A lot of our members say that they are thanked in private and criticised in public. Ministers recognise the value of civil servants and what they do. They recognise the resource and the expertise that they get, but sometimes they feel they have to make these sorts of comment or there is a more philosophical point. It is, “Everybody else’s civil servants are incompetent, but mine are actually very good.” That is sometimes the experience of some of our members. Sometimes Ministers do it deliberately, and sometimes they fail to recognise the long-term impact that has. They can say positive things seven times, but they should know, because they are adults and they are politicians, that the one time they say

something controversial, whether it is Permanent Secretaries blocking policy or it is questioning the competence of civil servants, that is the bit that is going to get picked up in the press. Too much is made of it, and politicians need to learn those lessons because there is an awful lot said about leadership in the Civil Service.

Q493 Chair: To defend Francis Maude, as Paul Flynn would expect me to do, I am sure Francis did not come into the Government intending to have to say these things about the Civil Service. He is, genuinely, very frustrated about things that seem to be decided and seem to be agreed, but then are undone behind his back. That is what he feels very strongly about. He feels things are just not implemented or deliberately obstructed. Why do you think this happens?

Dave Penman: We have worked with Francis for nearly three years.

Chair: You must have discussed this with him yourself.

Dave Penman: We have, and sometimes I fail to recognise the timid Minister who is cowering in fear of their Permanent Secretary. They want to implement something, but their Permanent Secretary says, “No, Minister,” and it does not get implemented. Government is complex and difficult.

Q494 Chair: That is actually not the problem. What happens is the officials say, “Yes, that’s what we will do,” and then it just does not happen. Months later it is still not done.

Dave Penman: Ministers have ways of dealing with that. I can understand that. As we say, government is complex. There may be these frustrations. There may be tensions about what can be done, the pace of reform, the pace of change and what a Minister wants. In making some of those comments in public, Ministers need to recognise that it is not simply about the particular situation they face; all civil servants feel it when a Minister makes some of those comments. That is the responsibility of leadership.

Q495 Chair: You do accept that this obstructionism exists, but you are just begging Ministers to deal with it privately and not go public?

Dave Penman: I cannot say whether it does or does not, but I am sure that every Government Minister would say, at times, they have been frustrated with pace and reform and change and all of that with the Civil Service, whether justified or not. I cannot say whether, in the individual instance, the Minister was justified or not. But they have a broader responsibility for the whole of the Civil Service when they make those sorts of criticism.

Hugh Lanning: Again, Francis is not timid. He is not cowering away from his civil servants. He has got a hugely ambitious agenda. In terms of clear objectives, he is taking on the planet. He is not just trying to reform a bit here; he is trying to be a driving force for the whole of Government for making major changes—and not just in the Civil Service, but in the public sector as a whole, be it pensions or be it a range of areas. It is at a time when the manager at the Civil

Service has been undermined. I agree with what the previous witness said about the Head of the Civil Service: I do not think that helps. From our own discussions when we are trying to have negotiations, I wonder, "Whom do we go to?" Actually, you end up having to go, normally, to the political advisers. There is a vacuum of power in the middle of the Civil Service, and that is one of the frustrations that Francis has. If you look at it, Permanent Secretaries are not able to move. There is a dilemma: in the report it talks about having devolution and decentralisation and so on, but if you look at most of the initiatives that are currently going on, they are being directly driven by a central authority from the Cabinet Office. On things such as shared services, conditions of service and facility time, it is having to have Cabinet Office approval for all of those in what is meant to be a delegated framework. There is a dilemma there: you cannot say you want delegation and managerial and entrepreneurial skills to be used if they are not allowed to budge without the Cabinet Office Minister saying he agrees.

Q496 Kelvin Hopkins: This continues from that but it is really to Dave Penman: the FDA's evidence is that Ministers view "robust challenge and testing of policy ideas" as their ideas being blocked.

Chair: Kelvin, you ought to declare your interest. Sorry to interrupt.

Kelvin Hopkins: Yes, sorry. I am a member of the PCS support group in Parliament; I should say that. I know Hugh very well, of course, and Dave. The FDA's evidence is that Ministers view "robust challenge and testing of policy ideas" as their ideas being blocked. Is not the reality that some Ministers come up with ideas that are not practical or sensible, and civil servants have got a job to do in explaining to Ministers, fairly forcefully at times, that it just will not work and it is not sensible. Is that not the reality?

Dave Penman: It can be. We talk a lot about the competence and experience of civil servants, and not many people talk about the competence and experience of Ministers. At times, there is that issue. Interestingly, there was a debate on Radio 4, and an unlikely advocate for the Civil Service, Dr John Reid, talked about being in the Home Office. He talked about good Ministers wanting strong challenge. That is the point of the Civil Service: it is there to speak truth unto power. It is there to give robust, evidence-based policy advice, but, ultimately, it is for Ministers to make a political decision.

That is what civil servants want as well. Civil servants want the ability to advise Ministers, but, ultimately, to serve the Government of the day, regardless of their political colour. That is actually why they came into government. Most civil servants will serve a number of Governments of different political formations. That is part of the job that they want and that is what makes good government. It might make for a difficult job as a Minister, but having that tension in the system makes for better government. I think it is sometimes about the experience or competence of Ministers, who operate in a political environment and, therefore, are making judgments from that perspective rather than from a good-government perspective.

Q497 Kelvin Hopkins: It is, then, more than just a disparity in styles; actually, there is a problem there. There is evidence from a report in last Sunday's *Observer*—about a civil servant who has been paid off as a result of a case of bullying, particularly by special advisers—of the tensions inside the Department for Education, where, apparently, foul language and extreme temper are commonplace, with special advisers allegedly bullying civil servants and saying, "Don't argue. Just get on with it." It is that kind of style, but using rather stronger language than that. That, clearly, is not a way of operating a sensible Government.

Dave Penman: It is not. Again, political advisers are, I think, a welcome development, because Ministers need strong political advice. As long as the boundaries are clear—and special advisers operate under a code—I think the Civil Service recognise that and they understand what their boundaries are and what the boundaries of special advisers are. Again, it sometimes makes good politics to come in and say, "We will do away with all these special advisers," without recognising that they can be a healthy and welcome development in how a Minister will operate and how a Department will operate. It is where they cross those boundaries or, critically—and this comes back to our concerns with the Reform Plan—where those boundaries are blurred: the degree to which someone is employed because of what they believe or what they can do, and that is the clarity that civil servants would seek to understand.

If it is a special adviser, then a civil servant will understand what those boundaries are, but if the basis upon which someone has been appointed as a permanent civil servant is unclear—whether it is political patronage or whether it is through open and fair competition—that, I think, is where you get some of those tensions. Ultimately, under this Government, and successive Governments and previous Governments, you will get occasions where, as we have seen under the Labour Administration, when it was a good day to bury bad news, individuals will overstep the mark, but the clarity of role, I think, is what allows challenge when individuals do overstep the mark.

Q498 Kelvin Hopkins: That clarity of role: this Committee looked at special advisers in a previous Parliament, and one of the things I said very strongly is that special advisers advising and meeting Ministers is one thing; but in terms of special advisers interposed as a layer between Ministers and civil servants, giving orders, and often in a brutal way, as we have seen, nothing seems to have been learned and, in fact, it may be getting worse.

Hugh Lanning: Can I just comment on that? It is worse than that. It is all Administrations; it is not new. In a way, Ministers need more political support, and they need to be given the support to enable them to focus on what their political responsibilities are, but what you are getting is special advisers substituting themselves not just for the Minister, but also for management. There are management decisions where the special adviser is the person effectively taking the decision, over and above the Permanent Secretaries or

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the Head of the Civil Service and so on. If that is the scenario that exists—we have had it under both Administrations—when you are trying to have discussions, negotiations and talks, and you are, effectively, having to do those through the special adviser, I think that is wrong managerially and wrong democratically. I do not think it sustains itself.

Q499 Kelvin Hopkins: Even at my modest level, I have a political officer who gives me advice. He does not give orders to my other staff; he talks to me about politics. That is very different. On a completely different question: you touched earlier on HMRC and tax-revenue collection. The Government has a funding problem, but it has been argued very strongly that their funding problem is not about spending, but about failure to collect revenues. The tax gap, allegedly, could be as much as £120 billion a year—a staggering amount of money—and yet the Government has insisted, over decades now, on squeezing staffing at HMRC, when every individual tax officer collects many times and a large multiple of their own salary.

Chair: Question?

Kelvin Hopkins: Would it not be sensible to advise Government, if they want to collect more money to pay civil servants better and to employ more tax officers?

Dave Penman: We published a document, “Being Bold: a Radical Approach to Raising Revenue and Defeating the Deficit”, around this very point—investing in tax professionals. That was quite successful. The Government, I think, has started to recognise that point. Where you then come across a tension is that the Chancellor announced an extra £78 million, I think, in the Autumn Statement for particular initiatives around revenue collection, but you cannot simply create those sorts of experienced tax professional, and the Civil Service cannot recruit them from outside. The people with the expertise that is needed are paid two, three or four times the amount of money that the Civil Service pays. We have argued strongly that that is an investment for the country and that it can deliver significant tax revenue, but that needs to be planned. You also need to recognise that the salary level that you will pay tax professionals in what is quite a competitive market is a real issue and a real barrier to that being a success.

Hugh Lanning: That is true at the levels that Dave is talking about, but there is a much simpler equation: there are an awful lot of not-collected taxes. This is not about complicated evasion or difficult arrangements, but just taxes that are not being collected. If there were just more people on the ground enabled to do that, there is a very simple sum—there would be more coming in. If you look at the size of the Civil Service, the DWP goes up when unemployment goes up, and HMRC goes up as more tax is collected. If we want more taxes in, you have more people in the HMRC doing it. Then there is a debate about how you apply them, what skills there are, how you retain them and how you do it, but, in principle, the sums are tens, if not hundreds, of billions. There is evasion, avoidance and non-collection, but, if there were resources driven in there, you know you would get more money back.

Regarding the things we have argued for in terms of having a more central framework of pay and conditions of service, there was a debate that went on around, “Why can’t we just move people from HMRC to DWP when there is unemployment and we do not need them in tax, and vice versa?” They are on different pay and conditions, because they are on different arrangements, so, if there was a more cohesive commonality, those sorts of issue of shifting the resources to where they are needed would be a lot easier to manage as well.

Kelvin Hopkins: I have to declare my interest as a member of the support group.

Chair: Gentlemen, you are both giving extremely full answers. We need to crack on, so can you compete to see who can give the shorter answers?

Q500 Mr Reed: I will join in with that, then. What are the root causes of the current skills shortages in Whitehall?

Hugh Lanning: A lack of commitment to it. I sat on the Government skills board that was abolished. We have reduced the amount of money that is going into skills in the Civil Service. There was the Skills Pledge, which was meant to bring up basic skills, which the last Administration failed to deliver. There is just not really that commitment to driving down and putting the resources into skills. We have argued, for a long time, that there should be accreditation of skills in the Civil Service, and that is still not happening 10 years on since we put it forward.

Dave Penman: I would agree with that. I think it is a very glib comment to talk about skills in the Civil Service. Every Government and Administration will say, “We do not have the right skills.”

Chair: The First Civil Service Commissioner says it as well.

Dave Penman: But then it is a constant. Again, we are back to that constant, because, as the organisation develops and as the challenge changes, you need a different skill set. The Civil Service is constantly trying to refresh and renew its skills, but the point Hugh is making is that requires resource. It is always the first thing to be cut when budgets are under pressure.

Q501 Mr Reed: The Government has made a commitment to improving skills in the Civil Service. How confident are you that that is a priority for them?

Hugh Lanning: I am confident it is not, because it is saying it is going to do it by cutting the level of resource it is putting into it, so I do not see that the two are saying it. You have to look at the reality, and the reality is there is less going into training.

Dave Penman: I think that they are focusing on particular areas where there are improvements being made, and there are some positive stories there, but a lot of this takes place at departmental level. It is not something that comes from the Cabinet Office. The skills renewal takes place in almost every Government Department, and that is about the resources that they have to identify and deal with that.

Q502 Mr Reed: Can I ask what your view is of Civil Service Learning as a training provider?

Hugh Lanning: I think it was a mistake to move away from the sector-skills approach, which was more inclusive—it involved us, it involved having discussion—to it being just a pure provider, because then there is not the debate about what skills are required and what is needed. I think that is what is missing. It is not the provider; it is how you determine what the training needs are.

Dave Penman: We are doing some good work with Civil Service Learning. We have developed our own learning strategy as well, trying to identify what those are. I think, if you look at the learning environment in the Civil Service, it has, again, been through constant change, and we need some stability. There was greater engagement in the past, but what we need is stability around how Civil Service Learning has developed and, crucially, how that then impacts upon what is happening in Departments, rather than just some clever idea at the centre.

Q503 Chair: The Fulton Committee established the Civil Service College, which became the National School for Government. The Civil Service plan almost abolished it at a stroke. Is that a good thing or a bad thing?

Dave Penman: It is a bad thing. I think the previous person to give evidence, Sir David Normington, talked about some of these issues: looking at the central skills and the Civil Service planning for the future, which is what the National School for Government, formerly the Civil Service College, was really good at, and it was training civil servants throughout the world to that level of expertise. I think it was a very bad thing and something that we would hope to try to influence to bring back, and maybe this Government might be more interested in that, as it looks more to provide some central direction around some of these issues.

Hugh Lanning: It is a bad thing. We thought it could have played a role in accreditation. It could have been something that could have set standards and been more involved. I think that it had a weakness in that it was very focused on the Senior Civil Service and not on the generality of the Civil Service.

Q504 Chair: There needs, then, to be a kind of Shrivenham Defence Academy for the Civil Service, which does right up to doctorate-thesis level and degree level, but also does the vocational skills?

Hugh Lanning: Yes. I mentioned accreditation because one of the problems the Civil Service has is they have lots of skills but there is no way in which they can be identified or proved to the outside world, if you are going to try to do them. Even for progression internally, it is quite difficult, so some way in which those skills are identified and acknowledged, and a body that does it and verifies it, is essential.

Q505 Chair: Were you consulted about the abolition of the National School for Government?

Hugh Lanning: We were told about it.

Chair: You were told about it. There was no consultation?

Dave Penman: I think it was quite clear the decision had been taken.

Q506 Kelvin Hopkins: The PCS's evidence criticised the Government for "simply importing business and management techniques from the private sector". What approach would you take to making the Civil Service more efficient and effective?

Hugh Lanning: You should cherish and grow your own. It is back to the same skills. When we were doing the sector-skills stuff, the general assumption was that 80% of your future workforce was already with you—you already had them—and you need to train and support them. There is talk in the plan about an offer, and if you are going to make better morale in the Civil Service, the offer at the moment is all negative. We have to think of what the positive offer is that is going to be made to staff in terms of job security, pay and something going forward. At the moment, it is a very negative agenda, so that would contribute to efficiency. There is a view that, if you do not invest, you are making it better, but actually you need to invest in the Civil Service to get a more efficient Civil Service.

Dave Penman: I would echo some of those points. I think that the idea that we can import all of the good ideas just has not worked. Again, Sir David Normington talked about the senior-level recruitment we have had from outside. For about the last decade, about half of the appointments of the Senior Civil Service have come from outside, which has created significant tensions, because you are also importing external pay levels, so you have a two-tier workforce on pay at senior levels of the Civil Service. That commitment, which is there in words in the Civil Service Reform Plan, about commitments to development across the whole of the Civil Service, has to be delivered. Critically, that takes resource. If the Civil Service or the Government is genuinely committed to that, it needs to match it. That is very difficult at a time when departmental budgets are being cut to the extent that they are.

There is, however, an awful lot of good news out there. We are back to the point that the Civil Service has delivered £13 billion worth of savings, and the lights are still on. We continue to deliver quality public services, reform public services, deliver the Government's agenda and, at the same time, cut resources significantly. The Civil Service is delivering efficiencies already. It can improve and get better, but we need to move away from this idea that somehow it is broken and the Civil Service Reform Plan is fixing it. This is simply about the continual pace of reform and change.

Q507 Paul Flynn: I greatly appreciate your evidence, gentlemen. In the written evidence, Mr Penman, you have a very striking graph about the pay of civil servants and the private sector, and the common canard is that civil servants are overpaid, but in the public sector they are underpaid. You give this account in which, without going into the details, you are suggesting in your table that the pay of the Civil Service has been reduced since 2009 by about 1%,

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and the pay in public-sector-equivalent jobs has gone up between 8% and 10%. Is that your conclusion?

Dave Penman: That is actually the Government's evidence; it is not ours. The Government, in its evidence to the Senior Salaries Review Body, is effectively saying, "We will ignore the market." The Chancellor stood up and talked about market-facing pay in the Autumn Statement in 2011. We said, "We will have some of that, thank you very much," and then, when the reality dawned on him that that was the case, the Government's position now is, "We must ignore the market." What we are saying is that no one joins the Civil Service expecting to be paid market levels of pay. That is not what you do. You recognise—the point that I made—that the job you do is of enormous value and, to some degree, of monetary value. You accept lower pay because of the nature of the job you do, but when you get such a level of disconnect as we are now seeing, that balance goes out of kilter and people will be more attracted.

To come back to the point, we are saying we believe there will be an exodus of talent from the Civil Service. This Government might not have been here before, but we have. We have seen this previously. We have seen at times that you have periods of pay austerity in the Civil Service, the market changes and then, suddenly, you are running to keep up. You are throwing money at individuals rather than planning for that. That was the case in the early part of the last decade, where the Civil Service had to make radical pay reform quite quickly. It was the case in the late 1980s and early 1990s. The Civil Service is not very good at planning for this and adapting to it, as it happens, so that is the case that we are trying to make, and we recognise that that is difficult, politically, for the Government, particularly in times of austerity.

It is not necessarily about doing it and addressing it immediately; it is about recognising it as an issue, which the Government will not, and about trying to plan and deal with that. As was said to me when I was giving evidence to the Senior Salaries Review Body, we are talking about perhaps a crisis in two or three years' time, and that is a very long time for a Minister. The idea that they will think about what that means in two or three years' time is quite difficult, I think.

Q508 Paul Flynn: We have to accept that this present Lib Dem/Conservative junta is something we just have to put up with for the next two years, and presumably they will then disappear over the hill. The point you are making is our effort is to make sure that they do not do permanent damage to the Civil Service, but one of the points you were making, Mr Lanning, in your written evidence, was about outsourcing. You were talking about the waste of opportunities and the waste of talent. One of the Civil Service departments in my constituency is the Intellectual Property Office, which actually makes money. The amount might be surprising; every year, there is a surplus of £5 million, £8 million or £10 million. There is a great opportunity, I believe, for in-sourcing, because there are huge, unique skills that they have, which could be used, in fact, to take over work that is done very expensively in the private sector.

Generally, because of the need of this particular doctrinaire Government to throw some red meat to the yahoos in the tabloid press now and again, and use the Civil Service in an attempt to demonstrate their virility, do you think they are missing opportunities like this to build on the great skills that are in the Civil Service in order to boost the morale of the workers involved and to increase the profitability of the Civil Service in these areas?

Hugh Lanning: That is a tricky one to answer. Yes.

Paul Flynn: Sorry to give you such a difficult one.

Hugh Lanning: No, no.

Chair: A nice short answer.

Hugh Lanning: Just one example: Francis came in promoting mutuals as an objective, and MyCSP was the trailblazer because it was a better model. There has only been one. The chief executive has gone. It is showing a loss in its first year of operation. It has denuded the Civil Service of skills. If that is the model you want to take forward in terms of doing things, it is not a very good precedent. It has been used time after time in other areas, so I think we should look at how we can make the Civil Service better.

I would just comment on pay as well. It is not a Senior Civil Service issue alone. The majority of the Civil Service is low-paid and underpaid against comparators in the private sector. If you look at the economy, making sure there was some money going back to the lower-paid would help boost the economy, rather than the other way round.

Q509 Paul Flynn: I am sure that is right. The impression I had from the Office for National Statistics, the shared services in the Prison Service and the Intellectual Property Office is the appallingly low standard of pay that is accepted there by people with great skills, compared with what is available outside. I think this comparison was made yesterday, about people building a career in the financial areas in London compared with the Civil Service, and it is a no-brainer. Is it your view that the general level of pay among the junior levels in the Civil Service is dreadful? I am giving you these difficult questions; I realise I am really taxing you.

Hugh Lanning: It is low-paid and the public perception is that it is not. Also, there is no light at the end of the tunnel. There is no process by which there is any engagement about thinking that it might change at some fair point. A statement was made earlier on about fair comparison or paying a rate that is reasonable. How do we come at that? At the moment, there is a pretence of pay delegation, which is a fiction. If you look at it, there is a pay freeze/pay cap, conditions of service and all of the things that have been determined at the centre. All that departments can talk about is not to be flexible and not to do things that are innovative, but to distribute the few crumbs that are left. There is no structured pay system in the Civil Service, so you cannot even have the debate about what should be a fair reward at the centre. There is no discussion taking place around what a proper pay policy should be for the Civil Service.

Q510 Paul Flynn: Finally, would you like to say a word about the way that chiefs and indians are treated? Many of my constituents have been told they have to take on extra jobs. They have to do the job of two people; sometimes, they have to do the job of three people. But when it came to a decision on the top of the Civil Service, when GOD left, he was replaced by a trinity, three people. Why is it one rule for one and a different rule for the lower ranks?

Hugh Lanning: Dave might like to comment on that. The general problem across the whole of the Civil Service is that there have been huge cuts—20% to 30%—at a time when the level of work is increasing, not decreasing, so there is pressure at all levels. I think you will inevitably get into the situation where, if you like, the chiefs will think the problem is lower down, but the number of chiefs has been cut. The Senior Civil Service has been cut as well. I think the issue of resources as a whole is being driven, if you like, purely by, “We need to save 20% to 30%,” not what is needed to do it. It is back to the Revenue or back to the level of unemployment and DWP: you need the right number of people to do the job. You cannot just do it arbitrarily and expect the job to be done, unless you get the problem that you are talking about.

Dave Penman: The reality is that the Civil Service at all levels has faced an almost-equivalent cut in numbers—about 20%—including the Senior Civil Service. I do not see this as being about chiefs and indians. There is a really interesting point in the Civil Service Reform Plan, and one I know you are looking at, which is how Government determines an appropriate size and how they match resources to commitments. As a union, we have always taken the view that Government has an elected mandate to determine what it wants to do. That includes the size of the Civil Service. We, as a union, are not going to say, “It should be x amount or y amount,” but Government has to genuinely try to match those commitments, which is where we see the tensions and difficulties.

The Department for Education is looking at that, in the zero-based review. We have yet to have, as a union, a proper evaluation of whether or not that has been successful. It was, I think, a genuine attempt to look at what we need to do legislatively, what the priorities of Government and policy are, what is discretionary and how we match resources. I think that is an enormous challenge for Government, because, when it gets it wrong, it is our members who pay the price. Our members are working 10 or 15 extra hours a week to cope with the mismatch of resource and commitment, and it is not an easy thing to do. We are not producing widgets, and you can analyse it to the nth degree. It is a very difficult thing to do, and I think we would welcome the scrutiny of whether the Government is genuinely looking at that issue and trying to match those resources to commitments, at whatever level the Government determines the Civil Service should be.

Q511 Chair: Moving on, on the question of the appointment of Permanent Secretaries, do you think that this threatens to damage the impartiality of the Civil Service if the Government gets its way?

Dave Penman: We would very much, as a union, support the line that has been taken by the Civil Service Commission. We think there is a line to be drawn about that individual choice of a Minister. As you have recognised yourself, and in the experience of your father, Ministers have exerted influence, either overtly or covertly, over the appointment of Permanent Secretaries for a long time, but I think there comes a point where you ask, if a Minister makes a specific choice of a Permanent Secretary and says, “I want that person,” on what basis are they doing that?

Many Ministers come with absolutely no management experience whatever, other than managing their own private office, so what are they bringing to the show in relation to that selection and that choice? Inevitably, Ministers are political animals and, therefore, to some degree, either in reality or perception, that is going to look like a political judgment. If I was a Government Minister tasked with enormous reform, with a real challenge and feeling like I was accountable for everything, I would say, “Why can I not just choose the key official in my Government Department?” We have said we absolutely understand that, but we think it has long-term, profound consequences for the Civil Service. Will they want to take that individual with them if they move from one Department to another? What message does that give to civil servants below, if that appointment is perceived to be on the basis of politically agreeing with the Minister—again, real or perception? We very much support the line that the Civil Service Commission has taken, which is trying to square that circle of ministerial influence over appointment without crossing that particular line.

Q512 Chair: Mr Lanning, in the interests of brevity, is there anything you disagree with in that?

Hugh Lanning: I have two things to add. It is not just about the politicisation. We believe in fair and open competition. Also, there was some talk of the New Zealand model. I think that approach would lead to more compartmentalisation. We want cross-departmental work and more flexibility to do things. If you have the direct appointment, with people appointed to a particular post by the Minister, they will live and die in that role and defend that role. They will not take the wider view of the Civil Service or the country as a whole, and that will not be their brief. **Chair:** I think we have had a very full set of answers from you. Thank you very much to you both and, if you have anything you want to add, please let us have it in writing. Thank you very much for being with us this morning.

Hugh Lanning: Thank you very much.

Dave Penman: Thank you.

Wednesday 27 February 2013

Members present:

Mr Bernard Jenkin (Chair)

Paul Flynn
Robert Halfon
Kelvin Hopkins

Greg Mulholland
Mr Steve Reed
Lindsay Roy

Examination of Witness

Witness: **Damian McBride**, Head of Communications, CAFOD, gave evidence.

Q513 Chair: Can I welcome our witness this morning for this first session on Civil Service reform this morning? Could you just identify yourself for the record, please?

Damian McBride: Thank you, Mr Chairman. My name is Damian McBride. I was a special adviser to Gordon Brown from 2005 to 2009. Before that I had a nine-year career in the Civil Service working in Customs and Excise and the Treasury. I am currently the Head of Communications at the Catholic aid agency CAFOD.

Q514 Chair: Thank you for being with us this morning. I wonder if we could just start by drawing on your experience as a special adviser. That is against an extraordinary background, because you were a special adviser who had grown up as a civil servant and had been ticked off, I suppose, by the Cabinet Secretary for becoming too political, and therefore becoming a special adviser. Then you suffered the pressures of being a special adviser and it ended rather unhappily. What lessons do you think the Government and the Civil Service need to draw from that experience?

Damian McBride: The lesson I learnt and I was all too conscious of at the time was that I had gone on in the job far too long. Having been in a frontline Civil Service position for a great length of time, with a prominent position in the Treasury in the tax policy team and then becoming Head of Communications in the Treasury, and then four years in a prominent special adviser position, going from Treasury to Downing Street, I got to a stage around 2008 where I effectively wanted out. I did not want to be there anymore because I felt that, while it was not necessarily about me, I was a part of too much of the coverage that was around rather than being the person who was responsible just for generating coverage or preventing bad stories. I had become part of the story, which is the classic example.

I made moves around the end of 2008 to try to exit Downing Street, and while I would not say I was prevented from doing so, I was persuaded that my role there was too important and I had to stay on and carry on. After that, it was a bit of an accident waiting to happen—that I would get myself into that kind of problem. With the benefit of six months' hindsight, I was able to look back on that period and just say, "Why on earth did you feel tired with a great job like that?" It was a fantastic place to work and a fantastic opportunity; "How on earth could you get to a point where you didn't want to be doing it anymore?" I was

also able to look back at that small period around the start of 2009 and think, "What on earth was going through your head to get involved in what you got involved in?"

Q515 Chair: In terms of how you were looked after, there were clearly intense political pressures on you to remain and carry on serving your political masters. Was there no other support to turn to? Did your permanent secretary not say, "Yes, I can understand you're in an increasingly difficult position, and I will support you in that decision"? How do we prevent special advisers basically being corrupted by the system? It sounds to me in a way you were.

Damian McBride: It helps when you have a few salutary lessons. Ministers in a similar position to the one that Gordon Brown found himself in, where he had a special adviser saying, "Look, this is all a bit too much for me and I want out," should almost certainly do what Tony Blair did with Alastair Campbell and just say, "Right, fine. That's it." Arguably, Tony Blair should have done that earlier with Alastair Campbell. Based on my experience you would be foolish as a Minister if you had a special adviser saying to you, "This is all getting a bit too much and I want to do something different," and you did not accede to their wishes and say, "Right, I will help you get an exit."

Q516 Chair: When you see special advisers getting into difficulties, as we have in this Parliament and the last Parliament, what do you feel is wrong with the system that allows it to happen?

Damian McBride: There are two different types. You get the type like me: in my early years as a special adviser and, indeed, in a senior communications position in the Treasury, I tried to keep my nose pretty clean. Gradually you build up tensions with individual journalists and they eventually become public.

Q517 Chair: That is what is remarkable about your situation, because you were trained as a professional civil servant. All your instincts should have been to keep yourself out of that kind of difficulty.

Damian McBride: Yes.

Chair: Yet you finished up exactly in that place because of the pressures on you to presumably carry out that kind of role.

Damian McBride: I would not say that. I think that would be blaming the system too much. A lot of it was about the environment I worked in and the extent to which I embraced that environment. That is a lot to

do with the culture in the relationship between people doing the job I was doing and journalists, which we have obviously heard a lot about over the last year or two, and it is a lot to do with the culture of Westminster generally.

There are a lot of people who do that job for a great length of time and never have those kinds of problems. A special adviser I have great admiration for is Mark Davies, who worked for Jack Straw for many years. He was always a very down-to-earth, solid guy, who just did his job and did it very professionally. He came out with his reputation massively enhanced from that long period working in Government. He clearly has the kind of character that was able to do that, but he was also very grounded. He had a family.

Q518 Chair: Are you saying you were the wrong sort of person to be a special adviser?

Damian McBride: Not necessarily, but it does not help when you do not have a family life and your social life is effectively mixing with journalists at all hours of the night every single day, basically. That almost becomes your life. I remember the feeling when people would say I compounded the offence that I committed by sending those emails from my Downing Street computer. I think that compounded the disgust that a lot of people felt—that this was an Office of State being used.

Q519 Chair: But whichever computer you had been using, it would have been wrong.

Damian McBride: Of course, but what I mean is that for me I had stopped making any distinction between a life outside of work and working life.

Q520 Chair: I think that is what the public and a lot of us in Parliament find disturbing: that the system can spin out of control like that and people can lose their perspective.

Damian McBride: Yes, and it comes from allowing your life to be totally overtaken by that. In some ways, when I talked to journalists and some Ministers I worked for, they would say that is what made me an effective special adviser—that I never switched off. For the entire period from 2003 to 2009 that I was doing that job, I was literally at funerals and taking phone calls from the press; I would be cooking Christmas lunch and taking phone calls from Gordon Brown. It was all-consuming, and I was quite happy with that because I did not have much of a life outside of that—or at least I was happy to subsume it to that work.

Q521 Chair: Thank you for being so frank with us. It is very useful. Of course, the biggest special adviser story is perhaps Steve Hilton and the report of his thoughts about his experiences in Downing Street. What do you think about what he said? What most strikes you about it?

Damian McBride: I have written about this previously. I was very struck by what he said about the impossibility of keeping an eye on everything that is going on inside Government or everything that is coming through Downing Street. The way he

expressed that was to say that it was impossible to read 35 Cabinet papers each week and the 50 submissions that go via the Prime Minister. The point I made about that was it is precisely because that is impossible that systems were set up so you do not have to do that. Everyone thinks of the Downing Street grid as being set up just as a guide to what is going on in Government and what we are announcing from one day to the next, allowing people like Alastair Campbell to shuffle around announcements from one day to the next. It really was not about that. It was about having a mechanism for keeping in touch and on top of everything that the Government machine was doing without having to wade through all those Cabinet papers and submissions.

Q522 Chair: So it was actually a tool of governance. It was not just a tool for managing the media.

Damian McBride: No, not at all. In some ways I regarded the media side of it as being a much lesser thing. It was meant to avoid clashes and it was meant to avoid incongruities, where you would be one day announcing doing some great big thing about libertarian philosophy and the next day you were announcing that you were clamping down on the amount of sugar in sweets. It was meant to avoid those kinds of problems. The much bigger task it served, though, was being able to go through every single thing that the Government was planning to announce or that a parliamentary committee was planning to look into, and make sure that everyone was lined up to deal with those and that you would spot problems before they emerged.

Q523 Chair: It is a very outward-facing management tool, rather than an internally consistent strategic tool, or do you think it was an internally consistent strategic tool as well?

Damian McBride: What it did not do by any means was provide a means of managing what the Government is about for the long term and what it is going to focus on as its big strategy. That had to go on separately. That had to be the sort of thing that someone like Steve Hilton would spend their time doing. That is the kind of thing that should feed in to Queen's Speeches, Budgets and the speeches that leaders make at party conferences. That is where you should set out your big agenda and your big strategy.

Q524 Chair: You are saying that Steve Hilton had started trying to be the grid in the absence of the grid and had perhaps neglected that more strategic side of his job—or been forced to do so, as he felt.

Damian McBride: I think he is probably trying to explain, "Why is it that I had this big strategy and this big sense of what the Government should be about and what our priorities should be, and how did that go wrong?" It went wrong because we were thrown off course by things like Defra announcing what was called the privatisation of the forests. He would say, "How am I supposed to know that is what Defra are proposing to announce in that consultation document? I would have to read 35 Cabinet papers in order to get that."

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That is nonsense. All you would need to do is sit down and go through the grid process, where two weeks out, or even three or four weeks out, there would be an item on the grid with a bit of narrative around it saying, "Defra are planning to announce a consultation on how we best manage the forestry programme." Even if that was all that said at that point, that allows you—if you are Steve Hilton, Andy Coulson, Alastair Campbell, me or whoever was doing that job—to say, "What's that? We need to know more about that." You could see a headline, and if I saw that in the grid I would think, "The *Sunday Telegraph* will run that as the privatisation of the forests." If you did not ask that question, then you are not really doing your job.

Lindsay Roy: The Chairman has pre-empted the very questions I was going to ask.

Chair: I am very sorry.

Lindsay Roy: It is okay.

Chair: You can carry on if you want to.

Lindsay Roy: No, it is fine.

Q525 Chair: Can I perhaps just finish this? Does the grid actually help the Civil Service as a system respond to the modern pressures on Government? You mentioned submissions, for example. Do you think the submissions system really has had its day? It is a very antiquated institution and it is a very cumbersome system for Ministers to be forced to make decisions. It tends to present Ministers with decisions rather than allowing Ministers to drive decisions. Do you think the submissions system is really out of date?

Damian McBride: I am a bit out of date in my perspective of looking at it. I would go back to when I was a policy official. My job for three years or so was vetting every single submission that came in from Customs and Excise to go to a Treasury Minister for a decision. I would largely be looking at those submissions and sending them back to Customs and Excise saying, "This doesn't do the job," for all sorts of reasons. If it was a 50-page thing that was obscuring the big issue that they needed to be thinking about, then it had to be boiled down to what matters. Also, if something was very lazily done—if there were a section on risks relying on data that was five years out of date, then you would have to throw that back at them and say, "That's not a sound basis to make a decision, because that data is out of date. How do they know they can take it with confidence?"

Q526 Chair: Wouldn't meetings work better than submissions?

Damian McBride: They would, but there is a counter to that. As I say, there is a risk that, if you are not ticking the boxes that submissions force you to tick in terms of the analysis that you have to do, then you risk just making decisions based on the executive summary: "Here is this idea. This is whom it is going to be popular with. This is a good idea. Are you happy to go along with it." That is exacerbated once you get to meetings or the caricature of sofa Government, where you are not then thinking in depth about what the implications are and who the losers as well as the winners are. It is all too easy to make decisions like that.

Q527 Chair: Famously, Michael Heseltine insisted on one-page submissions.

Damian McBride: That was probably a way of enforcing that discipline on a Civil Service that was used to sending 50- or 60-page submissions and expecting them to read them.

Chair: So shorter submissions whatever.

Damian McBride: Yes.

Q528 Paul Flynn: I think it was Churchill who had half-page submissions. Can I just say that I thought the blogs that you put in are the best evidence we have had in this Inquiry and the most telling? That is possibly because of your roles in the two. I am particularly fascinated by your quoting some of the many cock-ups in last year's Budget, saying, "They tried that on us in 2005." Margaret Thatcher said something similar to one of her Education Ministers: "They used to try that on me when I was Secretary of State for Education." When the new lot come in, whoever they are—and they are masters of the universe and going to change life as we know it on this planet—is there a degree of naivety and a lack of any memory there that you had as a past civil servant?

Damian McBride: One of the examples I gave—just so this does not feel like I am knocking the Treasury incumbents—was Alistair Darling's first Budget. There was a very notable measure in that to increase the road tax that older cars above a certain engine size would pay to bring them in line with the road tax that new cars of a similar pollution level were going to have to pay. That is a measure that we had turned down for three years running previously for the politics rather than the environmental concerns. Mainly, it was going to whack a huge number of people who had bought cars in good faith a few years ago without knowing that they would then face this massive hike in road tax. It is more a case that having turned that down for three years running—from a team who, for all the sensible environmental reasons and revenue-raising reasons to some extent, are proposing that each year but having it turned down for political reasons—that is a legitimate thing for a civil servant to do. If they then put it back another year and, as you allude to, you do not have the institutional memory that says, "Hold on a minute; there's a big pitfall here," then you would let that measure go.

Q529 Paul Flynn: Lots of the evidence we have had—it has not been political in any way—would suggest that Oppositions behave in a certain way and Governments behave in a certain way, and they exchange scripts. Lord Hennessy talked about at this point in a Government where, having blamed the last lot, the European Union and the Civil Service for their problems, they have nothing much left. The Civil Service are now getting it in the neck with the war against Whitehall that is going on. Do you find that this is the case and that there are lessons to be drawn? The stuff about your grid was fascinating. We are looking to the future Governments and so on and how they get away from this idea that measures are going through without scrutiny, and Steve Hilton listening to the *Today* programme to find out what the

Government he is advising is doing. It is a bizarre situation.

Damian McBride: What I find interesting, just going back to the grid issue, is that that documentation is still being produced and those meetings are still happening, but they are not being attended by the right people, as far as I know from talking to people.

Q530 Paul Flynn: If he was there with a foot of papers, which Steve Hilton says he was, it is clearly not working.

Damian McBride: He should not be. As I say, there is a way of managing that sort of volume without looking at it, because there are civil servants there that are digesting it all for you and putting it into a package telling you all you need to know. Those meetings are still happening and that information is still there, but if you are a civil servant it is not up to you to say, "There is a potential bad headline there. Someone should probably ring the Secretary of State for Defra and say, 'Are you sure about this?'" That is not their job. They will continue producing the papers, but if no one is listening, what can they do?

Q531 Paul Flynn: You said in your fascinating blog and submissions that Gordon Brown took too few of his trusted civil servants from the Treasury into Number 10 when he became Prime Minister. Instead, the bulk of his staff that he imported to Number 10 were political advisers. What lessons about the roles of special advisers and the Civil Service would you draw from this? What would you suggest should be done in future?

Damian McBride: Downing Street and the Treasury are set up very similarly, in that you have someone who is shadowing the Home Office and someone shadowing the Foreign Office etc. in Civil Service positions in the Treasury and in Downing Street. Gordon Brown inherited, or in some cases brought in fresh, excellent people to do that sort of work of shadowing the Home Office and the Foreign Office, but they were all new to him. That meant that it was very difficult for him to establish the relationship of trust that he had with the individuals who were doing that job in the Treasury. My argument was that in retrospect he should have imported those individuals that were doing those jobs at the Treasury because that would enable him to devolve more responsibility, whereas he was tending to micromanage a lot of what these experts were telling him and insisting on having very long meetings when he did not really need to.

Q532 Paul Flynn: Sean Worth, who is a former special adviser at Number 10 under this Government, has said if you want to do tough things, you need political people—he meant special advisers—to do it rather than the Civil Service. Was this view prevalent while you were at Number 10?

Damian McBride: I am not sure. I tend to agree on what the ideal model is, and I am hardly saying that the Brown Downing Street was the ideal model of how to run the Government by any means. I thought that what Lord O'Donnell said before this Committee about having a mix of special advisers and civil servants under John Major's Government was

probably right. I would go further than that, which is that in some ways they should be a bit seamless. It should be the best person for the job.

It might very well be that the current Prime Minister would say he has an excellent person that he wants to bring in from the IPPR or somewhere like that, or someone who is working as a special adviser for the Home Secretary, who would be great to do this job as their policy adviser inside Downing Street. He should not be constrained in doing that by thinking he cannot because they are not civil servants. He should just be able to say he wants the best person to come in and fulfil those roles in the Policy Unit. It should not be about whether they are a political adviser or a civil servant. It is just whether they are the best person for the job.

Q533 Paul Flynn: I will make this a final question. The impression we have is of Government, which is hugely complex, being run with great attention to the big-ticket decisions—the ones that are likely to get the headlines. But most decisions come from this fog of ignorance, where people are unprepared for them, and then it is up to some poor junior Minister to defend the indefensible. Is that a fair picture of how Government has been run under both Governments?

Damian McBride: You need mechanisms to deal with that. Again, going to the Budget process, the reason that by and large there were not small measures in Gordon Brown's Budgets that got out of hand was because every measure was treated with the same degree of seriousness. Every one of them had the potential to be the problem on the day or the problem in the next couple of days.

I distinctly recall one of the Budgets or pre-Budget reports that Michael Howard, who was then the Leader of the Opposition or Shadow Chancellor—I am not sure which—responded to. The first thing he said was, "Well, it's all very well what you've heard in this statement, but what the Chancellor hasn't told you about is the new VAT measure on spectacles." As the VAT policy official at the time, a chill ran down my spine thinking, "What on earth is he talking about?" I was expecting to be summoned across to the House: "What on earth is going on here?" I was on the phone to Customs and Excise. When I did get there, got to the bottom of it and came over, the reaction I had from Ed Balls, who was then Chief Economic Adviser and sitting in the box advising Gordon Brown on his statement, was totally calm. He said, "I knew it wasn't in the Budget, because if it had been I would have known about it."

Q534 Paul Flynn: I have a final, final question. In the last four days, the *Daily Mail* and the *Mail on Sunday* have led on one story only, which is the unfortunate alleged hands-on approach by certain Liberal Democrats. That news item does not deserve front-page treatment for five days or whatever it might be, but almost certainly it is determined by what is going to happen in Eastleigh tomorrow. How important was the *Daily Mail* expectation of treatment of stories or how much effect did that have on you when you were dumping unwise policies?

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Damian McBride: I would not say the *Daily Mail* was vastly more important than any other paper, but there was a sense in which it could be agenda-setting. There was a very clear sense that the *Daily Mail* could set the agenda for the *Today* programme and that that has a knock-on effect. That is why you needed to pay attention to it, but equally I would say of all the newspapers that I dealt with over the years, the *Daily Mail* and the *Daily Telegraph* were the ones where any sense that you could spin them was nonsense.

Q535 Chair: Can I just follow up on this? Isn't this the terrible problem in modern Government? Maybe it has always existed in a different form, but it is not the big-ticket items that are actually the big-ticket items. The big-ticket items on Budget day are the minutiae—the tiny little things like the pasty tax or the VAT on spectacles. The big-ticket items are the bits that get sidelined, because the press go for these other ones. We all know that *The Sun* leads on petrol tax and beer duty when the big-ticket item is the deficit and what is happening with that. That tends not to be the big story on Budget day. How do we get Government to concentrate on the really important stuff and not get sidetracked by these very high-profile little items?

Damian McBride: And how do you stop Governments pulling rabbits out of the hat precisely because they want a distraction from those numbers? There is a classic example of this in Alistair Darling's first Budget, where the big measure was the temporary reduction in VAT for a year. Because that came out in a totally haphazard way about three days earlier, there was this sudden sense around the Treasury and Downing Street of being absolutely stuck, because that was the only thing that was going to take attention away from the dire figures on growth and borrowing. Sure enough, that was the one Budget where you could absolutely say that on the day afterwards people said there was only one story: the growth in borrowing figures.

The one point I would make is that I can distinctly recall Gordon Brown and Ed Balls sometimes having these conversations, where even if Gordon Brown was saying, "We've got to do something that will get on top of bad news," if there were bad news in the numbers, the advice he would get from Ed Balls and Ed Miliband was, "There are times when you just need to say, 'We'll just write this one off.'" My snap judgment on the last pre-Budget statement was that I think everyone was expecting that to be almost one of these statements that were a bit of a write-off: we just accept it is going to be bad news on borrowing and on growth.

Instead, there was this very clear attempt by the Treasury to get on top of that by announcing a whole bunch of other things. The danger in that is that you just store up the problem for yourself. It is always sensible that—and you could afford to do this if you are Gordon Brown and have been Chancellor for this length of time—there is a point at which you just say, "Let's accept that we reconfigure where people's expectations are of where borrowing and growth are going to be for the next three years. Let's stop trying

to get on top of it each time." You can always do that from time to time.

Q536 Robert Halfon: Just putting the negative stuff that affected you in your last years to one side, do you think Downing Street needs a Damian McBride?

Damian McBride: Not to talk about myself in the third person, it depends what kind of Damian McBride or what era I was working in.

Q537 Chair: Describe who he is in that context.

Damian McBride: In a positive sense, you need someone who is prepared to get on top of every single thing that is going on and spot problems. Not to get into the issue we were talking about that has been on the front of the *Daily Mail* for the past three days, I do not think anyone would be in any doubt that that story—which might be a terrible story anyway—has been made worse by the media handling and by people not seeing it as a media problem coming down the pipe. This Committee has reflected on this before, and Lord O'Donnell when he was before the Committee recently said as far as he was concerned special advisers were a good thing, but special advisers doing briefing and media were a bad thing.

I do not think you can see the two as separate, because if you are not paying attention to the potential media problems—or just potential problems, but if the media is going to light on them, then you know they are big problems—it does not give you the space, the freedom and almost the momentum in some ways to concentrate on your big-picture items and delivering your big strategy. In some ways that was what Steve Hilton was getting at, but I think he had the wrong prescription for it, which is, "Well, it's all because there is too much paper in the system." It is not about that. It is about having the dedication to spend time thinking, "What's the issue that is going to cause us a problem here?" and then dedicating yourself to solving it.

The thing I would reflect on though—and part of what I found very wearing and debilitating in that job—was working flat out for 12 hours to stop the story happening, to stop a problem emerging, and to see something that was coming down the pipe and really go to war with another Department to stop them making an announcement. You come out of the door feeling very bruised at the end of the day. It is midnight; you have missed the last Tube home, and you have nothing to show for what you have done. All you have done is produced nothing.

Chair: That sounds like Opposition.

Damian McBride: I compared it to being the safety inspector in a nuclear power plant. You have had a good day when it has not exploded, but nobody has noticed. Nobody is patting you on the back for it, unless you are going to be the grandstanding type who wants to go around and say, "I did this and I did that." I did not particularly operate in that way.

Q538 Robert Halfon: Steve Hilton was seen more as a guru rather than a Damian McBride type, hence the Twitter satire @SteveHiltonGuru. Do you think the current Downing Street needs more people like

you who understand the machine and are more political?

Damian McBride: Yes, but I do not think it is necessarily the political aspect that gives you that. Certainly, I would have been much more effective in my job if I had stayed away from politics. There is an alternative history to this that Lord O'Donnell intervened to suggest, but the way it was put to me at the time was the reason I was asked to become a special adviser in the first place was that I was found to be operating very effectively as a Civil Service Head of Communications in terms of stopping problems, in terms of getting alongside the media and getting intelligence about what the views and potential problems were. I could only continue doing that job for any length of time if I became a special adviser, because no Civil Service department would have allowed someone to stay in that kind of role for more than three or four years, not least because other people's career plans would have had that job in mind. That was why I got involved in that, but that was the skill that I had at that time. Doing it politically did not make any difference to that. As I say, over time it probably weakened my ability to do that job because it meant that I became a known figure.

Q539 Robert Halfon: Apart from the grid, which you have talked about, what would you do to improve the Downing Street operation? What would you do if you were there today?

Damian McBride: It is very hard to say, because unless you are in it, you cannot quite tell what the problems are. The thing I would say is that I do look at the comparisons between the periods in the current Downing Street operation and the periods that we had under Gordon Brown where you are under the cosh. The one thing that I would very strongly say in retrospect, looking back at the Gordon Brown era, is: do not try to announce your way out of crises; do not think that the answer to being under the cosh is to come up with a big distraction. That way you end up compounding your problems and you end up with announcements that go off half-cock. There have been some examples of that. I think of the childcare tax credit relief that came as a big announcement with a big fanfare; it was downgraded and then ended up being a mess of what Liberal Democrats thought and what the Conservatives thought. That comes of thinking, "We've got to have something to try to get on top of the problems we're having." In some periods when you are under the cosh, you almost have to sit back, let it wash over you a bit and keep concentrating on the big picture.

Q540 Chair: Do you think there is in fact a culture that has grown up in Downing Street that being in Government is about managing things that are going wrong rather than managing a positive programme?

Damian McBride: Ideally you should have a very clear strategy and a very clear programme for delivering it and not let problems get in the way. You can only do that if you have mechanisms for managing those problems or stopping them happening in the first place. It is the case that you cannot even get the public to hear about the positive things you

are doing if the front page of the *Daily Mail* for three days in a row is about the crisis you have just had or the problem you have just created for yourselves. That is where the balance lies.

Q541 Lindsay Roy: Can I just clarify? Are you saying that the focus on career planning, if not succession planning, has at times overridden the effectiveness of the Civil Service?

Damian McBride: There is a tendency, especially with the very good civil servants that from a very early age are identified as going places, to move them on quite quickly. It is almost like a box-ticking exercise. Even if they are working very effectively in one area, they can find themselves switched on. That might be the right thing if you think that ultimately you want to get those individuals into the top positions.

The problem with that, though, is that it means in places like the Treasury and probably to some extent the Foreign Office it is like turning up for the 1st XI trials on the first day of school, and if you have a good game that day, that is it; you are on the board for the rest of the time that you are in school. There are people who were sick that day and did not get a look in that are continually trying to impress. There is a tendency to think, "We've got our high fliers; we have our cadre of people that are identified as the best and the brightest," and others struggle to get a look-in. That is even just within a Department like the Treasury, and obviously there is a much broader problem than that about whether they are recognising talent outside the Civil Service. That self-selected group of high fliers being moved on quickly from one job to the next so we can get them into Downing Street as quickly as possible is becoming a problem.

Q542 Lindsay Roy: So therefore there have been problems of continuity and perhaps confidence in the ability of people to take things up at short notice.

Damian McBride: Certainly within those individual units people move on from quickly. Where there is plenty of continuity or too much continuity is in this production line of people that are coming through the same types of jobs into the same types of higher jobs and then eventually going on to become Cabinet Secretary.

Q543 Lindsay Roy: So they have been acculturated.

Damian McBride: Yes.

Q544 Greg Mulholland: Just going back to your description of dealing with crises and negative events, you said that the strategy often was to bring in new blood—bring in new people to try to deal with those, and that that was a very unsuccessful strategy. You have also mentioned and compared that to the criticism of the current Number 10 staffing and the balance there. What would you say to the current Prime Minister about how to respond to that criticism?

Damian McBride: You have to ask yourself, going back to Gordon Brown, "When was it going well?" and "Was it going well with these people that I have at the moment?" in which case it is not their fault. It is not a case of needing new people who can turn this

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around. In some cases that will make things worse. Very clearly that was the case with Gordon Brown after 2008, when there was a sense that Downing Street was in crisis: “These people served me well in the Treasury”—and the press was saying this at the time—“but they’re not equipped to do the Downing Street job and, therefore, I need to bring in new managerial types to better run Downing Street.” I am not sure that was the right judgment.

Q545 Greg Mulholland: Does the quite notable public criticism of civil servants by some Ministers surprise you? Does that perhaps suggest that still the easiest thing to do is to blame the people who are working underneath you rather than dealing with the problems that are there?

Damian McBride: I do not think it helps morale, and I certainly get that sense from talking to a lot of civil servants. I sometimes have a slight qualm about whether civil servants are almost conniving in this. For example, I do not think that civil servants in Downing Street were shocked when Tony Blair talked about scars on his back. I think it was probably a civil servant who wrote that speech for him. It is always possible for certain civil servants in senior positions to say, “He’s not talking about me. He’s talking about the other people.” In the Department for Education: “He’s not talking about us. He’s talking about the teaching system and public servants in a wider sense.” Ultimately, if you get the sense that this is just a mantra that is coming out again and again, it does become demoralising after a while.

Q546 Mr Reed: In your blog at the time of last year’s Budget you wrote that you thought the proposals the Chancellor was announcing may not have undergone the intense level of scrutiny of previous years. If that were the case, would you consider that to be a failing by Ministers or by civil servants?

Damian McBride: It is probably a failing of the system. If you are assuming the system is as it was, then Gordon Brown as Chancellor had to take it on trust that the scorecard process that was being managed by Ed Balls and Ed Miliband with civil servants was being done effectively. They came to tell him, “These are the measures that have been signed off by Ministers and have gone through the scorecard process and we’re recommending to you for inclusion in the Budget,” and every single one of those would have to be signed off by him. He had to take it on trust that that process had been done thoroughly. I imagine the current Chancellor may well have been kicking himself that he did not look more carefully at all of these measures, but I think he would have been entitled to kick back at the process a bit and kick back at the system to say, “You weren’t doing your job for me.”

Q547 Mr Reed: Who is responsible for the system, though? Is it Ministers, civil servants or both?

Damian McBride: It depends on when it goes wrong for the first time. I came to the conclusion, looking at the current Chancellor’s first two Budgets, that precisely to avoid having these potential pitfalls he

had decided, “I want to strip the Budget back to the 15 or so key measures, and every one of those will have been gone over with a fine-tooth comb, and they all will support my big strategic objectives.” What happened in the last Budget was what often happens in these kinds of periods, where you will just have a request going out to Revenue and Customs, to the tax teams in the Treasury and to other teams saying, “We need £12 billion and you need to come up with a way of generating that income.” If you do that, you have to be intensely careful about what comes back, because civil servants will do their job. They will pick off the shelf the measures that they know will raise £500 million and put that into the system. If the system then is not carefully scrutinising those, you have a big problem.

Q548 Mr Reed: An element of that is the political antennae that politicians are there to bring rather than civil servants.

Damian McBride: Yes, it is about asking the right questions. I would have been very disappointed if I was doing my old job—not to criticise any of my old Treasury colleagues—and I had let through any of those eventual U-turns on VAT and other areas. Precisely because I was doing that job, when I became a political adviser I recognised some of these same things coming up from Customs and Excise.

The other thing I would say is that this is a two-way street. There are things that civil servants perennially put up to fix little anomalies in the system that annoy them and raise a bit of money, but what I also found is that you can have political advisers and Ministers to some extent wanting to look at particular options, and civil servants will close them down. Civil servants will say, “That’s not yours because it is technical.”

Just to give an example of this—and it might be an idea for the Chancellor to ask this question—in a discussion with someone in the oil industry, I asked the basic question, “Why is it that diesel always goes to a higher price than petrol over the winter months.” He said, “It is simple. It is because you’re making us make ultra low sulphur diesel. Because of the particular specification, we’re having to add so much kerosene to our diesel compound, and because kerosene goes up in price during the winter months because it is used as a heating fuel, that’s why it always goes up 3p or 4p.” I got in touch with Customs and Excise and said, “Look, great thing here. We can announce that effectively, just by changing the specification, we’ll get a 3p or 4p reduction in the price of diesel.”

The reaction from Customs and Excise was “No. We are not even prepared to look at this because this is a technical issue about what we choose to call ultra low sulphur diesel, which is in line with European standards,” and this sort of thing: “We’re not prepared to look at it.” I persuaded Ministers to ask Customs and Excise, and they would still say, “No. We’re not even prepared to put up the submission that would allow you to make a decision.” That is all I was asking: “Just allow them to make the decision.” Their attitude was that there are some technical and administrative things that are nothing to do with Ministers. That struck me as very wrong.

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Mr Reed: Very, yes—a fine line to tread.

Chair: Did you win?

Damian McBride: No, so it is still on the shelf if the Chancellor wants it.

Robert Halfon: I will be asking the Chancellor to take this up.

Q549 Mr Reed: We will be looking out at the Budget this year for any example of that. This Committee had a look at the problems around the Budget last year and found that those may have been caused in part by the Government's inability to express coherent and relevant strategic aims. That is what the Report said. In your view, how well does the Budget process fit with the Government's overall strategic aims?

Damian McBride: As a general thing, if you look at all of Gordon Brown's Budgets, there was a very clear thing right at the start of the process—which I think needs to be seen in parallel with that scorecard process of just generating a bunch of ideas that could go into this—when he would sit down and almost write the speech in his own mind. He would say, "Based on what's happening with the world economy and all of what we're seeing out there, this is what this Budget needs to be about." It could be that he says, "Given the stability that we've achieved and given that public finances are in relatively good shape, this allows us to make the big investment in supporting families, pensioners or the NHS," or it might be in leaner times that he is able to say, "While not sacrificing our stability, we must take steps to reinforce it for the long term," in which case it would be a revenue-raising Budget.

He would have a very clear sense right at the start about what the big picture and objective is, and then everything boils down from that. He could say right at the start of the process, "And I want the biggest thing that we do in this Budget to be support for pensioners." Just as a result of saying that, you end up three months later with free TV licences for pensioners, because some civil servant somewhere will say, "I've got an idea and I've spoken to the BBC and we're able to do this, and it will cost us *x*." You might look at that measure, which was announced as one of Gordon Brown's "and I have one further announcement..." and say, "Isn't that gimmicky? It's just about rabbits out of the hat; it's just about the next day's headlines," but it came from a very clear strategic sense that the biggest thing in that Budget was pensioners.

Q550 Chair: Can I just press you on this strategic question? Was it the strategy of the Government consciously to heat up the City of London and turn it into a cash milch cow for the Government to be able to spend lots more money and reduce taxes? He did not reduce taxes; he carried on putting them up, but was that the strategy of the Government?

Damian McBride: I would put it slightly the other way. I think there was a very early strategic decision way back in 1994, but it then bled through into every piece of Treasury thinking after that: "We must be on the side of enterprise. In every decision we must be on the side of enterprise."

Q551 Chair: That is not very strategic though, is it? Maybe it is politically.

Damian McBride: There is an argument it is more tactical: "If we have a choice between two decisions, we will offer the enterprise one."

Q552 Chair: Was it an intended strategy to increase public spending to a shade over 50% of GDP? That is where we finished up.

Damian McBride: No.

Q553 Chair: But it happened.

Damian McBride: At no point would there ever have been a discussion in terms of: "Right, this is what the five-year plan is. We're going to end up here in terms of proportions of GDP on spending or tax."

Q554 Chair: There were not discussions like that?

Damian McBride: No.

Q555 Chair: Isn't that absolutely damning? Look at where we are now. Even Ed Balls must now be thinking, "We've got to get public spending as a share of GDP down to such-and-such over the long term, otherwise we cannot get control of the deficit." Is the problem with your media-driven grid system in fact that you neglect these big-picture issues?

Damian McBride: It is difficult for me to say because I was coming at it from the media point of view. Almost certainly, when Gordon Brown sat down with Lord O'Donnell, Nick Macpherson or any of those people and the macroeconomic finance team, there would have been those big-picture decisions. What I would say is that, if you look at some of the big decisions that were taken, they were taken for strategic reasons: the decision to use the mobile phone proceeds purely to pay down the debt; the decision to have a major public debate, rather than do it by stealth, on whether to raise National Insurance to pay for the step-change increase in NHS funding. Those were big decisions that were all done in public and they were done for strategic reasons. For example, the NHS one was a very explicit decision that we would have a big increase in the proportion of our spending that goes on the NHS, which would come from a large increase in the amount of National Insurance being paid.

Q556 Chair: I do not necessarily want to blow my own trumpet, but if even I could make a speech in 2005 pointing out that public spending growth was completely out of control and was completely unsustainable, as I did, it must have been a conversation that was going on in the Treasury that did not filter through to you.

Damian McBride: Put it the other way: was I getting phone calls every single day from journalists?

Chair: No, but that is the point, isn't it?

Damian McBride: To the extent that that was my responsibility, I was not rushing into Gordon Brown saying, "We've got a big problem. The *FT* is going to campaign on this for the next month" or "The *Daily Mail* is going to put it on its front page for the next three days." That just was not what was happening.

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Q557 Mr Reed: I think we should move on to the time when you were a civil servant. At that point, before you were a special adviser, did you find the requirement to be politically impartial impeded your ability to serve the Chancellor at the time?

Damian McBride: The answer to that is probably: not as much as it should have done. I think that is the honest answer. I was not one of those to stand on ceremony. I was very clear about what I could do and I could not do in terms of responsibilities and messages that I could deliver. Occasionally I was told, "Come down to the TUC conference because you will have to deal with the economic announcement that he is making," and I had to insist, "I can't come down to the TUC because he's making a speech there in a political capacity." I was very clear about what I could and could not do. What I did not do was stand on ceremony when it came to having conversations with journalists about what the politics of a particular measure were. That is where the boundaries were a bit blurred, and I was not one of those who demanded people stopped talking while they walked out of the room because the next question was, "And what are we going to do for Treasury questions next week?" It was one of those things.

Q558 Mr Reed: So in fact you did not allow it to impede you.

Damian McBride: No, I did not. As I say, though, there are probably people within the Treasury who might have been uncomfortable with that. It was never said to me at the time, but Lord O'Donnell has said in retrospect that he was uncomfortable with me straying beyond those boundaries.

Q559 Mr Reed: Obviously the fix was to move you into a political position. Do you think we should move towards a more politicised Civil Service as another means of dealing with that problem?

Damian McBride: No, I certainly do not. I have never seen the attraction in that. The great benefit of the system is that people are able to adjust from one administration to another. One of the finest and probably most underrated civil servants of the last 10 years has been Michael Ellam, who has gone from a Foreign Office job under a Conservative administration to working in Kenneth Clarke's private office very successfully, to working seamlessly for Gordon Brown, becoming Gordon Brown's spokesman, and he is now a vital adviser to the current Chancellor on European issues and helping to solve the euro crisis. The idea that someone like that could not work in some of those senior positions because he is not a political appointee seems daft to me.

Q560 Mr Reed: So you find that the current balance is the right settlement.

Damian McBride: Yes, I think that is right. I certainly would like someone to point me to specific problems where it is causing issues. You hear about individual Departments where there is a sense that, "Well, that Department was politicised." That is the wrong way of looking at it. There are lots of Departments that have huge amounts of loyalty and have huge amounts of admiration for individual Ministers.

I know many people who worked in the Department for Education under Ed Balls, and there was a clear sense with the new administration coming into that Department that they had to clean house and there were too many people who were too close to Ed Balls. But it was not because of political affiliation. Those people would have been quite happy to work under a Conservative administration; it was just that they admired the person they had previously been working for and, to some extent, resented things like being told that they had a meditation room in their basement when they knew it was a four-by-four room that had just been set aside for Muslims who wanted to pray during the day. Administrations can build up a bit of animosity in advance of takeovers by being seen to unfairly criticise the civil servants who work there or the working arrangements in a Department.

Q561 Robert Halfon: Should this administration have more political special advisers, even though you respect the settlement that you described?

Damian McBride: They have to ask themselves the question: what is lacking or missing at the moment? If, as we discussed earlier, they do not have sufficient numbers of people or the right sorts of skills in those people to plough through the amount of work that you need to do to get into the detail of the work and avoid some of the problems that come down the pipe, then, yes, they do need people to do that. But I am not sure whether they see that as the problem or whether they just see it as a short-term blip or mid-term blues.

Q562 Lindsay Roy: This Government too said they were on the side of enterprise, and yet the current Prime Minister has said that civil servants are enemies of enterprise and risk averse. Was that your experience?

Damian McBride: I see them as two different things. Civil servants are risk averse for a reason. An example I gave yesterday was that, for reasons that are essentially political but make perfect sense from a governmental point of view, special advisers and Ministers were asking us to find a change to the VAT rules to allow museums to continue not charging for admission. Our reaction at the time was, "We are perfectly happy to try to do this, but you have to realise the risk that you take by opening up a debate with Europe about us playing fast and loose with the VAT rules." If they say that is the straw that broke the camel's back and they are going to have a wide-ranging inquiry into all our VAT reliefs, then we could find that, just as a consequence of doing this, we have lost all our VAT zero rates. If you as a civil servant are not making that argument to Ministers and not warning them, you are not doing your job.

Ministers probably find it frustrating—particularly new people coming into Government for the first time—that they have gone from having think-tanks or their own advisers providing them with, "Here's this great idea. Why don't you do this?" to having civil servants who spend 20 or 30 pages telling them, "These are the reasons why you might not want to do this." I am not sure that is a bad thing; I think that is telling Ministers everything they need to know before taking a sensible decision. Are they enemies of

enterprise? No, I never saw that, but I think you sometimes need to explain to civil servants what it is they are doing, or what the regulations are that they are responsible for that are holding business back. I am not sure there is that awareness.

Q563 Lindsay Roy: We have heard about ministerial concerns about competence and skills issues in the Civil Service. Were you aware of such issues at that time, and in particular which key skills were required to be developed?

Damian McBride: All I would say, with the benefit of a great deal of hindsight, is that the very fact that I came straight out of university and within three months was in charge of policy on the smuggling of cigarettes into this country is ridiculous. As good as I was at that job—and I was good at it, and I wrote a big strategy paper that ended up being—

Lindsay Roy: Did you manage?

Damian McBride: Yes, it was fine. Nevertheless, it is crazy that we do things that way. Fine, throw people in at the deep end, but in some ways that was lucky because that was a policy area that needed a good bit of analysis and then submissions to Ministers. That was fairly straightforward. If I had been put into a sensitive public spending area in a Department that had responsibility for contracts on something or big judgments about which potential supplier to go with on something, and I am doing that two or three months out of university, that really is dangerous. Then you are talking about huge potential waste of public money.

Q564 Lindsay Roy: Even within the service at present, though, we have heard, for example, that there needs to be development of project management skills and commercial skills. Are these the kinds of things that were discussed?

Damian McBride: Project management to some extent. There was definitely a sense that, because of the lack of project management skills, you had to bring in very expensive consultants to do these things for you. I used to look at what some of these consultants were doing and think, “I could do that,” but because I could not demonstrate that I could do that, you were forced to spend money on that kind of expertise. In much the same way as in the Foreign Office—before someone gets deployed to an overseas embassy, they spend six months inside Whitehall learning the languages, the culture and all that sort of thing—I do not see why there is not a process of, rather than throwing people in at the deep end, taking them away and say, “These are the skills that you need to do this job.”

Q565 Lindsay Roy: Is there a coherent professional development programme?

Damian McBride: All of that tends to be done on the job and, as I say, because there is a tendency to throw people in at the deep end and expect them to swim straight away, I think we could do with following that Foreign Office model and say, “Let’s take you out and do that.” The secret services would not send someone abroad as a spy within two months of coming into the

job, so why do we think people can do that in the Home Civil Service?

Q566 Lindsay Roy: Is there a holistic overview of professional development or is it very much focussed on the individual?

Damian McBride: It is done by line managers with, in my experience, very little support from the human resources department. It is done by line managers with their staff, and the danger is that in very busy organisations you make training a bit of a joke: “We’d love to do training if only we had the time.” You laugh at other units in the organisation that have time to go on training courses: “If only they had to do our jobs, they would never be able to do that.” Ultimately, I think that is quite a destructive way of looking at it.

Q567 Lindsay Roy: So overall it is not strategic?

Damian McBride: No. It is certainly not planned, and not planned on an individual basis about what the individual needs to develop.

Q568 Lindsay Roy: Have you any indication it is more strategic now?

Damian McBride: No, but I was glad to be out of line management in the Civil Service in 2005. That is quite historical.

Q569 Kelvin Hopkins: I have one little point first of all. There are some very successful economies that have run with public spending well over 50%, so I would take issue with the Chairman on that. They are mostly in Scandinavia. I have been very interested in listening to what you have had to say. You are a very different character from some of your predecessors. Alistair Campbell was a political thug who spent his time trying to get the media under control.

Paul Flynn: That is unfair to thugs.

Kelvin Hopkins: I think that is fair. Steve Hilton was an impatient right-wing ideologue who had contempt for the Civil Service and eventually left. You are much more thoughtful, though, and have a degree of respect for the Civil Service, which is interesting.

Francis Maude has spoken of Ministers in both current and previous Governments experiencing their decisions being blocked by civil servants. You have touched on this, but was this a serious problem you witnessed when you worked in Number 10 or the Treasury? On technical things you have said they blocked because the Minister should not have got involved, it was micromanaging and all that, but are there serious political decisions that were blocked and which frustrated Ministers?

Damian McBride: I never saw that. I never saw a Minister take a decision and be told, “No, you can’t,” unless it was illegal. Frequently Ministers needed to be told that things were illegal, particularly where European law was concerned. Reflecting on it, I would say a bigger danger is where Ministers feel that they cannot trust the advice they are getting from civil servants because civil servants are working to a slightly different agenda. What went in parallel with the scorecard process in the Budget was that you almost had the fiscal scorecard alongside that. The scorecard was all the measures that were going to be

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announced in the Budget; the fiscal scorecard was all the projections for unemployment and everything else. Inevitably that was a bit of what I would call a negotiation between civil servants and Ministers, but it worked in two ways. Lots of people would say, "Well, that's Ministers putting pressure on civil servants to improve the figures," but it was not. It was recognising that the Civil Service starts deliberately trying to build as much slack into the system to deliberately make the numbers look worse than they are, so that when Ministers want to do big things in the Budget they can come down to a more realistic position and say, "Actually, that's okay."

It was very *Yes Minister*-esque, in that you would have these meetings and you would say to Graham Parker, who was the Head of Forecasting at the time and now works for the OBR, "Come on, Graham; what have you got in your back pocket?" and he would say, "You'll never get a look in my back pocket until two weeks before the Budget." There was a very clear sense that you did this together and you ended up in equilibrium; you ended up in the right place.

The most serious thing, just because it was fundamental to both what was happening politically and how we were managing the economy at the time, was that in the latter period—2008 to 2010—there was a sense that the Treasury was taking the hard-line view that unemployment was going to be higher than it actually turned out to be and the deficit was going to be higher than it turned out to be, and they would stick to that. They would stick to that position because what they were trying to build in was not slack for the current Government, in terms of being able to do what it wanted to with the Budget, but slack for the Government that was to come. They had already taken the decision that, if there were to be a change of Government, they wanted to make life easier for them, not harder.

For example, there was very tough pressure put on Alistair Darling and Treasury Ministers to raise VAT before the election or to commit that, if we were going to have a temporary reduction in VAT, we would go up to a higher level when we went back, and go up to 20%. There was a clear sense—right or wrong—amongst the political classes or Ministers that they were doing that because they were trying to save George Osborne a difficult decision when he became Chancellor.

You might argue that was the right thing to do because they were recognising that that was what you needed to do to get the deficit down for the long term. Nevertheless, that breakdown of trust was quite corrosive. We were being given advice not based on what the right thing was for us to be doing or what was sensible for the economy at the time, but based on trying to make life easier for the future Government. It came down to very basic things like projections of unemployment that were much higher than what they turned out to be and projections of the deficit that turned out to be much higher.

Q570 Kelvin Hopkins: That was really protecting their backs when the new Government came in, rather than saying, "We're going to help the Conservatives because we lean that way."

Damian McBride: Exactly. If you are working on that fiscal side of the Treasury, you are trying to avoid the problem in four or five years' time. You would always rather make a big decision sooner so that it makes things slightly easier down the pipe, not least because it is perfectly legitimate to think that by putting off those decisions you make the eventual decision even harder.

Q571 Kelvin Hopkins: The FDA has said in its supplementary evidence to us that good Ministers welcome robust, evidence-based challenge whilst retaining the ultimate power to make decisions on policy. We have always argued that civil servants sometimes have to speak truth unto power and say, "Minister, this is not possible." That is not blocking policy; that is just saying, "You have to be realistic: We can't afford it"; "The Americans wouldn't like it"; or whatever. Is that your experience?

Damian McBride: Yes. I suppose the problem is that, because civil servants get so used over time to having to deliver those hard truths or pointing out the risks, if that is their starting point in every conversation, it can be quite wearing for Ministers after a while: "The first thing this guy always says to me is 'No, and these are the reasons why not,' before we can have a sensible discussion about why not or what the options are." The thing that good civil servants learn over time is that you do not do it that way. You say, "That's very good and that's very interesting. Let's work out the options and come back to you," and that is the point at which you lay out the risks rather than knocking down ideas before they have had a chance to be considered. In particular, civil servants have a very bad habit of saying to Ministers, "Well, we looked at that 10 years ago and we decided not to do it." That is the worst possible reason to say no to something: because of what might have happened over 10 years ago.

Q572 Kelvin Hopkins: Just to come back to Francis Maude, he has been very public about this. He has not given any examples of where he has been blocked, but he is absolutely definite he has been blocked. Have you any intimation as to what he is talking about and what examples there might be inside the present Government? What are Francis Maude and other Ministers being blocked about?

Damian McBride: The only thing I have picked up, just because it has been around so long without anything coming to fruition on it, is this whole agenda about devolving whole responsibilities to local government. You would take some responsibility and spending that currently sits with the Department for Education and say, "We're going to devolve that to individual local authorities across the country on the proviso that they open things up to local competition and to private providers. That is an easier thing to do at a local level rather than administer it from a central Department." Education might be a bad example, but that has been the agenda. That has been knocking around almost since day one of the Administration as one of the big plans, and the fact that has not come to fruition may mean that has been something they feel stifled about. There may be very good reasons for that.

We mess around with the spending arrangements between local and central Government at our peril just because of all the implications for tax and everything else. I would say that coming from a tax background.

Q573 Kelvin Hopkins: I have made the point in several sessions that my impression is that the Civil Service has greater difficulty living with Governments now because Governments have moved towards a neoliberal view of devolving, moving things away from the state, privatising and effectively asking the Civil Service to give up areas that the Government has normally covered in the past. They are uncomfortable with this. In the past the Civil Service would hover between social democracy and one-nation conservatism, but actually the role of the State was not seriously challenged. Now it is being seriously challenged by ideologues like Steve Hilton, the Conservatives and indeed like New Labour, and they feel very uncomfortable with this. It may be that we are moving away from it a bit now, but do you think that is a fair summary of what has happened over the last 20 to 30 years?

Damian McBride: It would certainly be an explanation for some of the trenches that the Civil Service has dug on particular issues. The only time I really came face to face with an absolutely entrenched Civil Service position on something was in looking at the issue of awarding posthumous honours. It really brought me face to face with what happens when the Civil Service decides, “No, you absolutely cannot do this. We will stop you and we will throw everything at you.” Ultimately what they said was, “Well, if the Prime Minister feels strongly about this, he will need to take it up with Her Majesty the Queen. We’ve already spoken to her about it. We know her view.”

Q574 Kelvin Hopkins: To be fair, that may be a view, but it is not going to damage the economy if we have posthumous honours.

Damian McBride: No, but I am pointing out that it can happen. In my experience it can happen when the civil servants decide, “No, we absolutely fundamentally disagree with this. We’ll dig a trench and stop you passing.”

Q575 Kelvin Hopkins: Except sometimes they are right. One final question. I meet civil servants on the train. I do not ask their names because they tell me all sorts of interesting things. I spoke to a senior civil servant about evidence-based policy, and he said, “Well, yes. I come up with evidence-based policy, but if it goes to people up there and they don’t like the policy, they say, ‘Get rid of the evidence.’” When you have an ideologically driven agenda that is what happens. Would these ideologically driven people have been some of the politicians in the Blair regime? Would they have been the special advisers? Would they have been the civil servants?

Damian McBride: In some ways it is politicians full stop, and it is trying to get to that equilibrium where you allow the evidence to drive your policy. If you are a good Minister and you have a great idea, but you send it away to be analysed by the civil servants and they come back and say it is absolutely not going

to work and, in fact, it will do the opposite of what you think, you would be very foolish if you pressed on ahead with it. There are lots of examples of that.

Equally, civil servants need to have times when they recognise political realities. A very brief example—when I was responsible for the road tax system we had to design four bands for new vehicles based on their carbon emissions. The day that I put my submission up to a great Treasury Minister, someone that you would all hold in huge respect, we received a letter from Ford saying, “By the way, we understand that you’re doing this work on this thing. Whatever you do, don’t set the band at this level, because we won’t go ahead with the new fleet of cars we were planning to build in Dagenham if you do”—not Dagenham; it was one of the other plants.

I, as a civil servant, thought the Minister was in an incredibly uncomfortable position, because he had received my advice based on the evidence, but he had also received this thing telling him politically this will be a disaster, because you would lose thousands of jobs as a result. My reaction to that as a civil servant was to go and ask the office if I could have my submission back because I had made a mistake. I went and looked at the analysis, and I took it to my boss and said, “Actually, having looked at this, I’ve decided this,” and my boss looked at me, having read the letter from Ford, and gave me a little wink and said, “That sounds very sensible to me.” We put it back to the Minister, and the Minister was never put in that uncomfortable position, because we were reflecting the political realities that were there.

Some civil servants might look at that and say that was totally the wrong thing to do, but you are not living in the real world if you do not try to make Ministers’ lives easier by sometimes adjusting things slightly in light of political realities.

Kelvin Hopkins: Straight out of *Yes Minister*.

Q576 Chair: A nice anecdote. I should declare an interest: I used to work for Ford.

Paul Flynn: Did you work as a lobbyist?

Chair: No, I was never in lobbying. It is the kind of letter and pressure on Government that I am familiar with from that company. I hope you tested their assumptions. You have been extremely helpful. I think what Francis Maude is talking about is not being challenged or confronted by officials. It is feeling that decisions have been made and then months later finding out that nothing has happened. It probably did not happen very often in the Treasury, but in other Government Departments there is a lot of experience of that kind of inertia. As we have heard from one of our witnesses, people in failing organisations tend to attend meetings, not speak, watch an agreement being reached and then go out of the meeting and say something else. Did you have much experience of that?

Damian McBride: I had experience of people leaving meetings like that and going straight to their Minister and saying, “You should write a letter explaining why this won’t happen,” rather than sitting around the table and having an open dialogue about what the potential problems were.

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Q577 Chair: Why does this lack of openness exist in the Civil Service?

Damian McBride: It is partly due to what you said there about some Departments not feeling they are able to make their voice heard sufficiently. They immediately resort to ministerial letters, rather than trying to sort things out around the table. If you come from the Department for Transport and you are being told by the Treasury and Number 10, “We want this to happen,” do you sit there and think, “I’m going to make myself the unpopular person in the room by saying, ‘For administrative reasons, we can’t’”?

Q578 Chair: Actually, if you have to say that, that is a helpful thing for you to say, isn’t it?

Damian McBride: Yes.

Q579 Chair: Why is that so contrary to the Whitehall culture? In the armed forces you would get demoted if you did not raise objections at meetings that were legitimate, because they train people to make sure that decisions are made properly.

Damian McBride: You are told right at the outset that that is what you are expected to do, and I am not sure there is sufficient training of people so that you can hold your own against the Departments who, around the tables, will roll their eyes when you say, “We can’t do that for administrative reasons.”

Q580 Chair: If your Minister is chairing that meeting and is not hungry for that kind of challenge, he will not get it, will he?

Damian McBride: No. Yes, Ministers need to say, “You need to hold your own. I shouldn’t have to write these letters. Why didn’t you raise this in the meeting? Why don’t you go back to the Treasury and explain that?”

Q581 Chair: Finally, can I just ask one general question? Our Inquiry is entitled “The Future of the Civil Service”. As you look at the Civil Service, do you think the future is going to challenge the existing Civil Service or does the existing Civil Service just need to be made better? We are in a very different world from even just 30 years ago.

Damian McBride: The biggest conclusion I have come to with the benefit of some outside perspective is that the Civil Service needs to open up, but not in the way it tells itself it needs to open up. That is clearly important. If you were talking to Jeremy Heywood, he would say, “I have an agenda to ensure that we are more representative of the population—more minority ethnic representation, more women in high positions.” That is all very sensible, but you are still talking about graduates with 2:1 degrees for the most part. You are still talking about people who will have to get through the Civil Service Fast Stream programme.

You are talking about taking people who have already been sieved through the university process, lots of them to get into Oxbridge, who are then having to go

through a further process of refinement to get through the Civil Service Fast Stream process, some of whom then get selected for the Treasury, the Foreign Office, the Home Office or Number 10, and it is those people who will rise to the top of the tree. That process of refinement has historically produced some exceptional people in those top positions, but it also makes them all the same type of person. They end up selecting themselves time after time after time. Jeremy Heywood should be saying, “What are we missing that’s out there?” When he goes to spend time in businesses and talks to people, he should ask them, “How did you get recruited?” Lots of them will tell him. Banking traders will say, “I came in here when I was 16 to work on the floor, and I’ve worked my way up and now I’m running Global Marketing,” and that kind of thing. He has to be in a position to say, “What am I missing?” because we are not tapping into that 98% of the population.

Q582 Chair: So what you are saying is that the modern Civil Service needs a far more diverse range of skills—not of types of people, but of skills and life experience.

Damian McBride: Skills and backgrounds and that kind of thing. Cutting yourself off from that vast majority of people—at the organisation I work for now, CAFOD, I have never heard a social conversation start with anyone saying, “What university did you go to?” because the assumption is that around the table there will be people who have worked their way up from the VSO on programmes in Africa and have then come into the team there. There are people who have left school at 18, done a variety of jobs and then come in to work in the media team. These are exceptional people who would not be looked at in the Civil Service. Their letter would not get to the line manager, because the HR process would weed them out. That is recognised as an issue in Parliament more generally—“How do we make MPs more diverse?”—but at least that is something that political parties can do something about. The Civil Service binds itself in rules whereby every single recruitment process says you must have a 2:1 degree or equivalent.

Q583 Chair: Are you saying that concentrating on promoting women and BMEs from within the 2:1 graduate Fast Stream pool is actually not going to provide the diversity that the Civil Service needs.

Damian McBride: No, and it is the wrong definition of fresh blood. If you are telling yourself that, just by having women or more BME candidates, you are bringing in fresh thinking or fresh blood, that’s nonsense. Of course it is not. It is just having a wider, more diverse group of people. If you want fresh thinking, you have to go out to the 98% of the population that has not come through that filter.

Chair: That is a very interesting final contribution. Thank you very much indeed. You have been extremely interesting and thank you very much for giving evidence this morning.

Damian McBride: Thanks very much for inviting me.

Examination of Witnesses

Witnesses: **Carolyn Downs**, Chief Executive, Local Government Association, and **Derrick Anderson**, Chief Executive, Lambeth Council, gave evidence.

Q584 Chair: Good morning and welcome to this second session this morning on the future of the Civil Service. I apologise that our last session rather overran. That is going to squeeze us a little bit, so we will be as brisk as we can. Please could you identify yourselves for the record?

Carolyn Downs: I am Carolyn Downs and I am Chief Executive of the Local Government Association.

Derrick Anderson: I am Derrick Anderson, Chief Executive, Head of Paid Service, for the London Borough of Lambeth Council.

Chair: I should declare an interest. I am a resident of Lambeth and very happy with the much cleaner streets that we have as a result of your hard work. Thank you for that. Steve, you are going to start off.

Q585 Mr Reed: We will start by putting that in a leaflet. Could I place on the record as well, please, the fact that our paths have cross previously? I was leader of the Council until December in Lambeth, where Derrick is the Chief Executive, and I was Deputy Chair of the Local Government Association, where Carolyn is the Chief Executive. Thank you both for coming. I wanted to start with a very broad question. How well does the relationship between local and central Government work?

Carolyn Downs: It is a relationship that could improve, without a doubt, as a starting point. It is a relationship that in every way is variable and patchy. The relationship can work extremely well on certain specific issues. I would give as examples of that at the moment troubled families, where the relationship between the team in DCLG working on that and the involvement of local government has worked really well, and the relationship on the reform of the health agenda, where the Department of Health has included local government politicians, chief executives and directors in that reform programme. A lot of the policy has felt co-designed as opposed to imposed. In those instances it works well.

Nevertheless, it is definitely a child-parent relationship, where the parent is the Civil Service and the child is local government. That is how we experience it and how we feel it. I think that makes policy all the poorer as a result.

Derrick Anderson: I would echo many of those points. I would go a bit further in saying that it works well where we are addressing new problems or where no party appears to have the answer at the outset of the discourse, so on things like tackling crime, guns, gangs and those sorts of areas, where there is not a local response, there needs to be learning drawn across the piece and it is not impacting directly on any single bit of Government. Where it works with more tension is where there is a real debate about who should be doing what at the local level, where at the national level there are either fixed views or there is sort of a history of control. From listening to the previous conversation, ceding that control and getting to a place where you can have sensible debates about ceding control to the locality, because that is the best

way in which things are done, has been a real challenge.

Q586 Mr Reed: In terms of the parent-child relationship or where there is inappropriate central control, how do we look to correct that in looking at the future of the Civil Service? What should we be looking at?

Carolyn Downs: If you look at the Reform Plan that was put out and the whole issue of open policymaking, I think that is something really positive within the reform plan. The development of community budgets work and Whole Place budgeting has been done entirely on the basis of open policymaking, where civil servants are sitting alongside and in councils with local partners across the whole of the public sector. They are working in a place understanding the practical implications of the delivery of their policies. That does lead to respect, understanding, co-design, co-production, and that works really well. That part of the Civil Service Reform Plan is really positive.

Derrick Anderson: For my part I think there has to be much stronger political lead in terms of some of these localism and devolution debates. Alongside that, again picking up on a point from the last speaker, there has to be a stronger exchange of people from central to local government. My experience is that I get a lot of people coming to talk to me who have no understanding of what the relationship is. In fact, there are often occasions when I have to remind them that local government is not a sub-department of Government. Actually, I have a whole series of stakeholders locally, including political leadership, that I have to take guidance and direction for. Critically, too, they have no sense of what really happens when it comes to making things happen on the ground.

In my time as a non-executive at the Home Office, as we used to work through policy and strategy changes, the constant question I asked was, "Okay, that's all very interesting. How do you think that is going to happen in Heath Town in Wolverhampton?" Nobody could actually tell me, because nobody had the experience of actually taking some of these ideas and making them work on the ground. I think Damian's notion that there should be more and broader experiences and voices in the debate at the front-end as policy and strategy is being formed is absolutely what is required.

Carolyn Downs: Just on that point, I was a senior civil servant; I was deputy Permanent Secretary and Director General at the Ministry of Justice, and I went into that role having been in local government for 27 years, having worked all my way up. I did get a 2:1, but it was not from Oxbridge. Having started off on a library counter in local government, the lowest grade possible, and working my way up to being a Council Chief Executive, which I had been for nearly six years at the point of appointment, I think I would have enjoyed my experience in the Civil Service much more and would have felt able to get things done

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differently if I had had an earlier entry and people had switched in and out between the two sectors so you get a proper exchange of skills and experiences throughout the process.

Q587 Mr Reed: If I could just turn quickly to the Civil Service Reform Plan, is that sufficiently transformative and does it properly reflect the interactions between local authorities and Whitehall?

Carolyn Downs: I actually think it is written almost in the absence of the wider public sector, and the other thing I would say, having listened to the previous debate, is it talks about reforming the Civil Service, but what everyone talks about is Whitehall. The overwhelming majority of civil servants do not work in Whitehall; they work out and about in local communities. I felt the document was actually very much about the transformation in the form of Whitehall as opposed to the wider Civil Service. I do think all of that needs to be done in the wider context of the transformation of public services, because the Civil Service on its own cannot achieve its wider agenda without working across the public service.

Q588 Mr Reed: Could you give us an example of something that would be missing? It strengthens our Report if we put examples in.

Carolyn Downs: That is a difficult question.

Derrick Anderson: Can I come in there? I think you are absolutely right. The proposals here concentrate very much on Whitehall, but if you look at what the nature of the problem is, it is: how do you get from politics and policy at one end to delivery and making things happen on the ground at the other? To try to reform a system that has a huge tail of operations, a chunk somewhere in there about advising, forming and shaping policy, and then programmes that spin out of that, in the absence also of looking at what else connects into that—whether it is local government, the health service and all those other things at the local level—is just not productive. In any event, if you tried to transform that infrastructure, you would not do it in four years or five years. You are talking about a 10- to 15-year journey.

Part of the answer is to have a sensible conversation about what Whitehall can do, and should be doing. Some of that has started with the localism conversation, but has not translated itself into some of the delivery stuff, going down to the right place within the right time. It really cannot be looked at in isolation. You have to look at the reform of Whitehall in the wider context, as you say, of the whole of the public service, or else it is doomed to fail.

Carolyn Downs: One of the biggest differences between being a civil servant, particularly a senior civil servant, and being a local authority officer is the whole accountability structure within the two systems. As a senior officer, you are appointed politically, which is done on a cross-party basis, and you are accountable to the whole council rather than just the serving administration. I think that creates an entirely different dynamic.

Listening to Damian McBride about some of the discussions that take place between civil servants, Ministers, and SpAds, etc., and the nature of those

discussions, in my experience those discussions are more transparent in the local authority environment; the advice that a chief executive gives to their politicians is given in public, and the chief executive can be held to account in public for the advice they have given. That creates an entirely different dynamic, which results in a much more collaborative leadership style between politicians and officials, which helps transformation and helps reform.

Mr Reed: Thank you. I think we will be picking up on that later on this morning.

Derrick Anderson: The other dimension, for me, is rooted in this relationship. I hear what you are saying about the public dimension to the relationship. The reality is that different chief executives work in different ways, but the relationship is strongest where there is openness, trust, and clarity about what it is you are trying to achieve. The role of the chief executive is then not just to advise about what cannot happen but also to talk about the art of the possible, and to provide suitable alternatives. If the relationship is built, and that relationship is codified at the start of the process, then I think it bodes well.

For me in there, in the leadership section, there is something about getting to a point earlier in the process where that relationship is codified and there is some real clarity about what the expectations of both parties are. If they cannot reach some common understanding of that, then it is not going to work. There has to be a mechanism by which you either part company or change the arrangements.

Q589 Mr Reed: May I just ask, Derrick, so that we get a sense of the day-to-day interface, how much contact would you or Lambeth have with different central Government Departments over a week? Is that appropriate?

Derrick Anderson: I have considerable contact across the organisation. Most of it is about issuing guidance. It will be what I am being told should happen, which I then look at and determine whether or not it accords with the priorities that my local political masters have instructed me to pursue. What I do not get is any sense of engagement on a regular basis, either in terms of problem-solving or thinking through how some stuff might happen at the local level.

Q590 Mr Reed: So it is not contact that in general you welcome or feel is as positive as it could be?

Derrick Anderson: No. It comes in the ether, and I treat it in that way, largely, I have to say.

Q591 Mr Reed: Is that a view across local government, do you feel, Carolyn?

Carolyn Downs: Absolutely.

Q592 Chair: So it is not exactly a two-way street.

Carolyn Downs: No. Not at all.

Q593 Chair: How much of that is because the mindset of so many senior local government officers is that that is the way it is, and that is the way it should be? I recall an account of a meeting of county council chief executives who were asked by an official to prepare some thoughts on a new initiative. The

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chief executive of one county council asked, “How many words should there be in this document?” which rather suggests that a lot of local authority chief executives are still waiting to be told what to do.

Carolyn Downs: Good heavens. It must have been a different set of county council chief executives from when I was one of the members of their association. I certainly would not have said, “How many words would you like in the document?” I accept your point, however. The relationship is, to a certain extent, what the relationship is, and you can allow yourself almost to become a victim if you are not careful. I am very clear, and I must admit one of the things I found surprising was that, when I was a local authority Chief Executive and I was fed up with something that was coming from Whitehall, if I picked up the phone to have the conversation, a civil servant would always, always make the time to have that conversation with you. I do not know whether it made a huge amount of difference, but the willingness to engage was there.

Derrick Anderson: I have been around a long time, and I remember various Departments with different names that have looked after local government. The thing that has changed for me the most is that, in the earlier days, when there was an issue to be explored and discussed, you could go from local government almost straight through to a Minister, and have a conversation.

Carolyn Downs: That is true.

Derrick Anderson: Nowadays, it would probably take six months to set up that conversation.

Chair: Really?

Carolyn Downs: Yes.

Derrick Anderson: The interface would be with several intermediaries telling you what is permissible in the conversation and what is not. In the reform, that line that talks about good collaborative relationships, having faster and more direct connections in terms of policymaking and policy checking—the direct access to Ministers—I very much welcome.

Q594 Chair: How many Ministers do you have on your mobile phone? How many Ministers’ mobile phone numbers do you have, or how many personal emails do you have of Ministers?

Derrick Anderson: These days I try to cultivate permanent secretaries.

Q595 Chair: You think they are more powerful than Ministers?

Derrick Anderson: No, but at least I cut out the other chains of civil servants.

Carolyn Downs: On that point Derrick has raised, which relates to what Damian McBride said, one of the issues as a council chief executive is that you do not half have to deal with some junior civil servants, who are lacking in considerable experience of the issues you are facing on a daily basis. That creates a totally unequal relationship, and it devalues the conversation. As Derrick says, even in my role now I work on the basis—and it sounds terrible—that I will go in at that level and no lower.

Q596 Chair: That is very understandable; I think MPs feel the same.

Carolyn Downs: Do they? Okay.

Chair: Except that we are rarely allowed to talk to officials.

Derrick Anderson: On the point about the chief executives who wait to be told what is happening, I think I understand the point you are making, because there was a decade or so where, through various policy reforms, etc., essentially there was nothing to do other than react to what you were told, but certainly not in recent times. In recent times, as the focus has moved towards achieving outcomes, with stronger performance management and all the rest of it, certainly within the Met field—I cannot speak for the counties, because I have never really worked in the counties—there has been much stronger dialogue between senior politicians and chief officers around what needs to be done and when it needs to be done, and how it could be done.

I would not want anybody to be left with the impression that the majority of us just sit there and wait to be told, and the reason why nothing happens in the relationship with central Government is because we cannot be bothered to do it.

Chair: Glad to hear it. We like a bit of insurrection.

Q597 Kelvin Hopkins: The Civil Service Reform Plan stated that the Government’s intention was to transfer power and control away from Whitehall, devolving power as far as possible to those actually using the service at local level. I have deep scepticism about this, by the way, but is this happening in practice?

Chair: A deep sigh—I will just report that for the record.

Carolyn Downs: Thank you. I would say that, where localism is actually happening at the moment, it is coming with a pretty strong prescription of how it should be done.

Mr Reed: That is not localism.

Paul Flynn: Centralised localism.

Carolyn Downs: It is, indeed, very centralised localism.

Q598 Kelvin Hopkins: I must say that, when I was a student at university, many, many years ago, we looked at what was then the Soviet constitution, which had these elaborate structures, but power actually resided in Stalin’s office and nowhere else.

Carolyn Downs: One example of that is council tax and setting of council tax. That is an issue that Governments of all political complexions have had anxieties around, but at the moment the constraints within which local politicians can make that decision are very narrow indeed. It is a devolved decision, but the policy framework within which it is set is such that the decision is effectively made in Whitehall.

Q599 Kelvin Hopkins: I am very suspicious of this phrase “to those actually using the service”. It implies not local authorities, but people who are—

Carolyn Downs: I think that is a deliberate intention.

Q600 Kelvin Hopkins: If I go back to the Blair Government, they set up community development projects for example, which were attempts to spend

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money, deliberately cutting out local government. We had one in my constituency, and it was semi-managed by the regional office of Government, semi-managed by local government, but the money went to a community, £50 million over 10 years. It was an attempt to avoid local authorities rather than give powers to them. Is that right?

Derrick Anderson: I think that is absolutely right, but in fairness, the localism agenda has never said, “Give power to local authorities.”

Kelvin Hopkins: Indeed, indeed. You have made the point for me.

Derrick Anderson: There is a problem there, because what I am seeing on the ground is lots of entities pop up. I am seeing programmes like the Work Programme, etc., manifesting themselves, with new bodies connecting with voluntary organisations, private sector organisations, etc., around discrete areas. Then, however, the co-ordination of that locality, the avoidance of duplication in that locality, and sustaining these things when people have come and gone are responsibilities for us in the local authority, and without the levers to ensure that they do not do either daft or duplicate things when they are there. I just think we are wasting or missing a real opportunity. If those things were worked with local government rather than worked through local government, I think you would get better impact on the ground for the resources we are putting into the localism agenda.

Q601 Kelvin Hopkins: I was a local authority member 40 years ago, and I have seen the change. I must say that we had a much greater degree of independence in what we decided locally, but we also had better funding. Since that time, particularly in the 1980s, 1990s and indeed through the 2000s, we have seen Governments taking control of local government finance and restricting access to finance. The business rate was centralised and had controls on rate levels and so on. Local control has gone. Is it not the case that central Government has increasingly shown its suspicion and lack of confidence in local government, and it does not want to be challenged by local government?

Carolyn Downs: I think you have put your finger on it. The Heseltine Review is overt in that comment with regard to the lack of trust that is given to local partners, whether it be the council, the private sector or the voluntary sector. He makes it very clear that that lack of trust from Whitehall to local areas is what is impeding growth, and I would absolutely agree with that point. I do think that fundamental issue of trust is a two-way issue as well. A lack of trust in the local authority breeds a lack of trust from the local authority to Whitehall. Much of what is intended might be very well intended, and the Government is actually trying to do things for precisely the right reasons, but that lack of trust creates a lack of willingness to engage, sometimes, as positively as perhaps should be the case.

Derrick Anderson: I see the lack of trust, but the more dangerous thing for me is the fear of loss of control. What has increasingly happened over time is, with the expectation to deliver quickly for Ministers or within

a Department, there is a sense that, “I need to have a lever that has something on the end of it, rather than a rubber lever.” Local authorities are understandably bodies that feel they have strengths of their own, voices of their own and directions of their own. To feed these things through this vehicle that is likely to push back and want to take away some of the direct sight into the outcome or the output against which I am being measured has led, I think, to people circumventing us and creating alternatives down there for delivery, rather than using a local authority as the delivery vehicle. I reflect on my experience of what were called local area agreements. They are actually local area assignments, because more often than not you were told, “This is it, and this is it, and this is it,” and you dealt with it.

Mr Reed: By a junior civil servant.

Carolyn Downs: A very junior civil servant.

Derrick Anderson: You accepted the point, because at the end of the day, the real agenda was over here. That is just how it was. There is this issue about the lack of trust and the need to build trust, but some of that is because people are fearing that, without some kind of direct control in terms of performance management and the route back, somehow they would be seen to be failing if they could not control what happened on the other end. The preference has been, rather than to use what is there more appropriately, to set up new and alternative delivery vehicles.

Carolyn Downs: That comes back to that issue of risk aversion that you discussed previously with Damian McBride, and the fear of things going wrong. I absolutely agree with your point about the grid being in charge of policymaking, and the feeding of media stories as opposed to really fundamentally considering reform agendas and different ways of doing things. In every single walk of life something goes wrong. It is not perfect, and that stranglehold of control and risk aversion does actually take the life out of the reform agenda.

Q602 Kelvin Hopkins: The abolition of metropolitan counties and the abolition of the GLC were all about getting control back to the centre. Yet I think the research has shown that local authorities are very efficient deliverers of public services, and they are also locally and democratically accountable. Yet central Government has shown increasingly, over decades now since the 1970s, a lack of trust.

Carolyn Downs: What is fundamentally important is: whom do the public trust? 62% of the public trust their local authority. In a specific Ipsos MORI poll that was done in January this year, the question was asked, “Whom do you trust to make decisions about your local area and your local public services?” 79% said their council, 11% said national Government. I always felt as a local authority Chief Executive—I do not think the leader liked it when I used to say this—my number one accountability was to the public of the area I served. That closeness of accountability to the public really manifests itself in the way you perform your duties and you provide services.

Kelvin Hopkins: I have many more questions to ask, but thank you.

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Q603 Chair: I would just point out that I think the abolition of the GLC was about the defeat of the extreme left, which made the Labour party electable, but there we are. I have an interest to declare there as well. The Civil Service Reform Plan is partly considering a more radical restructuring of Government, towards what they call a “single service”, much more like a local authority. Of course this is very much in the DNA of the Head of the Civil Service, Sir Bob Kerslake. Do you think this is a practical proposal for the whole of Whitehall?

Carolyn Downs: I think it is an admirable aspiration.

Q604 Chair: But mightn't it confuse things? Don't we need a federal structure in Whitehall, because Whitehall is so big?

Carolyn Downs: My view is no, you do not. My view is absolutely not. One of the things I was quite taken aback by when I worked in the Civil Service was what I saw as a lack of command and control. The managerial accountability that there is to the Head of the Civil Service or the Cabinet Secretary—

Q605 Chair: But this is a constitutional problem, isn't it? Your Secretary of State is directly accountable to Parliament.

Carolyn Downs: Absolutely.

Chair: That is not a problem you have in local government, is it?

Carolyn Downs: Absolutely not, and it really makes a difference. You are completely accountable and responsible as a chief executive, working to politicians. As I think I said earlier, I have always worked in an environment where that was a shared dual leadership role. I have to say that local authority chief executives were much more managerial than permanent secretaries—very, very managerial. Your task is to do what your politicians ask you to do. Your task is absolutely to give advice, to say what is the art of the politically and practically possible, and affordable, but there is absolutely no question your job is to deliver quickly on behalf of politicians.

Derrick Anderson: I hold the view that we spend a lot of time having debates about structures, but it is actually relationships that get things done.

Q606 Chair: Is that a different view from Ms Downs?

Derrick Anderson: No, I am moving to this thing about the single system or single approach. The relationships you need need to be ones where people are absolutely clear about what really matters to the body corporate. An organisation that has lots of different arms and thinks everything is important will never be able to focus on the crucial things it needs to do.

Q607 Chair: What does that mean for Whitehall? Do we have a single service or do we maintain a federal structure?

Derrick Anderson: You need a single service, but you also need absolute clarity, politically, about what the single service is for over that period of time.

Carolyn Downs: Just on that point, I would take a slightly different view about that. I think having a

single accountability structure is important. Councils have different departments—many different departments—and I was a County Council Chief Executive, which is a very large organisation, so you have different cultures in different parts of the organisation. I personally never thought there was a real problem with different cultures in different parts of the organisation, because there are different professional backgrounds and practices that create some of those cultures. What was fundamentally important was the adoption of a common set of values across the organisation, and the clarity of purpose within an overall strategic political direction of the council.

Q608 Chair: So it is not necessarily incompatible with separate Government Departments under separate secretaries of state trying to have more of a common ethos and more of a common sense of purpose?

Carolyn Downs: Yes, absolutely.

Derrick Anderson: It is common purpose, common values, and clarity about what you are collectively trying to do.

Q609 Chair: So it is strategic leadership from the Cabinet and Number 10 and the Cabinet Office?

Carolyn Downs: Absolutely, and more cross-cutting work as well, so that they are not just working in silos. I would quote the troubled families work, again. I do not think it was easy for that to be set up in the way it was, but it is delivering. It is showing success across the country at the moment. That did bring different bits of Whitehall together through that top-slicing of monies into a pot, and the delivery programme that was run out of DCLG. That is a good example of how to do it. Community budgets I would see as another good example of cross-cutting across Whitehall, working together for a single objective.

Q610 Paul Flynn: I would like to come in. I am very grateful for the evidence, and sorry that there was a stampede of national journalists when you came here. That probably says more about the fact that you have less exciting emails than perhaps our previous witness did. It is evidence of this place. I speak as another grateful resident of Lambeth, and someone who was on local authorities for about 15 years in the past. It is distressing to see how local authorities are used, particularly by this Government, as a scapegoat for so many errors. The loss of 230,000 jobs is an act of localism; austerity is concentrated locally. That is behind it.

Carolyn Downs: It is 314,000.

Q611 Paul Flynn: I will accept your correction, and cuts of 8% in the budget.

Carolyn Downs: 33%.

Q612 Paul Flynn: Oh dear. That is what it says here. This cannot go on, surely. Are you in a catch-22: the more efficiently you deliver the cuts put on you, the more the Government will say, “Of course they were previously bloated and overstaffed”? How can you possibly deal with it?

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Carolyn Downs: Good question. I was actually at the PAC earlier this week discussing the same issue. My view, and the Local Government Association's view, is that a continuation of that level of cuts going forward through the next Spending Review is not sustainable. Local authorities have managed fantastically well, as the NAO have said, with the cuts so far. We have delivered, but for me it comes back to the accountability structure. We are not allowed to overspend. We are not allowed to borrow, to build up a deficit, and we have to manage within our existing resource. Members can be surcharged and put in prison. It is completely different in the national accountability system. I think that means you do deliver.

I completely agree with you: the worry about delivering is that you might be the victim next time around as well. Local authorities will never overspend, because they are not allowed to, and therefore it is easy, but it will not be easy when we have the service failure that potentially comes alongside that.

Paul Flynn: Putting a few Ministers in prison might produce better Government. It might be a very valuable reform, perhaps.

Carolyn Downs: I would not suggest that personally.

Derrick Anderson: I thought there were two bits to the question, and I will major on the second bit.

Chair: I am afraid you will have to be brief.

Derrick Anderson: I just want to say that different authorities will react and respond in different ways. There are a hell of a lot of downsides that we have identified, and there are one or two upsides as well. The reality is that all of us would acknowledge that one of the disadvantages of a period of plenty has been the creation of dependencies on local government and the State in certain places, which have been unhelpful either to communities or to individuals. Part of the conversation going forward is about changing the relationship between what we do, what communities do, and what individuals do, in a helpful way. As resources decline, it gets more important to have that conversation, and in some senses it is easier to have that conversation.

The other bit is to do with the way in which local government has become more efficient over the last 10 to 15 years, and more businesslike, so that we are all using our balance sheets much more effectively than has been the case in the past. Notwithstanding the fact that, in my own circumstances, by 2016–17 my spending power will be reduced by 45%, the new relationships we are building with citizens and communities mean we will be in a much stronger place than many of those other authorities, perhaps, who are not thinking as creatively and are not looking for a policy-driven approach to responding to the reduction in resources, and are simply salami slicing or cutting.

Q613 Mr Reed: On that point—I know we are trying to be brief—are there lessons that we could draw from that about the future of the Civil Service? Are there any changes we should be calling for in this that would make the kinds of changes you are talking about there, Derrick, easier to deliver?

Derrick Anderson: It is this fundamental issue about renegotiating the relationship between what the Civil Service does and what happens at local government level. That is where the most urgent conversation has to be. There has to be some real localism delivered, via collaboration with local government. That is a big part of the answer. Therefore, looking at all those aspects of operation and delivery, and having a debate about what is sensibly done where, would be my first port of call.

Q614 Mr Reed: Should it be looking at something like they do in Scotland, where they look more at projects in an outcomes-based framework, rather than shoving things through pre-existing silos at a local and national level?

Carolyn Downs: Yes, absolutely. We should not kid ourselves, however, that it is easier in Scotland. In Scotland you have a system of local government, where the Government can meet with just the 30-odd local authority leaders or chief executives, so it is easier for them to get to grips with some of those cross-cutting discussions. As we go forward towards devo-max, potentially, and the devolved administrations, we have to start thinking about what happens in England. How is England properly represented? Is local government the mechanism—I would say it should be—to create a structure that gives greater devolution and a greater say to England as a part of the UK?

Q615 Chair: Just very briefly, there are obviously skills gaps in the Civil Service; everyone talks about them. From a local authority perspective—and I am talking about individual skills—what skills do individuals have at local authority level that you think the Civil Service could benefit from?

Carolyn Downs: I think some of those project management, operational delivery skills—stakeholder management, working with partners—are skills we have in abundance. Some of the evidence-based and analytical skills of the Civil Service would be beneficial in local authority environments, so I think it is two-way.

Q616 Chair: So there could be a bit more career exchange between local government and the Civil Service?

Carolyn Downs: Career exchange at an early point in a career is absolutely the right thing to do.

Chair: That is very good. A very interesting point.

Derrick Anderson: The thing that was missing for me was on the management of risk. Again, from personal experience, people tend to tell you about the risk, but if you are adept at managing them, you are aware of them in advance, you are mitigating those risks, such that they do not manifest themselves as a problem in the first place. We have become, in local government, much more focused on the management of risk through risk awareness, rather than the sort of retrofit approaches that the Civil Service tend to take in terms of risk management. I would want to look at risk management in amongst those.

Then there is something else about political astuteness. You can be politically neutral and

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politically astute and find sensible ways of building good relationships at senior political levels. If you are not politically astute, all that happens is that you get butting-up and tension. The only recourse you then have is to tell people what they cannot do, rather than what they could.

Q617 Chair: Moving on to the question of the local government perspective on the appointment of permanent secretaries, it must seem rather odd that Sir David Normington and the Civil Service Commission should be hanging on so vehemently to control over the appointment of permanent secretaries. What is your perspective on this?

Carolyn Downs: I am very clear in my perspective on this. I absolutely think the system of political appointments—not just of the chief executive but of directors and indeed assistant directors—within the local authority environment creates a very strong ownership on both sides of the relationship between politicians and officials. One thing I would say, however, is that the appointment process is always done on a cross-party basis, so it is not just through a political administration. It is done cross-party, and I think that is fundamentally important.

Q618 Chair: So a single-party Government should not be in control of the appointment of permanent secretaries and senior officials?

Carolyn Downs: It is interesting, the word permanent, isn't it? As a local authority Chief Executive, I was appointed by a Labour leader. When we changed political control, and the very first conversation I had with my new Conservative leader was, "Would you like me to leave?" That was the very first conversation I had. Luckily, his answer was, "No, I would be delighted if you stayed."

Q619 Chair: That was because, presumably, he had some influence.

Carolyn Downs: He sat on my appointment panel as Chief Executive.

Q620 Chair: So the Leader of the Opposition would need to sit on the appointment panel for the Head of the Civil Service and the Cabinet Secretary?

Carolyn Downs: I think that would be a way you could do it. Select Committees operate on a cross-party basis. I think there is a way that you could actually do that.

Q621 Chair: I think you have made the case for Sir David Normington's resistance, have you not?

Carolyn Downs: That will really endear me to him.

Derrick Anderson: I ebb and flow with this one. I think there are important matters at stake, for which continuity is important, irrespective of Government—continuity of knowledge is important. Therefore there is something that says to me that you need to have capacity for the permanent secretary to stand back from all of that, to ensure that the State jogs along and does all the things it needs to do, and that the right

knowledge is there and we do not have to reinvent the wheel every time there is a Government.

Crucially, however, there has to be some mechanism put in there where there is opportunity for a proper conversation to be had with the permanent secretary and the political lead. If that relationship is not strong, then it plays out through the rest of the organisation. Therefore I think there has to be something inbuilt there where there is a point of either agreement or disagreement, formal or otherwise, between permanent secretary and Secretary of State.

Carolyn Downs: It is worth us probably both reflecting, because we will have both sat as advisers to political appointments within local authorities. As the Chief Executive, you sit as an adviser. You do not have a vote in terms of the appointment of the staff that you line manage, who are politically appointed. I have never sat on an appointment panel with members where politicians have not wanted to appoint the person who interviewed best that day, ever, because their political career is entirely related to the ability of that official to do their job well.

Indeed, I have sat as an adviser to some of those panels and actually said, "Yes, they interview very well. Let us really dig behind as to whether they can do their job that well." I have always witnessed Members wanting to appoint the person they believe, impartially, to be the best, and we should always remember that. Otherwise the inference is that members make appointments according to whom they like, etc., and I have not witnessed that in many, many years.

Q622 Mr Reed: We have heard that a lot from senior civil servants speaking to us, who say that even the involvement of politicians, let alone political appointments, in those appointments would compromise the impartiality of the Civil Service. Have you ever found that in local government?

Carolyn Downs: Not personally, no.

Derrick Anderson: No, but I think the point is that we have a culture where the senior management in local government goes into an authority on the basis that things could change. As you know, I was appointed by a Lib Dem/Conservative administration and have gone on to work for a Labour administration subsequently, but that is part of the culture, and you accept that that is how it works. It works pretty effectively.

Carolyn Downs: It works very well indeed. The other point is that I have never known members not say to the chief executive in a political appointment process, "Could you work with this person? If you cannot work with this person, we will not appoint them." I have to say, it is a good system that works well.

Chair: You have been excellent witnesses, and very informative, and I am very glad we have had this extra session as part of our inquiry, to take into account the local government perspective.

Carolyn Downs: It has been a pleasure.

Chair: Thank you very much indeed.

Tuesday 5 March 2013

Members present:

Mr Bernard Jenkin (Chair)

Alun Cairns
Robert Halfon

Kelvin Hopkins
Lindsay Roy

Examination of Witnesses

Witnesses: **Professor Matthew Flinders**, Professor of Politics, University of Sheffield, **Lord Norton**, Professor of Government, University of Hull and **Professor Anthony King**, Professor of British Government at the University of Essex, gave evidence.

Q623 Chair: I welcome our very distinguished panel to this session on the future of the Civil Service. Could each of you identify yourselves for the record please?

Professor King: I am Anthony King, Professor of Government at the University of Essex, and one of your constituents.

Chair: I am glad you declared that interest, because I have to declare that interest as well. I am very proud of the University of Essex.

Lord Norton of Louth: Lord Norton of Louth, Professor of Government at the University of Hull.

Professor Flinders: Matthew Flinders, Professor of Politics at the University of Sheffield.

Q624 Chair: I suppose I should also declare an interest in that the Department of Government has seconded an intern to my office from time to time, as, I am sure, it has to those of many of my colleagues. May I start by asking a very general question about the future of the Civil Service? Is the Civil Service equipped to meet the challenges of the 21st century?

Professor King: I have three worries, each of which I could expand on, but which I will express simply as bullet points. First, I am persuaded that the Civil Service is pretty good at recruitment; I am not persuaded that it is nearly as good at retention, and I worry about people departing the Civil Service. Secondly, I worry, if anything even more, about a subject that has come up quite often before this Committee: the churn of civil servants both within and between Departments. Thirdly, I am worried about another issue, which, of course, you have considered, which is the considerable reluctance of many civil servants—to use the cliché—to speak truth to power. I have those three principal concerns.

Lord Norton of Louth: I would concur with those, and each perhaps we will come back to. Perhaps I would just add one that is not covered in the Government's plans, which is the actual subject-specific knowledge. The Government's plan is to produce a Civil Service that is more fit for purpose from a managerial point of view, so they can do the job, but not necessarily know that much about the substance of the sector they are working in. The plan touches upon it, but I think not sufficiently. There is a key area there; if you are really going to be responsible for a particular sector of public policy I think you have to have some grounding in that sector.

Professor Flinders: I will follow Professor King in making just three quick points. For me, the big

question is that we had a 20th century model in the past, based on permanence, generalism, and an almost reluctance to specialise. We do not seem to have a model or a blueprint at the moment for where we are going or why. We have a whole number of different reforms taking us in different directions, but we do not have any clear strategy for where we are going, or why.

The second thing is that if you look at what is happening, the structure of Whitehall is changing; we are moving to what I call a hub model of Government: a small strategic core that is increasingly attempting to control and regulate a whole wide range of arm's length bodies, and we simply still have not got a grip of how you manage at a distance.

The final point, which has come up in both my colleagues' first points, is this issue of churn: in the old days the issue of a Methodist model of three postings was seen as how to ensure that civil servants had great generalist knowledge. At the moment what it does is it prevents personal accountability and the development of expertise, which are so badly needed. For me, it is not so much about people leaving the Civil Service at the top; it is the constant movement and fluidity within the Civil Service, which often undermines any notion of institutional memory: being aware that we have been here before and knowing what happened in the past.

Q625 Chair: I have got truth to power, knowledge, strategic goals, and structure. A whole lot of things were poured into the mix there straight away. In terms of truth to power, what has gone wrong that means the system cannot speak truth to power in the way that it used to?

Professor King: I could discourse on this at length. The reason is fundamentally that politicians, who once regarded it as their job to govern the country in collaboration with civil servants, began in the 1980s a process that continued: a process of extreme assertiveness of Ministers vis-à-vis civil servants, such that many civil servants became inhibited about expressing their views, and many civil servants concluded that if they did express their views they would not be listened to. On top of which, many of them infer that if they did express their views, and if the Minister did not like them, it would not do their career any good. This goes back quite a long way; it is not, in my view, an entirely new phenomenon, but it is a very worrying one, and several of your witnesses have already referred to it.

Incidentally, an Oxford colleague of mine, Sir Ivor Crewe, and I have been working now for three or four years on a book to be published in a few months called *The Blunders of our Governments*—notice the plural. One of the things in the course of our detailed researches we have come across frequently, is evidence, and sometimes lack of evidence, that civil servants said to Ministers, “We do not think this will work on the ground”. Quite a few of the people we interviewed said, in retirement, that they were very sad that they had not pressed the case against what the Government of the day was proposing to do hard enough. To take deliberately an age-old example, the dust on which has long since settled, the poll tax in the 1980s, there is not a trace of evidence that any official went to Ministers and said, “This is a terribly bright idea, but it is unimplementable; it will come to grief.” That is very sad, and there has been little change in that over the last few decades.

Q626 Chair: I would like to explore that answer in a little detail, because you could be suggesting that something cultural has happened to politicians that they do not listen to the truth anymore, or are not interested in hearing it, or regard it as something deeply unhelpful when they hear it. Though, in my experience, good Ministers relish challenge and will engage with challenge. Do you not recognise that?

Professor King: I agree entirely with that formulation with its emphasis on good Ministers; some Ministers are better than others, and some Ministers are much more wilful.

Q627 Chair: What about the general system? That has become less resilient to challenge in terms of the ministerial system?

Professor King: That is broadly correct, yes.

Q628 Chair: Picking up what Professor Flinders was saying about structure and the move to the hub model, has this led to what some of our witnesses believe is a dislocation between where policy is made or driven from, and where it is implemented, so the people responsible for coming up with the ideas and wanting to implement it are derailed by another part of the Government—the communications bit or the Treasury bit? Council tax is a case in point, where the Treasury derailed what was a perfectly deliverable policy; the Treasury were just expecting it was going to collect far more money than the architects originally envisaged?

Professor King: That is undoubtedly a problem. That obviously goes much wider than to the issue of speaking truth to power.

Q629 Chair: The point is the division of responsibility meant that there was nobody in possession of the truth. Different bits were thinking different things and making different assumptions. It is that dislocation that this hub model might be reinforcing.

Professor Flinders: There is also a bigger issue that goes back to this issue of where the blueprint is? It is not just structure, but the rules of the game have changed between Ministers and some of their senior

officials: this notion of the old public service bargain for the Civil Service: permanent, neutral, generalist. What we have had in recent years is more officials brought in from the private sector on what is a new public service bargain. That means that they are short-term, they are highly paid, they are experts, but particularly when something goes wrong, the expectation is that they will carry the can; they will become the lightning rod, rather than the Minister. What we have failed to do is acknowledge the changing rules of the game and this new public service bargain.

Lord Norton of Louth: The point I was making in my note is to see Government qua Government, and not simply see it as a problem of the Civil Service. There is a problem on the ministerial side as well, in the way that Government itself has changed, and Ministers’ attitudes towards the task of being Ministers. Part of that is that Ministers come in without any prior experience, quite often, of Government. There is no training, and they have exalted expectations of what Departments can deliver; that creates some of the clashes that we see. Part of the problem is Ministers, not simply civil servants; you have got to address both. You cannot really produce a Civil Service that is fit for purpose unless you can do the same for Ministers.

Professor King: Can I add to that? There is a real problem of what I will call Ministerial hyper-activism: too many Ministers trying to do far too much, too quickly. That is a cultural change. Once upon a time you could get brownie points as a Minister for doing a pretty effective job of running your Department, and making incremental changes. Nowadays, whichever party you come from, you seem to think you are in business to change the world, or at least that bit of the world that affects you, and that obviously places great strains on the relationship between Ministers and civil servants, quite apart from leading to a fair quantum of rather bad policy.

Lord Norton of Louth: There is an allied point, which, of course, the Committee has addressed before, because the churn is not just churn of civil servants, it has been ministerial churn as well. Ministers come in and feel the need to achieve something in office, then they move on. Therefore, particularly each senior Minister has felt the need to have their big Bill, and so a lot has flowed from that. There has been no appreciation of Government, and not enough time. It has changed slightly with this Government, with people being in office a lot longer, but you are still dealing with people who quite often have had no prior experience.

Q630 Chair: We are concluding this line of questioning on a very fundamental and powerful point, which is the Civil Service Reform Plan seems to be something that Ministers are doing to the Civil Service, but you are all saying that the problem is one of governance rather than just the Civil Service, and Ministers are included in that. Therefore what Ministers do has got to be part of the solution.

Lord Norton of Louth: Exactly.

Professor King: And what they do not do.

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Professor Flinders: One of the great challenges is that this is not about the future of the Civil Service, because the Civil Service is now just the centre of an incredibly complex delivery chain involving a whole range of different bodies. Unless you try to understand how those different bodies and layers fit together, the Civil Service at the centre will inevitably be troubled.

Q631 Chair: The Government is also looking at other models of Civil Service governance: New Zealand, Australia, Canada, France, and even the United States. Is this foray abroad relevant to the British situation?

Professor King: Could I just say in very general terms that forays abroad are almost always useful. I am struck by the fact that forays abroad by British Governments tend disproportionately to be forays into countries whose language people are familiar with. There are other examples that could be followed, apart from the old Empire and the United States. Specifically on the United States, that seems to me a wonderful case of—to use an American expression—how not to run a railroad. I would have thought lessons to be learned from the United States were few in number and tended to reinforce our way of doing things, rather than their way of doing things.

Chair: Anything to add?

Professor Flinders: No. I agree with what Professor King has just said.

Q632 Kelvin Hopkins: I am very interested in what you have just been saying; it is very perceptive, and I broadly agree with the points you have been making. I have asked this question to several groups of witnesses over time; my feeling is that what has changed is ideology in Government, and that the Civil Service was happy in a world where there was a hover between social democracy and one-nation conservatism, and what Bob McKenzie used to call Butskellism. Now we are driving through a neo-liberal revolution, which is marketising, outsourcing, and putting at arm's length Government responsibilities. The politicians are driving this, driven by an ideology that is quite different from the hover between one-nation conservatism and social democracy, as was the case in the post-war era. Even between Macmillan and Wilson the differences were negligible, but they were substantially different from what we see now in Government, be they Blair or Cameron.

Professor King: Without any question that does make the job of your average senior civil servant much more difficult than it was in the past. That said, officials during the 1980s—when really all that began—the 1990s, and until now, have, by and large, coped pretty well; they have adapted to the change. However, my specific worry continues to be that precisely because Ministers are so certain of their cause—I will not call it their ideology, but their cause—and what they want to do, many of them are more reluctant to listen to people who tell them that in this specific case what they are trying to do is not well judged. That is my specific worry.

Q633 Kelvin Hopkins: I have often described what has been happening, particularly under the Blair

Government and perhaps Thatcher as well, as a Leninist approach: hardcore centre, driving out ideas, with commissars at every level—you call them consultants, you might call them special advisers, but they are essentially commissars—driving the revolution. A feature of the permanent revolution keeping institutions and people off balance by constant churn, and by threatening and pushing. This is in the cause of capitalism rather than socialism, but the same process takes place.

Professor King: I would only say that reeks more of Stalin than of Lenin; Lenin was not around long enough to get very far with that.

Kelvin Hopkins: It was his theory of democratic centralism.

Lord Norton of Louth: One needs to distinguish, which I think was Professor King's opening point, between an ideology or a view about how Government is conducted, and the ideology about what the policy should be delivering. One needs to distinguish, because you do not necessarily have strong ideological Governments, but they have a very clear view about the process of Government and how it should be delivered, which is the point you are getting at.

Professor Flinders: What is really interesting now is that there is a double-whammy effect. I would not call it privatisation, but there is this clear shift towards alternative models of service delivery. The Civil Service is therefore changing the structure of the state, in Health, in Education, in all areas, while at the same time the Civil Service has itself been expected to change and contract itself out. The whole degree of flux and instability is so incredible.

There is also a certain mantra among some politicians that the state is still bad and other forms, as long as it is not the state, are good. Under this Government, it is not purely just the market; there are a whole range of different organisations that they are willing to explore floating off functions to. I have had many a conversation with Ministers where I have tried to explain, "Maybe the best thing for this is to leave it alone," and that is almost heretical to say.

Q634 Chair: Before we move on to the next question, I have two very short points to make: first, Francis Maude did go to France, to be fair to him; he has visited a non-English speaking country, and I think he has also looked at Germany. Are there any particular countries that you think we should be looking towards?

Professor King: This is more a prejudice than a judgement based on a lot of evidence, but I think probably the best-governed countries in Europe tend to be the Nordic countries.

Q635 Chair: I think he has been there.

Professor King: My instinct would be: when in doubt, go first to Finland, Sweden, Norway, and Denmark.

Q636 Chair: Professor Flinders just began to touch on whether the real problem here is the context of the 21st century and the next 20, 30 years. We talk a lot about the pressures of 24/7 media, but what about the 24/7 pressures of global events, of international

relations, of the blurring of the distinction between domestic and foreign policy, of the sheer speed of technological developments, of the arrival of Taleb's black swans, which seem to be becoming more frequent, and of the unpredictable nature of things like climate change, if it is happening, and international conflicts. Should we not be defining the context, and because this has become so complicated, how do we define the context in which we decide what sort of Civil Service we need for the 21st century?

Professor Flinders: That is a key point. Before going off and looking at any other countries, it is probably worth sitting down and thinking about this bigger picture, and about what it is we are trying to design a Civil Service to address. What is incredibly clear, and what is almost beyond discussion now, is that the challenges that the Civil Service was originally intended to address are not the challenges that they will be expected to address in the 21st century; there will be these new risks. They will not be the tangible issues like housing, poverty, and welfare. They will still be there, but the bigger challenges for the 21st century will be far more fluid. How the Civil Service is attempting to develop that resilience for less tangible, but no less important challenges, I am not sure.

Lord Norton of Louth: There is the broader context you are addressing, Mr Chairman, that expectations of Government are expanding as the capacity of Government to respond to them decreases. In the context you are mentioning, with the 24-hour news media, the expectations of Government to be able to respond very quickly create a certain pressure on the Government to respond to the "something must be done" mentality. It is about how you deal with that and reduce expectations, so that Government can be realistic, otherwise it is constantly on the move, trying to deliver things, which it is never going to succeed in.

Professor King: This is going off on a little bit of a tangent, but one of the rather sad things about political discourse, not just in this country but probably throughout the liberal democratic world, is a reluctance on the part of politicians and other public servants to make it clear that they are dealing in a risky world and in a world of uncertainty. There is a reluctance to acknowledge that a very large proportion of the decisions they take cannot, in the nature of the case, be guaranteed to produce the results that they want them to produce.

Chair: A world of uncertainty and limited influence?

Professor King: Yes.

Chair: A very good point, yes.

Q637 Lindsay Roy: Good morning, gentleman. We have spoken about challenges and aspirations, and a Civil Service being fit for purpose. The Department for Education recently carried out a zero-based review to consider the tasks the Department should be carrying out. Why do you think that such a review was deemed necessary? Indeed, was it necessary?

Professor Flinders: We are in a time that is a bit like the public bodies reform agenda, when all public bodies had to go through this existential test of whether they were still necessary. There might be some functions where you think, "Of course they are

still necessary", but posing that question across the whole of Government might unexpectedly throw up issues about relationships, roles, or synergies that might be exploited. The Department for Education is a very good example, because one of the great challenges at the moment is, just as Government is being expected to do more, and the hub at the centre of the model was expected to manage more and more relationships, most Departments are getting smaller. We are reducing the strategic capacity of the centre, while expecting it to do more coordination and control. I am not sure I answered your question as well as I might; I will hand over to Professor Norton.

Lord Norton of Louth: It comes back to a point we have discussed in this Committee before, which relates to the number of Ministers, never mind how you structure the Civil Service. The starting point is not how many Ministers you need or, indeed, how many civil servants you need and the role they take, you should start by considering what you expect of Government: what are the functions? What do you expect to deliver? What should then flow from that is how you structure Departments, the number of Ministers required to deliver on that, and the number of officials and the type of officials, and their role, in order to produce that.

The other thing you need to address as well—which the reform plan touched upon—is looking at it from a cross-Government point of view as well, and getting away from a silo mentality, so you can deliver the functions in the most efficient way possible.

Q638 Lindsay Roy: In essence, you are saying there is less value when it is apparently very narrowly focused and it does not look to the future. What are the other shortcomings of the zero-based review?

Lord Norton of Louth: Is that in relation to Government as a whole?

Lindsay Roy: Yes.

Lord Norton of Louth: The point I was making in the paper, in trying to move it just beyond looking at the Civil Service, is the point you have already stressed: looking at it from the point of view of good Government, which is governance. Therefore, you start from the point of Government, and you make sure that the Ministers, as well as the officials, know what is expected of them and how they can do their job. This relates to some of the points that Mr Hopkins was addressing, because if you reform the Civil Service, that by itself might be necessary, but it is not sufficient. If you are going to have an effective Civil Service, you need effective Ministers, who know how to make use of the Civil Service, and understand what is expected of them, never mind the civil servants.

The point I made in my note is that historically, the form of Government we have had is that we have had the generalist as a civil servant. The problem is we have had the Minister as a generalist as well, and that has been part of the problem; neither has been trained or has had any grounding in what their role is. It has been on-the-job training as far as it is training. They might acquire some degree of specialisation, but that is not expertise. That is what we have got to look at; it has got to be governance as a whole, and what you

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expect Government to deliver, rather than starting at one part, changing that, and ignoring the rest.

Professor King: I think Philip Norton would be the first to agree that someone who practised an activity, that was not then called zero-based budgeting, very successfully, was one of the most effective Ministers of modern times, Michael Heseltine. He clearly had it in mind at all points that the first question you had to ask is, “What should this Department be doing, and how can it do whatever it decides to do, or I decide it should do, both effectively and efficiently?”

Professor Flinders: One of the very interesting things is that when the coalition came to power, one of the things that Francis Maude did very well was initiate this big review of public bodies and the whole landscape. What that turned out was over 900 bodies, about which many Departments did not really even know existed. One of the things we have lost in Whitehall is what we used to call landscape reviews or end-to-end reviews, which was a look right from the centre, all the way from where the money goes, right to how it was delivered to the member of the public. Having this landscape review revealed an incredible structure of confusion, fragmentation, and overlap, and often allowed for a high amount of streamlining to happen. Currently we have gone back to another system where we look at each organisation on its own, as part of a triennial review. Having some mechanism to keep an eye on the bigger picture overall would be incredibly valuable for everybody. What we are saying overall is not that we need a shift from generalists to specialists; it is not one or the other. It is that at the moment the balance is not quite right for the challenges that we face.

Q639 Lindsay Roy: To what extent did this review contribute to the bigger picture? What have been the positive outcomes from this education review, and lessons learned that can be transferred?

Professor King: I am in the very strong position of being able to answer simply and straightforwardly: I do not know. It is not something that I personally have pursued.

Lord Norton of Louth: It can be very valuable, because it draws attention to what else needs to be done, so you could see it as addressing one part of the jigsaw, but as long as you recognise that that is what it is. If we are going to reform the Civil Service, a consequence is we have got to look at the ministerial side as well. To some extent, the plan just touches upon that; I think there is an implicit acknowledgement of it, but it does not follow through. If the plan is to be effective, you have to have in place Ministers who know how to utilise the Civil Service once it has been reformed; otherwise, what is the point of the exercise?

Lindsay Roy: It is something we can perhaps pursue again another time, Chairman.

Chair: Yes, certainly.

Q640 Robert Halfon: If the Government said that it was going to close the Department for Business, Skills and Innovation, and bring its functions within other Departments, would business collapse in this country?

Professor King: That is a wonderful hypothetical question. You are asking us to judge the performance of the Department of—what is it called this week? It used to be the DTI. The answer is that I do not have sufficient specialist knowledge to be able to do that. I have heard the officials in that Department described as a bunch of defrocked librarians, which is probably rather too strong. I am a great believer in the pragmatism of judging an organisation like that by its results, and by the efficiency with which it achieves those results. I think that most people running businesses in the UK probably would not greet with favour the idea of a Department being wound up that is specifically tasked with being concerned about business, growth, and so forth.

Q641 Robert Halfon: The premise of my question is a larger issue; that is one example. Do we need all these Departments? Do we need a Department for Culture, for example? Do we still need a Scottish Department, and so on and so forth?

Lord Norton of Louth: I would agree with the premise of the question, and it comes back to the point I was making. There are two points I would make. The first one is that the starting point ought to be: what do you expect of Government? What are the functions? Therefore you think: what is the best way to structure that in terms of delivery of Departments? It may be that you do not need so many Departments; it may be more efficient to have fewer anyway, because then you avoid the silo mentalities, or the discrete nature of Departments we have got.

The other point, once you have got that, flows from something that Professor King has just touched upon, which is to achieve some degree of stability in the structure of Government. As he touched upon, BIS has had different manifestations, and that creates problems. If you need to review it, your starting point ought to be about what you expect of Government and the functions, and then craft Departments appropriate to that. Ideally, then have some steady state, so that it is not just at the whim of the Prime Minister thinking that we ought to change a Department here or there, which may be some change of functions, it may be for more political purposes, or purpose of patronage. Get in place some stability, once you have started from the understanding of the structure of Government: you think about the house you want, rather than the house that is the product of different rooms that have been created.

Q642 Robert Halfon: Could Government not just have a beefed-up Sports Council or a beefed-up Arts Council, rather than have a whole Department, for example, and save quite a bit of money each year?

Lord Norton of Louth: Quite possibly, but my point is that I would not start from the bottom up, but from the point view of what you need from Government. Your point is about thinking of it as well in terms of what the responsibility of Government is, how much of it should be within the gift of Government, whether it can be hived off, and crafting the structure within Government, or taking it out of Government for that purpose.

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Q643 Robert Halfon: Do you think that Government does what you are suggesting: thinks strategically about what Departments it needs? Do a lot of Departments just exist because of the politics of the time?

Lord Norton of Louth: It is the latter; I do not think there is much strategic thought, certainly not standing back and thinking about governance as a whole, not even thinking within a particular policy sector. You very rarely see the adoption of the approach I mentioned in my paper in relation to looking at the Civil Service, which is thinking about what the strategy is and where you want to be in five or 10 years' time, and then crafting the programme to deliver that. It is too much a response to events or it is a particular policy, rather than thinking overall, "What is the strategy we want to achieve? How do we get there?"

Professor Flinders touched upon Michael Heseltine, who was the sort who would be the closest coming to that type of approach, but it is very rare. It is more coming back to the point I was making in response to the Chairman. It is too much the immediacy of someone coming into office, feeling there is a "something must be done" mentality, or "I must have my big Bill," rather than taking the long-term view, which Ministers are not good at, because, for political reasons, they take the short-term view. They are not thinking, "Where do we want to be in this area in five or 10 years' time?"

Q644 Robert Halfon: Do you think coalition politics means that we are likely to have more Ministers and more Departments, rather than less? It makes it much harder to reduce them, because of the political realities?

Professor Flinders: There is a clear inflationary dynamic. British Government is not good at strategic thinking or planning. If we go back to the metaphor of a house, what we tend to do is have a house, and we never think of knocking it down and building a new one; we will put an add-on here, and we will go into the attic, and then we will build a tower. What we have ended up with is an incredibly labyrinthine structure, where very few people understand how it works, or even what bits of the house are still there, or who is in them.

There is a great degree of politics here that Prime Ministers need to find positions for certain MPs. Once you have built an organisation it often creates its own lobby coalition to keep it in existence, and a lot of politics is about fire-fighting; it is not about sitting back and strategically thinking about where we are going, or why.

There is a great inflationary dynamic, but if you take the issue about the territorial Departments, there would be no obvious clear rational reason for still having all those different Departments. If you were to take a comparative perspective, most countries in a similar position would have brought them together in one post. If you look in the private sector, any managing board of a large organisation would never have 22 or 24 people sat around a table on the board. I understand that recently the Cabinet Office in Number 10 had to make the table even bigger to fit

everybody round; it was getting so squeezed. These are issues of politics as well as of redesigning the state.

Q645 Robert Halfon: When I was a student reading all your political books I used to know the name of every Government Department and every Minister, and now I am an MP, I cannot remember the name of every Minister and Government Department.

Chair: You are too busy.

Robert Halfon: I would describe myself as somewhat of a political anorak, but I genuinely cannot remember who does Energy and Climate Change, or whatever it is. It seems to me there is a spaghetti of Government Departments; there does not seem to be any logical rationale behind it, and they are created for political reasons, rather than for the best reasons for the country.

Professor King: There is quite a long of history of people deciding that there should be fewer and bigger Departments, joined-up within Departments. It very frequently happens that when a Prime Minister sets out to achieve that effect, as Ted Heath did in 1970, he or—well not she, I think—he discovers that perhaps that has not been such a good idea, and suddenly a Department of Energy is floated off. Going back to the point that Professor Norton was making, it is very difficult—to use the cliché—to strike a balance between, on the one hand, having stability and looking forward, and on the other hand, having to respond to new events.

Incidentally, my hunch is that if one abolished a number of Departments, one would quite quickly find oneself somehow or other reinventing a lot of them. There are jobs out there that people in Government feel they need to tackle, and they need to have an organisational structure for doing that.

Lord Norton of Louth: There are two points I would make in response. First, to add to your point, you have difficulty now remembering what the Departments are; I would not be at all surprised if you had a similar phenomenon in relation to the Ministers, in terms of remembering who they all are, because there is such a churn with Ministers as well. That is also part of the problem.

The other point I was going to make is to do with the reason the change takes place; it is partly political in terms of finding slots for people, and so on, but there is a tendency on the part of Government, if the policy is not working, and things are not going right—I regard it as a displacement activity—to think about structural change. That sometimes seems to be the easy answer: "Let us change this part of the structure, let us change Departments, let us change the electoral system", or whatever, as a way of addressing problems that are deeper and more complex.

Q646 Robert Halfon: The Government came in saying that they were not going to make any structural change to the previous Government, because they did not want more upheaval. Was the real reason because of the political realities of coalition, rather than that they just did not want another upheaval?

Professor King: I think that is a little hard on the present Administration. My strong impression is that

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they were persuaded, in Opposition, that, for the kinds of reasons that Philip Norton has alluded to, it was not a good idea to arrive on the scene and start thinking that you were achieving something if you were rebuilding the Government. This Government, on the whole, has been rather restrained. It has not been restrained with regard to quangos and so on and so forth, but it is fair to say, is it not, that all the Government Departments that existed May 2010, rightly or wrongly, still exist much in their present form?

Q647 Robert Halfon: If you were in charge, what would you then say to Government to do in terms of all these Departments and Ministers? If you had a plan to give them, what would you argue for?

Professor Flinders: I would go back to something that this Committee has made an argument for several times in the past; that what we do not have at the moment is any overview plan of how Government works or how it is structured; it does not exist. What we have are a number of very specialist documents about one different organisational form, so the world beyond Departments, which is where most policies are delivered and where most people work, is an unknown landscape.

One really simple, obvious thing would be for the Government to produce one directory of governance that for the first time set out exactly what organisations exist, with what relationship to Ministers, and why they exist. The Committee has asked for that several times, and it has always been politely declined. In a sense, we had a big opportunity here. The Cabinet Office has been transformed under the Coalition; generally transformed positively in that it is more strategic, and has a much stronger strategic grip across Whitehall.

The opportunity that was missed—and this was really building on a report from the Institute for Government, that underlined the complete complexity of the structure—was that the new Government had an opportunity to simplify the structure of Government in a once-in-a-generation way. It was not taken. You talk about Departments, but you have not mentioned non-ministerial Departments, which are the most bizarre organisation you could ever imagine.

Lord Norton of Louth: On your basic point about coalition Government, there has been more stability and there has been less churn, although you are quite right to say that the number of people sat round the Cabinet table has expanded quite significantly. That is not so much because the size of the Cabinet has increased; it is because the number of Ministers who are eligible to attend Cabinet has increased, and it has become extraordinarily crowded.

On the broader point, although I do not want to get too tied up with the analogy with the house, it is a very useful one in terms of what we are saying, in that there is no blueprint; there are no plans for the house, so it is very difficult to make sense of, and that could be a good starting point—to stand back and say, “What sort of house do you want?” First, there is an exciting cartography in making sense of what we have got.

Q648 Robert Halfon: I am asking about the sort of house you want. What would you do if you were in charge? Would you cut down on Ministries? Which ones?

Lord Norton of Louth: I come back to my point that I would not start with numbers at all; I would start with what you expect of Government. At the risk of doing the analogy to death, do you want a bungalow or a two or three-storey house? It is what you expect: what is it meant to deliver?

Q649 Robert Halfon: What do you think it should deliver? What would you like to do?

Lord Norton of Louth: I have not set myself up yet as a Royal Commission to produce what the limits of Government are. You could start by considering what the essential basics of Government are: what is it there to deliver? Then you produce your Departments and Ministers in a Department, which do necessarily need to be that numerous. Coming back to what Professor King touched upon, you need Ministers who are quite confident in their ability to lead to be able to lead, which quite often means you do not need a lot of junior Ministers. Then you need the Civil Service that can deliver, but not just deliver in the sense that the reform plan is dealing with, which is very much a managerial concentration, apart from action 5. It also needs to focus upon understanding the subject itself, because, if you are going to engage with experts you have got to have some understanding of the subject in order to know what to ask them, and to evaluate the quality of the answers.

Q650 Chair: Before we go on to the next question about political appointments, would it not be helpful if the Government recognised the need for this overarching philosophy of Government? Is it not extraordinary that the Government seems to repudiate the very idea of such high-level strategic thinking, and writing down an albeit constantly-evolving plan, but some kind of a plan that reflects that philosophy of Government? Why do you think Governments—it is not just this Government—despite the previous Prime Minister but one’s Prime Minister’s Strategy Unit, have become almost hostile to this style of analysis, assessment and planning?

Professor King: Part of the answer to that question is they have not realised there was a need. One forgets that for a very long period of time the responsibilities of Governments were very considerable indeed, but they were not expanding exponentially. The world was somewhat less complicated than it is now, and people were content, by and large, if you came into power in 1959, or you came into power in 1964, to change the central direction of policy within the kind of bounds that were mentioned earlier on, but you did not feel any need to think hard about what Government was for.

Q651 Chair: Paradoxically, the very complexity of the modern world militates, in their minds, against having such a strategy or planning in such a way, because they say that it is too complicated, you cannot get it all on to one piece of paper, and it changes too quickly, so there is no point.

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Professor Flinders: What they tend to say to me is that there are no votes in it. They also say that one of the problems is that the Ministers live in a time of attack politics, where responding to a problem by saying, “We are going to hold a review and look at the structure. This will take time, but this is what we are doing”, is seen as a very weak response to make, in the current climate.

Q652 Chair: In a five-year Parliament not doing it seems to have a very high price.

Lord Norton of Louth: I agree. I completely concur with what is being said. It is what we have touched on already: that feeling of a need to respond quickly—the quick fix, and the feeling that you must be seen to be doing something. If you look at the Civil Service, over time there have been plenty of initiatives, plans come up, but very rarely a full-scale proper review that has identified the role of the Civil Service. I agree with Professor Flinders: nowadays it would not be seen as having any votes in it, and there is that difficulty of getting it set up to take time.

Q653 Kelvin Hopkins: Would you not agree that areas that exemplify what you have been saying about building a house and adding roof conversions, extra garages, and making them look rather awkward Heath Robinson affairs, include the school system? Every town has a different system, and it is completely chaotic; you cannot compare, because they are so different. The other area is benefits; no other country in Europe has three different major Government Departments delivering benefits, with some agencies as well. Having one Government Department that just deals with benefits, and one office where people go to, and one system of benefits for everybody, which everybody can understand, would be a sensible way of doing things, but nobody dare do it.

Professor Flinders: You could take the same thing to local government as well. Nobody would have started off designing the complex structure of local authorities that we have in this country at the moment. Governments come and go, and they inherit a system under great pressure to be seen to be delivering positive changes. Maybe one of the questions for the Committee to think about is how, in a sense, you provide a bit of sensible safe space in which to think about these issues properly.

I do think there is a window of opportunity. I spend a lot of time with senior civil servants in the Treasury and in the Cabinet Office. I am very impressed with them. They are very aware of the need. At the moment they have a second-level Civil Service plan, but above that they need a broader strategic view of where they are going and how the plan fits within it. You cannot de-politicise it, but to take out the heat, to allow some sensible thinking to take place, would be a good thing. The ridiculous thing is that the whole managerial thrust is about streamlining Government, and whatever the opposite to streamlined Government would be, I am afraid we have it at the moment.

Professor King: Mr Chairman, could I put down a marker that at some point I would like to go back to the question of the rapid turnover of officials within the Civil Service? This may not be the right moment

to do that. I do not think that subject has been exhausted. It has been referred to often in evidence that you have taken, but there is more to be said about it.

Q654 Robert Halfon: I want to talk about whether or not there should be a politicised Civil Service, and whether or not you think there should be more special advisers of the political variety, rather than less?

Professor King: The answer there is that there are a number of models that you can find in different countries. You can make out quite a strong case that a Department might function better if it were acknowledged that the Secretary of State was entitled to form a *cabinet*, to use a common continental term, which would be effectively the board of the Department, comprising him or herself, possibly one or two junior Ministers—ideally fewer than there are now—together with special advisers, some of whom might well be, and probably should be, experts in the substance of the matters being dealt with by the Department.

In other words, I would not think that one had to maintain the status quo in a rigorous sort of way, as occasionally Philip Norton’s colleague, Lord Hennessy, gives the impression he would ideally like to do. That said, there is everything to be said for having a large well-trained body of people who are there to carry on the business of Government, irrespective of which political party is in power. The example of the United States really is horrifying for the kinds of reasons that other witnesses have described. Could you envisage a situation in which there was a larger political input into the conduct of Government? Yes. But would it be a good idea to create a Civil Service in which, to get ahead, you had to be a member of a political party, or show every indication of being in deep sympathy with a political party? That would make, in both the short term and the long term, for bad Government.

I incline, by the way, to the view, as regards Permanent Secretaries, that Ministers already have a very large say in who their Permanent Secretary is going to be. One of the oddities of the Civil Service Reform Plan was that it seemed not to acknowledge, as some of your other witnesses have said, that Ministers have always been involved in this. If you made the appointments in any more direct sense appointments by the Secretary of State, you might well increase the chances of their making wonderful mistakes. In the one pretty senior appointment in the public sector I was involved in, the person in charge of the organisation eventually decided on the person with whom he could work, and it happened to be the wrong person, somebody who should not have been chosen.

Much more to the point, if the current Secretary of State had a predominant say in who the next Permanent Secretary was going to be, there would be a real risk that he would choose somebody who would not be acceptable to his or her successor of the same party, let alone his or her successor of a different party. The balance, at the moment, between the political input and the official input is probably about right. I would say that if it ain’t broke, don’t fix it.

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Q655 Robert Halfon: The Prime Minister has had a lot of criticism for not having enough political advisers, because of the commitments made before the election, and particularly the Downing Street operation, which they say, as you know is full of civil servants writing policy rather than a traditional Number 10 policy unit. The Deputy Prime Minister has recently faced a lot of criticism for appointing a significant number of special advisers when they argued that he was not able to do what he did. What is the answer? It is like a marmite situation; people either love or hate special advisers, but there is a view out there that more of them are needed, and that is why the Government falls into the political traps that have happened in the past couple of years.

Lord Norton of Louth: I am not sure if more are needed. It might be that it is quality rather than quantity that counts. The key point to make is that special advisers used properly, appointed properly, do have a role; they can be extremely important in maintaining the depoliticisation of the Civil Service, because they can absorb the political side of what the Ministry is doing, and they can advise accordingly. The good special advisers are the ones who are never seen publicly. They can work, and in various cases have worked, extraordinarily well. I should declare an interest, because several of my graduates are special advisers.

Do not forget that there are two types of special advisers: there is the political special adviser, and, if you like, there is the expert special adviser as well. It is using those effectively by Ministers that bolsters the Ministers, but also serves to protect the civil servants, and that is extraordinarily important.

Robert Halfon: Should political advisers be policy wonks, of which there are plenty in the Civil Service?

Q656 Chair: Can I just intervene on that question? What about the other exempted posts under the Constitutional Reform and Governance Act 2010—the specialist advisers? This is something I am personally rather attracted to; the idea of taking over defence procurement, without your own personal adviser on the 800 programmes to spend billions of pounds, seems to me a very great challenge. Do we think this is open to abuse and politicisation, or do we think this is a good idea?

Professor Flinders: The problem is that special advisers have become almost demonised, there is the idea that they are a bad thing, and it is hard to have a sensible conversation about them. If you, as I am sure many of us in the room do, spend a lot of time with Ministers, talking to them about their day-to-day life, the impression I always get is that Ministers, strangely enough, often feel very isolated. They are not specialists in the topic for which they are responsible; they have very little counterweight with which to challenge the views that might be coming up from the Department, and therefore having a small number of specialist advisers who can play into providing that broad range of viewpoints and challenge the Department, is very helpful.

The big issue—and it goes back to the house and the blueprint—is that special advisers evolved in an ad hoc, typically non-transparent British way. In a sense,

what we need to do is be honest about them, set out very clearly what they do and why, and bring them into the sunlight.

Q657 Kelvin Hopkins: I have made the point many times about special advisers: anybody in politics wants somebody they can trust and talk to about policies, but having them as a stratum between Ministers and civil servants and giving orders to civil servants is something quite different. In the Department for Education, recently we have had press reports of abusive language, of swearing, and of bullying, by special advisers to civil servants. That is completely inappropriate.

Lord Norton of Louth: Yes, special advisers should not be seen as a stratum between the Minister and Civil Service. They are at one side to the Minister; the direct line is Minister, to the Permanent Secretary, to the Civil Service. The adviser is advising the Minister, and should have no role directly in relation to officials.

Q658 Chair: If we were to have a more political Civil Service—and I use the term “more”, because we should be honest with ourselves: we are on a spectrum; we are not on an absolute—what constitutional countervailing changes would that require us to have? Professor King, you are very strong in your book on what a stabilising influence in our constitutional settlement the Civil Service has been for the last 150 years.

Professor King: On this particular point, I am a small “c” conservative. There are problems connected with the Civil Service. There are problems connected with its future, but the notion that democratically elected Ministers should be able to draw on disinterested, dispassionate advice—

Chair: And their patronage should be limited.

Professor King:—and to be able to count on those people, at the end of the day, to do what they have been asked to do, is very important indeed. There is a great deal to be said for not expanding the volume of patronage, and for not changing fundamentally the character of the Civil Service as it now stands. It is one of the institutions in this country that still seems to function in the way it was meant to function, and is still very important to the constitutional structure that we have.

Q659 Chair: If we did change it, what would the consequence be? What would we have to do?

Professor King: It would depend, as you said, on where you were on the spectrum, but the consequence of doing that would be to reduce the quality of the intake of people into the Civil Service; it would be to expand, as you suggested yourself, the quantity of patronage available to Ministers; it would mean that, if Ministers changed, they would want to change their people; and if the party in power changed, they would want a substantial turnover. This happens on a pretty limited scale in a number of countries in Europe but, again, the horrible example is that of the United States, where patronage reigns and where very large numbers of jobs are being done by people who have no capacity to do those jobs but have been put there

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by an incoming President in order to pay off political debts. I think there is a real risk of that happening in this country. When I say “a real risk”, I think there is a real downside risk. I think the probability of that happening is probably not very great.

Professor Flinders: I am more willing to consider allowing Ministers to have a more formalised role. I do not think it is one or the other. They would only have a choice of a shortlist that has been through the Civil Service Commission anyway. The rationalities of politics would make it very unusual if they were to try to appoint a crony or someone who did not have the specialist skills. Given that Government tends to work when it has relationships in place, rather than just institutions, and given that we are already admitting that Ministers have a role in senior appointments, it seems odd to say, “Well, we will just leave this muddle as it is,” and that “Ministers have some sort of role but we will just leave it.”

Lord Norton of Louth: I am not sure what would flow, because the implication of your question is that you get rid of section 10.2 of the Constitutional Reform and Governance Act. I am not quite sure how far it would go then, in terms of the extent of political patronage. As Professor King said, it would make a fundamental difference to the way we operate, without any clear benefits to that. On the specific point about the role of Ministers, as I put in my note, there is not just a political problem; there is an HR issue as well. They are not necessarily qualified to engage in that sort of appointment.

Q660 Alun Cairns: Because the only time special advisers come into the news is as a result of some sort of scandal where they have overstepped the mark, has that tarnished the public’s view of special advisers and where they can provide a pragmatic, supportive, robust role to challenge both the Minister, in his or her thinking, and the Civil Service?

Lord Norton of Louth: Yes, I agree with that. My point was that a good special adviser is someone you do not see in the public domain. If you do, there is a problem, and people tend to generalise from what appears in the public domain. There is a negative perception of special advisers, whereas my point was I see them as fulfilling an extraordinarily valuable role within Government. If you recruit good people and they fulfil that role, which, as I say, is to almost absorb the politics of it, so it keeps the Civil Service out of it, then it is invaluable. As has been touched upon, if a Minister can appoint someone they trust, that is the link. It is someone they can sound out and someone who can feed in from a party point of view, not having any contact with the Civil Service at all; it is advising and helping the Minister. They have no executive role at all. It is purely the Minister who makes the decisions. In that case, I think it is very good because it helps the Minister and it helps the civil servants because it keeps them, if you like, out of the politics. They are not expected to do things that a special adviser can absorb and address.

Professor King: If special advisers did not exist, they would be invented tomorrow, and they have been around a long time.

Q661 Robert Halfon: If I could just challenge you, you said twice that it is better that special advisers are not in the public headlines, but as long as it is not negative, why does it matter whether they are in the public headlines or not? If it is in a positive way, why can they not act as a voice for the Minister?

Lord Norton of Louth: Ministers, presumably, have a voice of their own. It is the Minister who is the person who takes the decisions. Having taken the decision, it is departmental policy and you have a departmental press office that can announce and deal with things. The special adviser is someone who should not be in the public domain.

Q662 Robert Halfon: Why?

Lord Norton of Louth: Because it is the Minister’s role. The Minister is the Minister. The special adviser is not a Deputy Minister. They cannot act in any executive capacity. It should be somebody who can give internal advice but political advice, in the same way that officials do, and their value is their anonymity, I suppose. You want somebody who can just operate within the Minister’s private domain, and you can have a proper discourse, rather than someone who then becomes the public face and people start questioning the special adviser, rather than the Minister.

Professor Flinders: The really important thing with the special advisers, I think, is that we need to find different names that allow us to distinguish between the policy advisers and the media advisers. I think most people would say the policy advisers fulfil an incredibly valuable role; with the media advisers it is spin, it is sleaze and it is slightly more edgy and more political—the dark arts. I think if we could somehow tease those roles apart and classify them differently, we would put a number of worries to bed. In relation to special advisers being in the news, the role of the special adviser is to be an internal sounding board and challenge board, and not to represent the Department on behalf of Ministers or civil servants. As soon as they do that, the immediate question from the Opposition will be, “Who is running the Department?”

Q663 Kelvin Hopkins: We have touched on this implicitly and explicitly already, but it is an open-ended question: what are the strengths and weaknesses of the current system of ministerial accountability?

Professor Flinders: I will have a quick go at that. There are a lot of strengths, and the strength is that, no matter what people say about Ministers not being accountable and politicians being Teflon-coated, if you are a Minister you know that, very clearly, you are the lightning rod for whatever goes wrong in your Department, or any of those bodies or agencies that are sponsored by your Department. Whatever happens, you will be called to account in front of the House for what went wrong. The problems come when you go to a deeper form of accountability which is about ascribing blame between the various actors or organisations that allowed something to go wrong, because Ministers will, quite understandably—I can understand their position—say, “I could not realistically have had anything to do with this fiasco

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at all, but I am accountable to put things right and will do it”.

The problem we have at the moment is what is called ‘the problem of many hands’: our delivery chains are so complicated that, when something goes wrong, it is very hard to tease apart who were the main people who should be culpable, if anybody. We also do live in an environment where, whatever happens, we want a scalp, we want it quickly and we want it tomorrow. That does lead to some quite serious issues about the blame games.

Lord Norton of Louth: I would agree with Professor Flinders in the sense that I think it does have a tremendous number of advantages, not least that it establishes the line control of the Minister who is responsible for the Department and is, therefore, answerable to the Department. Too much stress has been placed on culpability for when things go wrong: should the Minister fall on his sword? They very rarely do—there is no history of that. Really, it should be the Minister ensuring that things are in place to deal with the problems.

I think, if there is a problem, I would stress that it is not so much the accountability; it is the ministerial aspect of it. For ministerial accountability to be effective, you need good Ministers who know how to manage the Department, who know how to ensure things are done and who can take advice, but then someone who has the confidence to answer for that, because they are ultimately answerable. Sometimes, there is a problem because the Minister is the weak link in the chain. It is how you address that, and I would focus on strength in the Minister rather than changing the constitutional position of the Minister. I do not think, in terms of the doctrine of individual ministerial responsibilities, there is a problem with the doctrine.

Q664 Kelvin Hopkins: There is another question about the level of trust between Ministers and officials. I remember a very significant change when a Minister who was loyal to Blair and in the Blair Government openly blamed her civil servants, she got away with it and is now a colleague of yours in the House of Lords. It was a very significant change, and a lot of civil servants must have felt, “This is a change”. Has that damaged trust between them?

Lord Norton of Louth: Yes, that was my point. The problem there was not the doctrine, but the Minister. That is why we need Ministers who understand their constitutional responsibilities, and that is what I was stressing in my note. Ministers need to have some degree of training, not just in management but in understanding their constitutional role. Civil servants need the same, so that they understand how they stand in relation to Ministers and in relation to Parliament; that is a very strong area they need to be trained in. I think it is true of Ministers as well. They need to come in and to understand what their role is. Part of the problem is that some come in not just without any training but with no experience of Government. Sometimes, therefore, their expectations are somewhat inflated in terms of what can be achieved, and sometimes they have no understanding of what the relationship is between a Minister and officials.

You do not blame your officials. You are answerable for what happens. If things go wrong, you put mechanisms in place to make sure that they do not happen again, and you are then answerable for that.

Q665 Alun Cairns: The Civil Service Reform Plan talks about a smaller, pacier, less hierarchical Civil Service. I think the general phrase is “modernisation”—about making it flatter and more like the private sector. Is that suitable for the Civil Service, because the Civil Service is not the private sector?

Lord Norton of Louth: I think your last point is important. I think we do need to remember—and you are quite right—that Government is somewhat distinct from running a firm, so you can draw certain things, perhaps, from business but you also have to realise that Government is a very distinct entity. With regard to what you have outlined in terms of what is meant to be achieved, to some extent you can move in that direction. I do not think you can flatten it out too much; you need some degree of hierarchy, if you like, so that you have answerability through the Permanent Secretary to the Minister. I think that is still important. In terms of what it seeks to achieve, I have not too much problem with the aspect you have identified. I am more concerned with how to get from here to there, and whether the plan is identifying the mechanisms by which you are going to achieve it, and, coming back to an earlier point, identifying where you want to be in five or 10 years’ time with the Civil Service: how are we going to get from here to there? The much broader point is how that then fits in with our much broader view of governance. If you reform the Civil Service, how are you going to make use of it effectively if you are not, at the same time, reforming Government itself so that Ministers know how to make use of the Civil Service?

Professor King: Can I just add two points to that quickly? One is simply that an awful lot of that can be achieved by individual Ministers. If you talk to Ministers—and Professor Flinders has been talking to Ministers quite a lot recently—you quickly find that some of them achieve something much less hierarchical, very quickly, by inviting to come to see them people who are in operational charge of something much further down. A lot of that can be achieved informally and always has been.

The other point that I do think one has to bear in mind is that there are political risks in all of this. If civil servants are accused, as they often are, of being reluctant to take risks, it is hardly surprising, given that they know that, in our system, the Minister will carry the can and they will suffer even if they are not named in public. The whole business of democratic politics makes the people engaged in democratic politics somewhat risk-averse, for perfectly understandable reasons. They do not want to read about themselves in an adverse light in the newspaper the next morning.

Q666 Alun Cairns: It was said to me once that a civil servant will lose their job because the bureaucracy or the paperwork has not been completed appropriately, but a Minister or a businessman will

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lose their job because they do not get the right outcome. Is that a fair statement, bearing in mind the statements you just made about risk-aversion?

Professor King: There certainly are questions to be asked, and they are frequently asked. They are asked, to some extent, in the Civil Service Reform Plan, of the extent to which behaving in an excessively risk-averse fashion and trying to avoid trouble for oneself in getting all the paperwork absolutely right can, indeed, be a problem. Effective Ministers work to try to make sure that their officials do not operate in that fashion. It is all very well for people like the three of us to say that junior officials should behave in a certain manner, but it is a very risky environment.

Professor Flinders: What is interesting about the Civil Service Reform Plan and the language you just used that is imbued within it is that it is well known. It is just a managerial model of the state about reinventing Government, but it is being pushed a lot harder now within the system as it currently stands. The issue, really, is about risk and resilience. At the moment, I think we are trying to implement a structural reform plan based around alternative models of service delivery that exist at arm's length from Ministers. Old quangos are bad; we do not want those, but what we will do is we will reinvent Government into new forms of arm's length bodies, be they mutualisations or Government-owned companies or whatever, but we do not yet understand that managing in that way demands new skills and new cultures.

The culture of the Civil Service at the top, if we are honest, is still about working with Ministers, it is about policymaking, and it is about being in this wonderful building. Being seen as a good administrator and a good manager is still not seen as a Premiership-level skill to have. One of the things I am always taken by when I work with private companies and local government is, when there is a new initiative or a new project, a set of officials will be put on it from the beginning and they will be expected to see it through the whole process to evaluation and implementation, which might take six or seven years. Those officials know that they are in charge, that they will be in charge, and that they are responsible. In Whitehall, within year 1, you will have probably gone through a whole team of officials, and that is the real problem that we have at the moment: this constant churn and movement. For people beyond the system, it is almost a full-time job. You said about people not knowing what Departments exist. The whole system seems incredibly fluid.

Professor King: Can I pick up on that and pick up the point I put a marker down about beforehand? Quite a few witnesses have referred to churn. I have been struck by the fact that they have tended to talk about churn and turnover at the top: four Permanent Secretaries in the Department for Transport since May 2010. They have also tended to talk about the unfortunate consequences of high rates of turnover having to do with negotiating contracts, with project-management, with outsourcing, with procurement and so on. It seems to me, as Professor Flinders has already indicated, that the problem is not just at the top; it goes much further down, and it does not have

just to do with these activities, but almost all Government activities.

I talked to a Minister in the last Government once who had a bee in his bonnet about a project he wanted to pursue, and he said to me ruefully that, in a relatively short period of time—say a couple of years—he had had six officials assigned to work on this sequentially. None of them was there for very long. Only one of them mastered the brief. By the time he did that, he was ripe for promotion and he moved off to another Department. As Professor Flinders was saying, all of us must have anecdotal experience of people telling us that they have been along to the Ministry of Justice or the Department for Education—you name it—and they have found themselves working with officials who simply lack the knowledge. Forget about institutional memory. A lot is talked about institutional memory, and it is important. I am not downplaying it, but at least as important is having officials who know a lot, or at least enough, about the substance of that with which they are dealing.

As Professor Flinders indicated a moment ago, you talk to people in private-sector companies and to people in NGOs, and they complain endlessly that they go to a meeting, where there are at least a couple of officials who know nothing about the subject at all. They brief them carefully and they go to the equivalent meeting two or three months later and find themselves with a completely different collection of people. It seems to me that one of the central flaws of the Civil Service Reform Plan is that it is schizoid on this. It makes a great deal of the desirability of moving people around so that they acquire a wide variety of different skills on the one hand; on the other hand, it says that it is very important to have the right people in the right jobs at the right time.

There is, however, a real tension between people moving every six months over a period of years, sometimes within a Department but doing very different jobs, and sometimes to another Department, on the one hand, and having the right people in the right jobs at the right time. I think, at the moment, there is a central problem of excessive turnover within the Civil Service and among civil servants. Too many officials are not the right people in the right job at the right time. Take the obvious example, but not the only one: the West Coast Main Line.

Q667 Chair: Thank you for saying all that, because we are very much seized of that problem, and the reason we have not perhaps dwelt on it is we have dwelt on that problem quite a lot, but I am grateful for you putting that on the record, because that reinforces what we must say in our report.

Can I move on to the final question? It is more about how we should go about our business—not we, PASC, but we, Parliament. In a very informative brief I have in front of me, I am amused to read that the Fulton Committee was established on the recommendation of a Select Committee, but also amused to read what the then Prime Minister said when he accepted the recommendation. He said, “At the outset, however, I should like to make two points”, and the first was, “The decision to set up this committee does not mean

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that the Civil Service has been found lacking in any way by the Government in its current operations.” I cannot imagine the present Administration saying anything analogous to that.

Also, the Fulton Committee did include two sitting Members of Parliament, and I wonder: we have talked a lot about the inability of the system to grapple with the longer-term issues because it is crowded out by the short-term pressures. The Civil Service Reform Plan may include necessary elements but it is not, itself, sufficient because it does not address the whole picture from a strategic point of view. I am bound to ask: if the Government will not draw up a strategic plan for the Civil Service, how should it be drawn up? Much as I love my Committee and my extremely able staff, I think the task is too great for us in terms of drawing up a plan. We can point out that there is not a plan and that there is not a strategy, but how should Parliament formulate such a strategy?

Professor King: Can I make two suggestions of alternative ways of addressing this? They are easily stated. One is that I am not quite sure why Royal Commissions and their functional equivalents have become so unfashionable. There is a lot to be said for having such bodies asked to go away for a couple of years, possibly, to raise the kinds of issues that we have been talking about in this room with a view to having something sensible to say about them. After all, Northcote-Trevelyan did not do a bad job; Haldane in 1918 did not do a bad job. I do not see what is desperately wrong with that particular model.

Q668 Chair: There were eight Royal Commissions between Northcote-Trevelyan and the Fulton Committee, and there has been nothing of equivalence ever since.

Professor King: I take your point. There is another, more Parliament-centred possibility. I have been—I do not know about others—rather impressed with what I think of as the Andrew Tyrie Commission, which seems to me to have functioned very effectively and appears to have been pretty influential on the basis of a remit, with a mix of people: some of them Members of Parliament, notably the Chairman of the group, and some people drawn from other walks of life. It is a more Parliament-centred and perhaps more modest Royal Commission-approach. If one did not, for some obscure reason, want to have something like a Royal Commission, one could go down that path.

Lord Norton of Louth: I would reinforce that. Professor King has said exactly what I would have said. I agree with his point about Royal Commissions having gone somewhat out of fashion, partly because of Harold Wilson’s observation. In terms of what they are about and how they go about it, it would certainly be one model. Like Professor King, I have been quite impressed by the Commission on Banking, and I think that does provide another. Either would be the one to go down. I would just draw your attention, by the way, to the Haldane Report. If that had been taken seriously and implemented, you might have got Departmental Select Committees several decades earlier than, in fact, you did.

Professor Flinders: I think the question is whether there is a need for such a safe-space review to take

place in a sensible atmosphere. I think there can be no question but that there is. The specific model that you use, and the politics around the choice of the model, is an interesting question itself, be that a Royal Commission or a parliamentary Committee. There being a need for a rational look at the blueprint bigger picture is almost beyond question and, strategically, could be sold to a number of different stakeholders as a very positive opportunity to contribute to the future challenges that we will all face, irrespective of whether we are MPs, academics or members of any party. It is about good governance and what it means in the 21st century.

Q669 Chair: Do you think we could propose this without being seen as obstructing the Government’s policies and existing Civil Service Reform Plan?

Lord Norton of Louth: I was going to make the point that one would have to see it as very different from the earlier ones, because they were able to stand back far more because you were dealing with far more of a settled state. You would have to make clear that this would be dealing, if you like, with a moving target, and that the remit would be governance rather than simply the Civil Service, but it would have to incorporate and make sense of what is happening at the moment. This is not in place of but would incorporate what is happening with the Government’s plans for the Civil Service.

Q670 Kelvin Hopkins: Just very briefly, one of you talked about Ministers now being wilful and driving ideas through from the top. Would you agree that one of the reasons why we no longer have Royal Commissions is because they do not like the kind of answers they might come up with? We saw two examples under Blair—long-term care, which made some recommendations that were completely rejected by the Government; and another on reform of the House of Lords. In the terms of reference, they did not include abolition or a unicameral Parliament, and they would not allow that even to be discussed. Since then, we have had committees of inquiry—like Eddington and Adair Turner—which have been tightly controlled by Government Departments. They have to go to Ministers before they are finalised because governments do not want anything too radical or things said that they do not want to hear being recommended.

Lord Norton of Louth: At the end of the day, you are not going to get change unless there is the political will to deliver it. That is the hardest thing in Government, because what we are suggesting is that Government has to review itself and not simply say that it is the Civil Service that needs reform and review. It is Government and, therefore, you need leadership not just to reform the Civil Service but within Government in order to reform Government, and that is going to be the most difficult part. It really does need strength on the part of the political leadership to deliver that.

Professor King: One needs to make the point that it is not, I think, a decisive argument against having such an inquiry and thinking about these things in public that, in the end, the Government of the day

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may not like what it gets and may reject it. It seems to me it is worth having a go; it is worth trying.

Lord Norton of Louth: I think it is absolutely essential because it is then on the public record, and that is the key thing. You can then put pressure on Government to have the will to deliver on it.

Professor Flinders: The trick will be being open about the fact that there are costs and benefits to any inquiry of this sort, but that the benefits clearly outweigh the costs for the Government of the country as a whole, not for whichever party might form the Government after 2015.

Q671 Chair: If you had a preference, Royal Commission or Parliamentary Commission?

Professor King: Personally, I would be inclined to go for the Royal Commission or something like that, even if it were not called a Royal Commission, provided that Members of Parliament—and I mean Members of this House, primarily, with due respect to Lord Norton—were on that and playing a serious role. I would, however, certainly be content with the Banking Commission approach.

Lord Norton of Louth: I think there are merits in both. The Royal Commission mode, I think, would

have that breadth of who would serve on it. I would have thought the parliamentary Commission is probably going to be slightly more efficient in that I suspect it would not take so much time as a Royal Commission.

Q672 Chair: Which would be your preference?

Professor King: Philip Norton has just persuaded me to be more strongly in favour of the Royal Commission. It is highly desirable to think along these lines, but there is not all that much of a rush. The Dutch have a wonderful saying which I much admire: “If you have a hot potato, put it in the fridge.” I think there is something to be said for doing that.

Professor Flinders: I would go for a Royal Commission on the clear understanding that it had a fairly limited time scale to deliver.

Chair: You have already been very clear about that at the end. Thank you very much indeed, my Lord, Professor Flinders and Professor King. It has been a really interesting session. I am very grateful to you. If you have any further comments you want to submit in writing on reflection, please do send them in. Thank you very much indeed.

Wednesday 20 March 2013

Members present:

Mr Bernard Jenkin (Chair)

Alun Cairns
Paul Flynn
Priti Patel

Steve Reed
Lindsay Roy

Examination of Witness

Witness: **Rt Hon Mr Jack Straw MP** gave evidence.

Q673 Chair: Welcome to this session on the future of the Civil Service. Could you identify yourself for the record, please?

Mr Straw: Jack Straw, Member of Parliament for Blackburn.

Q674 Chair: Thank you very much for braving the picket lines to be with us today. I wonder if I could ask you to start by saying something in general. There has been an awful lot of noise about the Civil Service—the dysfunctionality of the Civil Service. Peter Hennessy somewhat explains it as what happens on cue two years into a new Government, when everything is not going quite as smoothly as Ministers would want. First of all they blame the press, and then they blame the Civil Service. To what extent do you think this is beyond the usual noise, and how serious is it?

Mr Straw: I am broadly in the same camp as Peter Hennessy. It is very hard to say whether it is more serious than in the past. Certainly, thinking back over 50 years, there has been a regular drumbeat of concern about the Civil Service, particularly by incoming Governments, and particularly by Ministers who may have been very experienced at parliamentary and party politics, but who had no particular experience as Ministers. What I am concerned with is this: I think there are quite important changes that could be brought in to make the Civil Service more effective. I suggest some of them in the letter that I wrote to you, Mr Chairman. However, I think it is really important that everybody recognises that we have in this country a pretty high quality public administration, which includes a Civil Service—both those who serve in Whitehall and those who serve across the country—who in comparative terms with other countries have very high standards. These standards are fundamentally of integrity, probity and values, but also just in terms of efficiency.

One of the things I recognised when I was Foreign Secretary is that what distinguishes one country from another is not just whether they tick the box on democracy and things like that, but whether they have a public administration that people can rely on and that deals with citizens fairly, without fear or favour. We have that, and it would be disastrous for the country if we were to lose it.

Going back to your question, there are probably two extra factors that have made things more difficult for the relationship between Ministers and the Civil Service. One is the consequence of coalition, and my guess—this is only a guess, and I have absolutely no

provenance for it—is that given that those who are attracted to the Civil Service are people who do not, on the whole, have strongly partisan political views; they are likely to be more empathetic to the party in the middle, namely the Liberal Democrats, than they are to the Conservatives or indeed were to us.

Q675 Chair: Hence Gus O'Donnell's enthusiasm for forming a coalition.

Mr Straw: I would not accuse him of enthusiasm. Let me say that having witnessed from a ringside seat the hand-to-mouth existence of the 1974 to 1979 Government—because I was a special adviser in that Government—I think we owe Gus a great vote of thanks for the fact that he thought about the prospect of a hung Parliament, and tried to make sure it worked. The hand-to-mouth existence that many of us witnessed—and as colleagues will know if they have seen “This House”, actually killed a number of Members of Parliament—was not a satisfactory way to run a Government.

The second factor is the pressure on the budgets of the Civil Service. Part of the agenda, particularly of the Conservative part of the coalition, is to say there has been a considerable amount of waste within the Civil Service, and therefore the Civil Service has to be slimmed down. Now, that is an unusual circumstance, and it builds into a third factor I should have mentioned. I think there was a sense, particularly amongst Conservative Members, that somehow over the 13 years we were in Government, the Civil Service had gone native for the Labour Party—now, let me tell you, it was not true—just as, when we came in, there were people in the Labour Party who kept muttering that the Civil Service had become clones of the Conservative Party over the 18 years, which again was not true. However, I think that is part of it.

Q676 Chair: The first paragraph of your evidence talks about this natural tension between the two objectives, which is that civil servants tend to consider themselves impartial and thinking about the long term, while politicians come in and have more radical ideas, but they tend to be short term, and there is inbuilt tension. In all the work we have done on strategic thinking in Government, and lack thereof, we have been told that unless the leadership is hungry for strategy and the long-term perspective, you cannot really expect the civil servants to provide it. In fact, what seems to have happened is that as the horizons of politics have become more and more pressured and 24/7, with global technology and everything moving

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faster and faster, the whole system has become more bogged down with short-term and immediate concerns, and less and less capable of thinking about the long term. Yet in the increasingly chaotic context in which Government has to operate, the necessity to hang on to a long-term perspective becomes all the more important. Actually, if I think about it, the big changes in politics have been made by politicians who have been thinking very long term: Margaret Thatcher in particular, and Tony Blair in other respects. Can I challenge the idea that the Civil Service can be the guardians of the long term, allowing the politicians to indulge in the short term? I am caricaturing what you said, of course, but that does not seem to be a settlement that is likely to produce very good government.

Mr Straw: What you say, Mr Chairman, and what I was saying in the letter are consistent. I was simply talking about the fact that the kind of people you get in the Civil Service and the nature of their careers gives them longer term horizons for what they are doing than Ministers have. I do not disagree with you at all; if you want strategic thinking in government, it has to come from the top of the political leadership. I think what distinguished Prime Ministers like Margaret Thatcher and Tony Blair from some others was their ability to see further beyond the horizon than anybody else. Leadership is about getting people's commitment to be led into the unknown. They were able to do that, with considerable success, in a way that some other Prime Ministers who were consumed with the day to day were not. I agree with that, and I make the point in section three: "It's weak Ministers who blame their officials." The whole of the system is designed to operate to commands from strong Ministers, a strong Cabinet, and above all, a strong Prime Minister. That is what officials want.

Q677 Chair: So you corroborate what we have heard in previous sessions, which is that in fact the problem that Governments tend to feel with the Civil Service—I use it in the plural, but this Government in particular—is actually a problem of the Government as a whole. It includes Ministers. Ministers are part of the problem if there is a problem with the Civil Service.

Mr Straw: This is a parliamentary democracy. I do not think you would find a single civil servant who will suggest that they, the civil servants, should be the people making the decisions. We do not have a deep state that is separated from the democratic institutions, which is the case in some countries in Europe, and still more in other countries. The whole system is designed to operate to Ministers. Indeed, in Departments like the Home Office, and certainly when I was there, there was a stunning degree of deference to the Home Secretary. I used to describe it as "Home Secretary worship" sometimes, which I found frightening. I did not want my off-the-cuff remarks or early morning rants to be taken as holy writ. Sometimes they were.

Chair: Who shall rid me of this turbulent priest?

Mr Straw: Well, indeed, and still more in the Foreign Office. Can I come back to this issue of timescales? I think that there is an opportunity with fixed-term

Parliaments to get longer horizons into politics. We are now attuned to the idea that Parliaments are going to last for five years. Five years is a long period, and that settles people. However, it requires some crucial decisions by the Prime Minister, and that is to keep Ministers in post for as long as possible. Mr Cameron has been much better than Mr Blair or Mr Brown were, but in my book I quote data, which I got from the statisticians at the House of Commons Library, about the turnover of Ministers in the 13 years from 1997 to 2010. There were 771 changes of Minister over those 13 years. The median term of office for a Minister was 1.3 years. Now, there were some exceptions, of whom I was one. I effectively did two jobs, foreign policy and home affairs, but that was very unusual.

That leads to a serious de-skilling. It also means that officials become cynical about politics and the political leadership, and cynical about the degree to which the Prime Minister of the day is committed to reform programmes and to moving forward. I am not just talking about some lowly Parliamentary Secretary whose ultimate job is simply signing lots of correspondence to MPs and appearing in adjournment debates, although those are both important. I am talking about Secretaries of State. The turnover has happened under this Government as well, for example in the Department for Transport. It is really serious.

Q678 Chair: Isn't the fundamental problem in Government, when things start going wrong, one of leadership?

Mr Straw: Yes.

Chair: Either the leadership has not wanted to hear the necessary information, or it has not engaged and brought on board the civil servants who are going to be responsible for implementing the policy. We find that most things come down to leadership, governance and a lack of trust.

Mr Straw: Leadership is really important, but also ministerial skills. It is accidental whether somebody appointed to be a Minister is capable of doing that job as opposed to doing the parliamentary job. It is completely accidental. If you are suddenly appointed to Secretary of State, you are running a big organisation. Mr Blair made some efforts to improve training, but they fell away.

Q679 Chair: Bluntly, Ministers should stop blaming their civil servants?

Mr Straw: From time to time, particularly in Departments like the Home Office, things go wrong, and it is officials—the individual official or officials—who have messed up, but sensible Ministers accept that they are responsible. Nobody in the House of Commons is going to say, "It was you, Theresa May or J. Straw, who left that cell door open," but they will want to know whether the framework you established allowed for slackness within the system or whether it was just one human aberration, and that is very important. As I say, it is weak Ministers who blame officials.

Q680 Paul Flynn: I think it is fine to paint a picture of Prime Ministers in their messianic moods, when

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they become visionary and look over the horizon, but what is the role of the civil servants when Prime Ministers become infantilised, and start promoting Back to Basics, the Cones Hotline, the Third Way or the Big Society? Don't they have a duty then to introduce some stability and moderation in completing decisions that are wheezes by Prime Ministers that are here today and where tomorrow?

Mr Straw: No, not unless, Mr Flynn, you want to create a deep state that has authority under our constitution that is distinct from that of Parliament.

Q681 Paul Flynn: In the evidence we have had, and I think yours was among the most valuable we have seen—the documents you produced—because of your great experience, is that the tension is there, with politicians on the make for a quick headline, particularly now, with 24-hour news. They constantly want this drip of adulation from the daily press, and they go for short-term issues. That is what we are going to hear this afternoon; I am sure we would hear it from Labour Chancellors as well. The role of the civil servants is to act as levers that are rubber levers. When politicians sometimes pull them, nothing happens. In retrospect, it is often beneficial to the national interest.

Mr Straw: I do not believe—just to paraphrase and maybe parody what you are saying, Mr Flynn—that it is the job of the Civil Service to undermine or to sabotage what the political leadership, the Government, are there for. It will not work. Going through your list, what John Major was proposing in Back to Basics was, in my view, ill thought through. If you read his memoirs, what he intended and what actually happened were two distinct things, but that is what Prime Ministers are going to want to do.

Q682 Paul Flynn: The Cones Hotline?

Mr Straw: My guess about the Cones Hotline is that it came from the Department of Transport. They probably thought it was good idea.

Q683 Paul Flynn: The Third Way? What happened there?

Mr Straw: The Third Way was entirely a party political idea. The civil servants had no business, and neither should they, in trying to interfere in that. It was Mr Blair's idea of triangulation. I never quite understood it myself. As for the Big Society, there is nothing wrong with the idea of a Big Society. We are all in favour of a Big Society. If you want Prime Ministers, and indeed the senior politicians in a Government, to be able to see beyond the horizon, to try to spot the challenges facing the country—not tomorrow but in the future—then they are going to try to encapsulate them in a single phrase. 'Twas ever thus. That is not just a function of 24/7 politics, but of democratic politics.

Q684 Paul Flynn: What we know from politics, and the visionary politics that you mentioned, is that the future is always certain; it is the past that is always changing. You, to your credit, are saying the same things about the most important decision in my period in Parliament and possibly your period in Parliament:

you have stuck to what you believed in 2003. Wouldn't it have been helpful for the country generally if we had had a peace party in the Civil Service who were saying to Tony Blair, "Don't go into Bush's war"?"

Mr Straw: There were officials who did indeed say that, and there was a pretty high degree of scepticism amongst some parts of the Foreign Office, for example, against it. It is a matter of public record that one of the senior legal advisers in the Foreign Office, Elizabeth Wilmshurst, sufficiently disagreed with the position that Mr Blair and I were taking that she resigned, very honourably, and I have never criticised her for that. You cannot have public administration in a democracy unless it is ultimately loyal to the democratically elected Government regardless of the opinions of the officials. You cannot operate.

Q685 Paul Flynn: This is the final question. In fact, what Francis Maude is saying now is the same as always pattern: you blame the last lot, you blame the European Union, you blame the civil servants, you blame the press, and eventually you come round to deciding that the civil servants are the ones that are really gluing up the system. Francis Maude is complaining about it bitterly now. All of us are in the political process. There is a role for civil servants who delay actions by politicians, and an honourable role too.

Mr Straw: I do not accept that, I am sorry. I would not tolerate that. I will just repeat that if you want the kind of constitutional arrangements that existed in Turkey for some decades, where by the constitution they had a deep state that was distinct from the democratically elected national assembly that is fine.

Q686 Chair: The European Union, for example?

Mr Straw: Or the European Union. The European Union is in a sense reflective of an elitist view of how you should run a Government. Now, that is fine, Mr Flynn, but I am surprised that you should be adopting it.

Paul Flynn: I apologise for winding up the Chairman on this, who is likely to run amok.

Chair: Mr Flynn, I think I wind you up.

Mr Straw: I have not read Francis Maude's evidence, but I know him pretty well. On some things I am on the same side as him, and on the issue of appointments of senior civil servants, or Permanent Secretary positions, as I set out in section five of my note, I think you have to allow the relevant Secretary of State with the Prime Minister to have a proper choice over Permanent Secretaries and the heads the NDPBs. As I say in my note, I know of no senior civil servant who would be willing to accept the restrictions on his or her discretion for appointments for which they were responsible that, for example, the Civil Service Commission are now saying that senior Ministers have to accept. I think it is narrow, self-defeating, and will not work.

Q687 Chair: We will come to the question of appointments later. I think it is interesting how in order to ensure an impartial public appointments system, we have rather tied ourselves in knots. I think

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the Government is trying to address that, but possibly not in the right way. Coming back to the question of what kind of challenge you expect from your officials, don't they often challenge you about the wrong things? Elizabeth Wilmshurst was challenging you about legality when she was wrong. Who was challenging you about the likelihood of a sectarian war following the invasion? Who was telling you that there was going to be a massive Shi'a insurgency that the occupying forces were going to have to deal with? Did anybody challenge you on that?

Mr Straw: Mrs Wilmshurst was entitled to her views. I happen to think she was wrong.

Q688 Chair: So did the Attorney General.

Mr Straw: Importantly, so did the Attorney General. However, she was entitled to her view. She acted very honourably, and she decided to resign. There were plenty of people putting forward all sorts of position papers. Mr Chairman, these subjects have been examined in incredible detail by the Chilcot committee.

Q689 Paul Flynn: Which were not reported.

Mr Straw: I am very happy to talk about them, but the view of the officials in the Foreign Office, as it was in the Ministry of Defence, was that ultimately the decision was a political decision, and that is true. Of course they raised all sorts of issues, but they took the view that as long as they were in post as members of the diplomatic service or the defence staff, their duty was to serve their country, and through that the Government of the day. You cannot run a democracy in any other way. There is a separate issue about the aftermath, which was to do with catastrophic decisions made by part of the United States administration without the knowledge of the other part. I am very happy to talk about that.

Chair: Another time.

Q690 Lindsay Roy: Good morning, Mr Straw. There is a very interesting section on sub-optimal performance by Departments. You have spoken about the churn of Ministers. What evidence can you provide that the churn of officials leads to that sub-optimal performance and, indeed, to what extent does the churn of Ministers lead to that effect?

Mr Straw: There is a problem about churn of Ministers, both at Secretary of State level and at junior Minister level. We call them junior Ministers, but I have always felt it is a slightly pejorative term. There are some very junior Ministers whose effect on policy is not all that great, but big Departments and Ministers of State have a lot of responsibility. The churn is just too great. I have made that point, and personally I would like to see a rule that Ministers are appointed to a position for at least two years. Of course there would have to be provision for emergency resignations. You may get an emergency reshuffle through resignations or illness and so on, but that should be the norm. The way in which I saw reshuffles handled—I have witnessed them being handled in this administration—was pretty shambolic and without a care for good governance. That needs to change.

There is another problem, however, which I bring out in my note. If you are a Minister, you can develop a really good relationship with an official or set of officials, and suddenly, without being told, there is a meeting the following week. You look round the room, and the senior official you have been dealing with—or it might have been a middle-ranking one who was really good—has gone. You say, "Where's so and so?" "They've been promoted," or "They've moved on. It's all career development, Secretary of State." "Thank you very much."

On the converse, there are sometimes people—typically people who have managed, one way or another, to find a billet for some years—you know that they lack the imagination or the drive to deliver what you want, so you need to move them aside. Talk to any Minister from any Government, and they will complain about the churn of officials. That is something that the Cabinet Secretary, the Head of the Civil Service and Permanent Secretaries really need to think about much more carefully. Of course officials have a right to have their careers developed, but there needs to be much more flexibility.

Q691 Lindsay Roy: Are you saying that career development overrides Department efficiencies and effectiveness?

Mr Straw: Yes, it can do. Officials may not be in post for long enough, and that leads to sub-optimal performance.

Q692 Chair: Do you happen to know how many Permanent Secretaries who were in post at the time of the general election are still in post?

Mr Straw: It is a handful.

Q693 Chair: It is less than a handful; it is two. The Ministry of Defence and the Department for Transport are on their third Permanent Secretary. It has been suggested that the word "permanent" be removed from their job titles, because they are changed more often than the Ministers.

Mr Straw: It is really not satisfactory. Some of these changes have been because the relationship has broken down between the Minister and the senior official. However, in many cases, it is just to do with churn stuff, and it is unsatisfactory.

Q694 Lindsay Roy: Where does the churn of Department officials sit on the scale of issues in relation to departmental performance? Are there other key issues in terms of skills or professional development?

Mr Straw: Quite high. Notwithstanding what I said about how it is only weak Ministers who blame officials, there is a normal distribution curve of talent and skill in the Department. If you are trying to drive something through in a particular area and you find that you have weak officials there, it is very hard indeed.

I will give you an example. I will be careful, because it is not fair on the individuals otherwise, so I will give two examples. When I got to the Home Office, I wanted to pursue a particular policy area that we had developed in opposition. It had not been a priority for

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the previous Government. That was their view. The result was that the Permanent Secretary put the officials in this unit because the area of work was not a priority for Michael Howard, so it did not matter that you had people who were performing at low revs. I got in there and said, "I want this as a priority." In the end, I had to say to Sir Richard Wilson, "Frankly, this is a big priority; I've got to deliver; you've got to change," and indeed he did.

When I got to the Ministry of Justice there were big problems in one area, and one of the senior officials had effectively been doing the same job in different guises for over 20 years. A consequence of this was that they formed all sorts of relationships—some of them not good—with the people they were dealing with outside. But there was a paralysis in relationships there, so I had to say to Alex Allan, "Let us just smooth away there." It can be run better.

Q695 Lindsay Roy: I note your proposal for appointments for a minimum of two years, but with the high turnover that is expected to come about with cuts and reduced numbers in the Civil Service, is further change not going to happen?

Mr Straw: Yes, this is certainly a particularly disruptive period in the Civil Service and public administration, and I understand that. However, for good or ill, the Departments will work through this. I do not want this to be quoted against me by Mr Jenkin, Ms Patel and Mr Cairns, but it will probably also be the case, at the end of this process of slimming down, that the Civil Service will be larger than it was in the 1960s and 1970s, or certainly at a senior level; I am not talking about the junior level.

Chair: That is an interesting question.

Mr Straw: In any event, you have big companies that slim down their headquarters and operate effectively. It is how people are used that is critical, not just numbers.

Q696 Chair: You have made a very interesting point. Are you suggesting that Whitehall is becoming top-heavy?

Mr Straw: No.

Q697 Chair: It is a very complicated wiring diagram around Whitehall.

Mr Straw: It is. I mean, it used to be. When I worked in the Department of Health and Social Security, there was a pyramid. There was a Permanent Secretary, deputy secretaries, under secretaries, assistant secretaries, principals, and then there were the executive grades and clerical grades, so it was an absolutely classic pyramid. That changed in the early 1980s, but these days it is complicated. I do not know what the numbers are, but my guess is that for senior grades, the numbers are probably higher than they were in the 1960s and 1970s.

Q698 Chair: We find that very interesting. More chiefs, fewer Indians. There are definitely fewer Indians.

Mr Straw: To some extent, in some areas there are going to be fewer Indians, as you call them, Mr Jenkin.

Chair: We are not allowed to say that any more. I apologise.

Mr Straw: I have 15,000 constituents of Indian heritage; they are wonderful people. The introduction of IT—for example, in big Departments like Revenue & Customs—is bound to lead to fewer people doing clerical jobs.

Chair: That is very interesting.

Q699 Mr Reed: That is quite a neat segue into this. Over time, any organisation tends to grow, assume more responsibilities and acquire more tasks for itself, unless it is prevented. If we are looking at Government Departments, what should their core functions be?

Mr Straw: These days the core function of the Home Office, which is a narrowly defined Department, is providing security for citizens and for the state; that is their focus. They should work through who is doing what in the Department. There are some elementary methods of doing it, but I do not think they are always followed through. In the old Department of Health and Social Security, in the days before IT, there was a distribution-of-business book. There was a big manual, and you could see who was doing what. That was also true in the Home Office when I first got there. When I got to the Foreign Office, I asked for a distribution-of-business manual, and I do not think I ever got it in the five years I was there. I was sure that there were people doing jobs, which no doubt were worthy and important to them, that really did not need to be done. We did not need that many people.

Q700 Mr Reed: Did you ever zero-base what the Department did?

Mr Straw: We tried to, but that runs into what the Chairman is saying. I have taken a very close interest in how you administer Departments. You wake up in the morning and think, "I'm going to have a pop at that," and then some crisis happens. It is literally a crisis, particularly in a Department like the Foreign Office or the Home Office, so you get diverted. Mr Reed, you had very distinguished service in local government before you came here. If I may say so, since I have been a resident of Lambeth for 34 years, I literally saw the transformation.

Mr Reed: You may say so, yes.

Paul Flynn: Several times.

Mr Straw: I have seen the transformation outside my front door, compared with the old days. What struck me with my local authority, Blackburn with Darwen, is that they faced horrific cuts. They are losing about a quarter-plus of their budget. They do not like it, and I do not like it, but they have had to act very intelligently and go through all their activities—the whole lot, all the jobs—and say, "Do we really need to do this job?" This includes so-called protected areas, for example, the protection of children. I have been helping them with that job. You may end up having to work with an acceptable level of risk.

If you delve deep in a Department, you find people and you think, "Why are they doing this?" I always used to take the public lifts in the Ministry of Justice—I had seven floors. I used to ask people what jobs they did. I would go walkabout without telling

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my office, just to talk to people about what jobs they were doing. It is really important to do that, because then you get into people's minds that there are questions being asked about what happens in the administration. It is no good expecting the Permanent Secretary of the day to deal with that; it does not work.

Q701 Mr Reed: Maybe we get too focused on the interest of the provider—in this case the Government Department—and lose focus on the needs of the people at the sharp end.

Mr Straw: Exactly. If you take the issue of legal aid, this was something on which the Permanent Secretary and I worked together happily and co-operatively; it was Sir Suma Chakrabarti and I. There were very big problems with legal aid, because on the one hand people are proud that we have what has been a very good legal aid system, but on the other hand it is the most expensive legal aid system in the world, and it is very highly bureaucratic.

The interface between what the Department is doing and what, for example, the Legal Services Commission is doing was extraordinary. We discovered that in the Legal Services Commission, whose job is simply to administer legal aid, there were 60 people working on policy. I went to see the Legal Services Commission, and there were people round the table from the Commission itself who were talking to me about their policy. It turned out to be completely contrary to the policy that I had. As I explained to them, I thought I was the Secretary of State, not them. This had just been allowed to grow. By the end of the process, there were not 60 people dealing with policy, and now the Legal Services Commission is no longer; it is simply an executive arm of the Ministry of Justice. A lot of money is being saved that way. I think there has been an increase in efficiency, rather than a decrease.

Q702 Mr Reed: I have one last point. The title of this inquiry is *The Future of the Civil Service*. Can we adequately answer that without asking, "What is the future of Government?" or "What is the future relationship between the citizen and the state?" Are we too locked into the structures and processes to properly challenge them?

Mr Straw: The relationship between the state, the citizen and public administration in a democracy can be shortly stated, provided you do not go down the road that Mr Flynn was going down, of developing a deep state that is separate from our democracy. I hope you can answer it because, as I said at the beginning, well run and effective public administration is really crucial to the services that the state receives. If you take Lambeth for example, what was driving residents of Lambeth nuts under the ancient régime was simply the fact that it was inefficient and ineffective. There was favouritism, and it was just not working.

If you have good public administration, then people are pleased. Why do people get frustrated with dealing with the HMRC? It is because they cannot get through on the telephone. It is very simple stuff; it is not that difficult. I hope you are able to say, "This is the importance of a good Civil Service," and that we

should hang on to what is very impressive and good about our Civil Service. In world-class terms it is at or close to the top, but it needs to get better.

Mr Chairman, I raise an idea I have been digesting. It is not original, but I do think that the interface between the political leadership and the Civil Service would be improved if there were central policy units in Departments made up of career officials, some people brought in on contracts, and political appointments.

Q703 Chair: You refer to the cabinet proposal.

Mr Straw: Yes, I mean the broad cabinet. As I say, you will end up with the problem of a different interface, but one of the problems I discerned in all the Departments I ran was the lack of capacity of bright people at a central level who were broadly committed to the agenda of Government and who you could move around as staff officers. Quite often, we had to invent them; for example in the big push on crime which started in about 1999, we had effectively to do that—find some bright young senior officials and bring them into the unit.

Q704 Chair: Before we move on, I can report that we have done a little research and you have led to us stumbling on to some very interesting data. In the year 2000, there were 3,108 senior civil servants. By the time you left office, there were 4,212. In 2010 there were 4,900; we do not have the 2012 figure. That is quite an interesting observation. I wonder if you would like to hazard a guess as to what it means. What do we have here? It is a 40% increase in the number of senior civil servants.

Mr Straw: It was one of the reasons people were cheering in the streets for the benefits the Labour Government had brought them after 13 years.

Chair: I will ask Hansard to put exclamation mark after that.

Mr Straw: What it means is that we were interested in expanding the role of Government, for perfectly good reasons. That was reflected in this growth of departmental administration. In retrospect, we should have had better control over it. What the numbers also illustrate is that, inevitably, people's starting point and frame of reference is the status quo—whatever that may be.

There is a similar issue inside the police service at the moment. For the avoidance of doubt, I do not approve of what the Home Secretary is doing with the police service, least of all with these police and crime commissioners. It is really tricky for the police in terms of reducing numbers, but it will also be the case—it is a matter of fact, which we cannot avoid—that even when these changes have happened, the police service will be significantly larger than it was in the 1980s. We have to take account of that.

Q705 Priti Patel: Can I ask, on that point, how would you better control the Civil Service, in terms of numbers and efficiency?

Mr Straw: That is a very good question, Ms Patel. I would do some of the things I have been talking about, like having Ministers, Permanent Secretaries and senior officials in post for longer. Crucially, I

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would change the relationship between the centre and Departments.

It is really curious, but one of the things that happened—it went back to the early 1990s—was almost a kind of Balkanisation of Whitehall. The old system was that the Civil Service Department or its successors controlled departmental and administrative budgets, and their headcount and personnel policies, from a central level, and therefore, for example, their pay rates. However, with what I regarded as rather effete nonsense—the next steps agencies hiving off bodies to arm's length agencies—and with the Treasury deciding that pay rates could be set by Departments, you have a drift away from any central control.

You ended up with completely ludicrous positions. For example, in the Foreign and Commonwealth Office we faced a problem in competing for locally engaged staff. In any country, there are usually expatriate British citizens or locals who are perfectly qualified to do the job. It is less expensive and they often have better particular skills. Our rates of pay were lower than those that DFID could pay, because DFID had more money than we did. We were competing with DFID for the same people; it was completely crazy. You also have people moving from domestic Department to domestic Department, because they get more money for the same job. There are also no proper effective controls over headcount.

What this argues for, in my view, is for there to be a stronger centre in what you would call the Civil Service Department or the Cabinet Office running HR policy and abandoning the idea that pay rates should be negotiated at a departmental level. You control headcount and you control pay. That means that when people see a problem—say, there is an area of work in the Department that suddenly requires extra work; this is going to happen all the time, because something will blow up and you need people to be put into it—they will have to start using their imagination, finding people within the Department who are doing not so important jobs and moving them on to that, rather than saying, “We will just advertise for some more people.” One of the main reasons why you have this great growth of senior civil servants was just drift. That is my guess.

Q706 Priti Patel: I have a couple of other questions. In your time in Cabinet and the 13 years you were in Government, how do you think the business of Government changed? Were the Civil Service able to keep up with the changes that were happening in Government?

Mr Straw: When we first came in, the default setting was the way Mr Major had run it, which was the classic way of having Cabinet and Cabinet Committee. As you will know, Mr Blair's view was, to a degree, similar to Margaret Thatcher's, though he went further than she did in relying on bilateral meetings. Mr Brown actually made even more use of Cabinet than Mr Blair did, but in both cases they did not make proper use of Cabinet, in my view, and did not understand the importance of procedure in legitimising decisions.

To be allowed a point about Iraq, since Cabinet discussed Iraq 23 times, I am absolutely clear—ultimately it was discussed in the most formal of procedures downstairs on 18 March 2003: a debate on a substantive motion—that the decision would have been the same. However, Mr Blair is open to attack for not having his decision-making legitimised by Cabinet. Although it was discussed 23 times, most members of the Cabinet were not privy to the detail. They were privy to the detail that Mr Blair or I or Geoff Hoon provided, but it was done orally; it was not done with papers. Although I think the decision would have been the same, the opportunity for challenge was less under the informality that he operated than it would have been. That said, underneath the Cabinet, the system ran as it always had done—through an elaborate system of Cabinet Committees. I chaired quite a number of those; they carried on operating.

Q707 Priti Patel: You have touched on this, but if we were to refer back to both Thatcher and Blair and their time as Prime Minister, they had quite a visionary look ahead to the future. Is it possible for Government to identify new challenges and think years ahead, while, at the same time, work alongside a Civil Service that may not necessarily have the skills, for that period in time, to think about how to deliver output that is a few years further down the line?

Mr Straw: Yes, it is. How you do it is complicated. The idea of having units to do so-called blue-skies thinking—certainly in my political lifetime—goes right back to Sir Ted Heath's establishment of the Central Policy Review Staff in 1970 under Victor Rothschild. That transmogrified into a series of other units. I think you have to have a unit like that at the centre doing what people call horizon scanning. It is medium and long-term planning.

It is quite important to choose the right people. I think Victor Rothschild and his people were very good, although they aroused lots of fury in individual Departments. You need people to understand what the Departments are doing.

I quote this in my book: I was faced with the situation of blue-skies thinking by Mr John Birt, who produced a very elaborate plan, complete with worrying diagrams, for amalgamating the Home Office and the Lord Chancellor's Department, so in a single Department and under a single Minister you would have the Minister for the security services and the police and the Minister responsible for appointing judges and running the courts. It did not take that much thought to recognise that it was probably not a good idea. It was a bit tricky; it would not have flown. My response was to work out how I could best sabotage it, because I needed to get on with the show. I had a strategy; it was very clear. It was about getting crime down, making the cops more efficient, trying to control immigration and also doing the stuff on rights: the Human Rights Act, the Freedom of Information Act and, critically for me, the response to the Stephen Lawrence inquiry. I thought the idea that I should waste my time on this kind of stuff was ridiculous.

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On the other hand, Tony Blair's staff briefed him and said, "Straw is not being imaginative enough about cutting car crime and burglaries." Tony called me in and said he wanted to cut car crime by 30% and burglaries by 40%, or the other way around. My initial reaction was, "Would you like me to show you how I can push water uphill with my bare hands?" But he was right. I needed that. I went back to the Department, thought a bit and thought, "Why don't we have a go?" That led to us thinking more broadly about how we could get vehicle manufacturers involved, how we could do stuff like CCTV, improve lighting in car parks and all sorts of stuff.

Funnily enough, both targets were more than met. You needed to be prodded, because otherwise you would just keep head down and focus on the immediate stuff. There is a balance.

Q708 Priti Patel: In that case, it sounds like it became a prod, or you were nudged by the Prime Minister to say, "This is the focus; sort it out." It was that kind of conversation. Surely, however, within your own Department your civil servants were challenging you as well—or they should have been challenging you—and they had the right skills to say, "Surely we should be doing better in this area and thinking about better output."

Mr Straw: That is a very good point. I think if I had had a Central Policy Review Staff in the Home Office who were tasked to think imaginatively about where we should be in two or three years' time, that could have happened, but I do not recall an occasion when the officials said, "Secretary of State, we think you should set a target of cutting burglaries by 30% and car crime by 40%."

Q709 Mr Reed: Isn't the thing that is missing the voice of the citizens who are experiencing high crime? It seems quite odd that it is somewhere within the machine itself—it is the Prime Minister or the official. How are we hearing the voice of the people who are suffering high levels of crime? You were asking about how local government has transformed itself. On many occasions, it is by disempowering, to an extent, the structure of local government, and empowering citizens so that it is more responsive.

Mr Straw: Absolutely. It is more difficult to do in national Government, but one of the things I was consistent on was that people running particular operations at the top level should get out and experience those operations.

In my book, I quote the fact that when I was interviewing one of the candidates for a very senior job, I talked to him about his experience running the immigration department. He said, "I was exiled in Croydon for three years." I thought, "Fine." There were people running the Courts Service who had not been in courts and people running police departments who had not really been out with cops.

Q710 Chair: I am so glad you have put that on the record, because I have told that story so many times.

Mr Straw: Which story do you mean?

Chair: I mean the one about the official who felt that running an operation as important as the Passport Service was being exiled.

Mr Straw: Yes.

Q711 Priti Patel: Did it not alarm you that in your capacity as a member of the Cabinet and as Secretary of State, you had officials who were really quite remote from what was going on in the real world?

Mr Straw: Yes, but that was the culture they were used to. My approach to politics is a hands-on one, but you should think about my predecessors. I do not criticise my predecessors as Home Secretary. They are who they are. Michael Howard was actually very effective in shifting the Department in one way, but he was not hands-on with the Department. He dealt with it in a different way.

Going back to Mr Reed's point, within the unitary borough of Blackburn with Darwen, one of the ways we made the senior officials much more responsive was by a very simple device of residents' meetings with the police chief, the chief executive and the director responsible for the bins. The leader of the council and I chair those meetings on a regular basis. We go around the wards and people turn up in very large numbers to talk about what is right and what is wrong.

Talking to senior officials over the last ten years we have been doing this has been really interesting, as has talking to the police because, in many ways, they got more out of it than the citizens have, because it made them more responsive.

Mr Reed: Could we build mechanisms like that into the functioning of national Government?

Mr Straw: No, not directly, but what you can do is build up a culture that if you are running a particular service, the senior managers have to go out and walk the boards. That happens in properly run factories and firms: the people at the top have a granular understanding of what is going on. If they do not, the company often fails. What is really important is the interface between what happens in Whitehall and what happens down the track.

Q712 Alun Cairns: Mr Straw, I want to talk about process. I was particularly interested in the answer that you gave to Ms Patel earlier, when you said Mr Blair and Mr Brown were not particularly good—I forget the phrase you used—they were criticised for not following the process through. You used the Iraq war decision, where it had been discussed 23 times, but they could be criticised for not having followed the process through.

Although you then said that the decision would not have changed and you are confident that the correct process, or a more formal process, had been followed through, can you think of circumstances where the failure of process may have led to a different decision being taken?

Mr Straw: Yes, I can. This is big stuff but, for example, if Mr Brown had had his proposal to abolish the 10p tax rate subject to consideration in Cabinet before he announced it, I think we might have avoided a great disaster for him, actually, as well as for others.

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I can think of plenty of examples, but that is the best one.

Q713 Alun Cairns: Do you put that down solely to the Cabinet not having papers to consider and discuss and the process that follows thereafter?

Mr Straw: It goes back to a point I made, which I think is often missed in discussing the nature of the British Government: the legal duties on Government are personal duties on Secretaries of State. This means that running so-called UK plc is very different from running a large corporation, where the legal duties are on the board of directors. They are not in the British Government.

This exacerbates the tensions between the centre and individual Departments, but it also means that individual Secretaries of State or their equivalents, like the Chancellor, have an extraordinary amount of individual power for which they are accountable publicly and to this place, but they are not necessarily accountable to their colleagues. That is one of the big differences. Over time, that situation has become, in my view, worse rather than better.

There is a very good book called *Six Moments of Crisis* by Gill Bennett, who is the retired chief historian of the Foreign and Commonwealth Office. She looks at the decision-making processes in six post-war crises of different kinds, ranging from the decision to go into Korea to the Falklands. One of the things she looks at, however, is the cut in public spending that took place in 1968 following the decision to devalue in 1967. Those were really serious cuts in public spending. The decisions were made after about seven or eight full days of Cabinet meetings. In his memoirs, Roy Jenkins said he hated it. He was close to Tony Blair and advised Tony never to go through that process.

What is interesting, however, is that given the parameters—the fact we were in pretty serious trouble—the Government emerged significantly more united. What is also really interesting is that the opinion polls—this is something Mrs Bennett brings out—showed that the reputation of the Government had increased because Cabinet was meeting for eight days to discuss that kind of thing on paper.

Whenever I used to talk to Mr Brown or Mr Blair particularly, they would say, “If we had these discussions, they would leak.” I do not think they would. The leaking normally occurred in Number 10. My experience of Cabinet is that if people knew stuff was not to leak, they did not leak it. I can give plenty of examples. You need to lead from the top when it comes to leaking.

Those who do not understand process do not understand that process leads to access to rights and also to legitimacy. It is not about bureaucracy; the way you access rights in this place—or the way anybody accesses rights—is through process. You get the process right, then you get people access to rights, but you also legitimise decisions you are making.

Q714 Alun Cairns: In your paper you talk about the extremities of the US system, where there are so many political appointments, and you compare that with the relatively small number of special advisers here in the

UK. You propose a strong case for strengthened policy and delivery units, which basically become mixed teams of officials. This Committee has taken evidence on several occasions of where the tension between the special adviser and civil servants has sometimes created problems. Do you think the model you suggest could create an environment where there would be more tension?

Mr Straw: There would be tension, but tension is not a bad thing, by the way. It needs to be used creatively. There are tensions within a Department; at official level there will be tensions between one branch and another. It is about how these tensions are handled.

I am not in favour of Ministers who employ special advisers who seem to be there to feed their paranoia, who get too big for their boots and who throw their weight around. It is undemocratic and it does not do the Minister any good. I can think of one Minister in the last administration, who I will not name, but I will tell you outside, Mr Flynn. There was more than one. I was a special adviser; in fact, I was one of the first, between 1974 and 1977. I employed a series of special advisers and they had good relations with the Department. However, their job was a different one; they were institutionally in conflict.

I think this would work. If you look at the example of the European Commission, where you have cabinets—you have to have them—you then have a problem with the directorates-general, which are trying to follow their own policy separate from that of the Commission. We have to find a way of resolving that.

Q715 Paul Flynn: You use the word “unseemly” in the book about the way civil servants think about party politics. Can I just remind you that I had an active part in Jim Callaghan’s first campaign in 1945, the year before you were born?

Mr Straw: What has that got to do with the question?

Paul Flynn: You tell a fascinating story in your book about Tony Blair, where you gave him a perfectly sound argument on an issue and he said to you, “What you do not understand, Jack, is that I am always lucky.” He was lucky in Kosovo, he was lucky in Sierra Leone; but in Iraq he was very unlucky. Isn’t 179 UK deaths a terrible price to pay for one man’s vain delusion?

Mr Straw: Just so we are clear, Paul, the story about him being always lucky related to Tony’s handling of student fees. As I said in the book, like most of my colleagues I had to spend the whole weekend talking to recalcitrant but movable Members, of whom you were in the first category but not the second, to get them to shift. We won the vote by five, as you will recall. I then went to speak to Tony and said, “Do not do that again; your luck will run out.” And he said to me, “I am always lucky.”

As far as Iraq is concerned, to be clear, I supported Tony’s decision at the time. I explained at rather great length in my book why I continue to think that was the right decision to have made—however difficult it was later. It was not a piece of vainglory at all. It racked Tony. He thought about it very carefully. I know you had a different view from him and I respect that, but I do not think it is right to say that somebody

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of his distinction and seriousness treated the issue of going to war as a piece of vainglory. He did not.

Q716 Paul Flynn: Can we look at two great periods, 1945 to 1951 and the recent 20 years? In terms of the difference, there was a huge gulf between the parties, for a start. Politicians were people of great courage, which you put very much on top of your scale of how you admired people. You talk about John Smith lacking courage. They steamed through great changes—great reforms of the health service and the welfare state. In recent years, politics has generally been an evidence-free zone. Politicians have been motivated by perception, prejudice and pressure. They react to those, rather than some great vision. Isn't it right that civil servants have a cynical view of some politicians?

Mr Straw: It is right that civil servants might have a cynical view of some politicians; they vary, but on the whole some civil servants quite like some politicians. My point about using the word "unseemly" related to something Barbara Castle used to say to me and to her officials. The way she put it was that officials should regard politics in the way that monks should understand sex: they may not take part in it, but they need to appreciate that other people are motivated by it.

Paul Flynn: Monks are, too.

Mr Straw: My last point, Mr Flynn, is that I do not think you should mythologise the 1945 to 1951 Labour Government too much. It did great things, but the interesting thing about its foundation of the welfare state was that the work was laid by the coalition Government. Beveridge was a Liberal. Churchill was willing to let the coalition Government get on with it. Although there were big arguments over nationalisation, even those were not so big, as a matter of fact. It was with the spirit of the time.

Paul Flynn: You were clearly a very perceptive five-year old.

Q717 Mr Reed: Were you comfortable to be held accountable to Parliament for everything that occurred within your two vast Departments?

Mr Straw: Yes, I was—with one area of exception. I said in my book, and I often used to say to colleagues at the time, that if you are in trouble, the safest place is in the House of Commons. If you have presided over some monumental disaster, the Commons will give you a fair hearing, provided you give all the

information, you do not start wriggling out of it and you do not start blaming people. They are perfectly capable of making their own judgments. Also, some colleagues will have been in that position and others want to be in that position. They are not going to work you over.

There was one week when I had to go to the Commons three times and say, "I am really sorry; this has happened and it is a total disaster. I am trying to make sure it does not happen again." That, however, is far better than trying to scurry away.

The one area where I was uncomfortable, because I felt I had no control, and nobody had any control, was over large-scale IT projects. My view there is that we have to establish a similar accounting officer convention. Permanent Secretaries are responsible for spending the money. Either a Permanent Secretary or a named bod has to be responsible for these IT projects. They fall between two stools at the moment.

Chair: Or any senior responsible owner of any major project.

Mr Straw: Yes.

Mr Reed: The rail franchise would be an example.

Mr Straw: It does not work. It does not work unless you have an owner of one project.

Q718 Mr Reed: Damian McBride, when he was here, told us that in his experience some civil servants felt that there were certain technical or administrative things that were nothing to do with Ministers. Does that fit with the doctrine of accountability to Parliament?

Mr Straw: I thought Mr McBride was not the best example of somebody—

Chair: He is a reformed character.

Mr Straw: Is he? I am glad to hear it, because he needed to reform, in my view. I would regard him as a poor witness. He helped to give politics a bad reputation.

Chair: I think you should meet him again.

Mr Straw: I am glad to hear he is reformed.

Chair: Thank you very much indeed. May I just place on record my thanks for your helping us obtain evidence from the former Prime Minister, Mr Blair? We have not yet received it, but we are looking forward to it. He is going to send us written evidence.

Mr Straw: I think there has just been a miscommunication in his office.

Chair: That was a very interesting session. On with the Budget.

Tuesday 16 April 2013

Members present:

Mr Bernard Jenkin (Chair)

Alun Cairns
Paul Flynn
Robert Halfon

Kelvin Hopkins
Greg Mulholland
Priti Patel

Examination of Witness

Witness: **Jonathan Powell**, Former Downing Street Chief of Staff.

Q719 Chair: May I thank our witness for joining us today for this session about the future of the Civil Service. Could I ask you to introduce yourself for the record please?

Jonathan Powell: I am Jonathan Powell; I run a small charity. I used to be Tony Blair's Chief of Staff, for 13 and a half years. Before that I was a British diplomat for 16 and a half years.

Chair: Thank you very much for coming.

Q720 Priti Patel: Good morning Mr Powell. In your book *The New Machiavelli* I think it is fair to say that you identify a couple of faults with the Civil Service, in terms of its way of functioning. These include that it acts as a brake upon Government in getting things done, which is something we have also heard and experienced from other witnesses. Why do you think the Civil Service seems to act in this particular manner and what would you do to change this way of working and culture in the Civil Service?

Jonathan Powell: I was a civil servant for 16 years so I feel able to both praise and be critical of it. I think it is certainly amongst the best civil services in the world, but that does not mean it could not get better. The basic problem with it is a problem of mindset and of skill set. It lacks the skills for coping with a modern society and a modern political system. It needs to have new skills like project management, accountancy skills and so on—rather than just being an amateur organisation—and those need to be brought in from outside. It has a cultural problem in that it is a bit like a monastic order. People still join at 21 and leave when they retire at 60. There is a danger of *pensée unique*: they all think the same way. What it needs to do is break up that culture by getting more people in and more people out. We do not want an American-style public service but people who criticise the American public service do not really understand it correctly, in my view. It has one big advantage, which is that it brings people in from outside so there is an opportunity to learn from skills outside and to break up the monolithic culture. That is a big advantage to the American system, despite the downsides. I think those are the two basic changes that need to be made. There are quite a few more, such as incentives etc. which I could go into if you want me to.

Q721 Priti Patel: In your time, particularly when you worked with Tony Blair in Number 10, from the experiences you have had, were ideas shared about how the Civil Service could be changed, particularly

in the area of the mindset and skill set and potentially opening that up? I raise this because you have made the point that on Tony Blair's first day as Prime Minister the then Cabinet Secretary tried to show off a bit and overwhelm Tony Blair with information about codes etc., to foster this culture of dependency where the Cabinet Secretary is, dare I say it, the boss in charge. That attitude still seems to pervade and dominate. I am assuming that at some stage discussions were had on how to overcome that and on what could be done to change that culture, mindset and way of working.

Jonathan Powell: I think you are a bit unfair on Robin Butler, who did a remarkable job handling transition from a Tory Government to a Labour Government in difficult circumstances. It is true that he had been there a long time and he wanted to let that be known.

Q722 Chair: Difficult circumstances? Why were the circumstances difficult?

Jonathan Powell: Because there had been a Tory Government in power for nearly 18 years. Almost none of the Labour new Ministers had been in power.

Chair: There was a lack of experience.

Jonathan Powell: He was managing Ministers who thought that the Civil Service would be biased against them, which it was not, actually, but that was what they feared. There was therefore a difficult trauma in such a big change after such a long time.

Chair: Sorry, I interrupted your answer.

Jonathan Powell: That is okay. There was a problem that developed in the 1970s in the Civil Service where the Civil Service was the "continuity girl" of Government while Ministers came and went. That is where the *Yes, Prime Minister* and *Yes Minister* type of impression came from. What tends to happen is that when a Government or a Prime Minister has been in power for a long time the balance of power equation changes. Prime Ministers become more assertive once they have been there longer and know more about the facts and the way the Civil Service works than even the leading members of the Civil Service. If you want to change the culture you have to, in my view, have someone from outside heading the Civil Service. I think you need to win that battle. The latest Government appears, according to the newspapers, to have tried to fight the same battle and lost again. Unless you have that happen you will not get real change.

You also need to bring people from outside into the Civil Service. We introduced five year contracts that

were supposed to have that effect, so people would leave after five years rather than automatically getting another job in the Civil Service. People will tell you that that worked, but it did not. When I was secretary of the trade union in the Foreign Office, the DSA, I remember asking how many women were employed in the Foreign Office. They gave me very convincing figures that showed it was 50/50 men and women. When I probed a little further I discovered that all the women were secretaries and all the men were diplomats, so it was not really achieving the objective you wanted. That is how the Civil Service tends to fob off attempts to change it.

Q723 Priti Patel: I worked in the private sector for 10 years. On this whole issue of bringing new people into the Civil Service, what is the compelling vision for those who jump ship from the private sector to go into the Civil Service, where the mindset—as you have highlighted in your book—seems to be of a different era, dare I say it? The culture is different, the ways of working, the attitude, and the cut and thrust of executive leadership simply does not exist.

Jonathan Powell: It is supposed to be public service so it is naturally going to be different from the private sector. What it could do with is an injection of new approaches and new ideas. If you can make it with people going in and out like that—and that means people going out into the private sector and changing the private sector too, which could do with some of the skills reflected in the Civil Service—it will only happen if people are really prepared to make it happen from the top of the Civil Service and probably also only if you change some of the problems, for example, the Civil Service being underpaid relative to the private sector. If people were paid more it would be easier to persuade people to go into the Civil Service from outside. If the pension provision was not so generous in the Civil Service people would be more willing to risk going into the private sector. I would advocate having fewer, better civil servants, higher paid, and having more interchange with the outside world, particularly the private sector but also the voluntary sector.

Q724 Kelvin Hopkins: Good morning. You wrote that, following the 1997 election, “Far from aiming to frustrate the new Government’s plans, [civil servants] had to be restrained from taking every component too seriously”. In your book you also say that: “In the event, our major problem was not a wall of Conservative opposition but having to restrain their new-found left-wing enthusiasm”.

Chair: That does not surprise us at all.

Kelvin Hopkins: I could elaborate, but perhaps you want to say a bit more about it?

Jonathan Powell: It was not a sudden conversion of ideology. It was two things. Firstly, people had got very tired of a tired Government. It had been there for a very long time and the civil servants wanted a change. They wanted something interesting to do and wanted a Government that actually wanted to do things rather than stop things happening. It was partly a natural enthusiasm, not a new found socialist inspiration of the Civil Service but the desire for

change. Secondly, it was the desire to show their new masters that they were not what they feared they were, which was dyed-in-the-wool Thatcherites, but actually something different. They were leaning over too hard, not because they believed in it but because they wanted to convince their new masters that they should work with them individually rather than with some other awful person who was really a Thatcherite. Those were the two motivating factors.

Q725 Kelvin Hopkins: I have put to various witnesses that we have seen in recent weeks and months that the Civil Service has difficulty these days because there has been a change of ideology in Government. In the past there was a range of views, from one-nation conservatism to social democracy, in a broad range, but they were essentially all statist. When Thatcher came in—indeed New Labour continued the process—there was hostility to the idea of the state and they wanted to privatise, marketise, liberalise and change the whole approach. The Civil Service found this difficult. When New Labour came in they expected New Labour to return to social democracy and it did not. When we were elected in 1997, my wife said, “Now we can do all those socialist things that we have not been able to do.” I said, “You do not understand New Labour. There will be a continuity there. The Civil Service may be on the left but New Labour is not.” Is that true?

Jonathan Powell: No; neither is it true to say that the Civil Service is on the left. One of the great things about Northcote-Trevelyan is that we ended up with an impartial Civil Service that genuinely is impartial and genuinely is apolitical from that point of view. I do not think that is right. New Labour represented quite a big change from the previous Government, particularly the John Major Government. You had a Government that did not want to do anything very much and was conservative in the traditional sense of just sitting there: cones hotlines were the main Government policy. That changed to a very activist Government. You may not have agreed with the policies of the New Labour Government but they were an activist Government that wanted to do things. That is what civil servants like doing: having new policy challenges and new things to implement.

Q726 Kelvin Hopkins: I was not suggesting that it was left-wing, but I was suggesting that the previous philosophy of Government and approach to Government had been consensual—what Robert McKenzie used to call Butskellism, if you remember. It was an area the Civil Service could deal with. There was a range of views: some would nationalise steel, some would not, but by and large it was statist. I was meaning left-wing in the sense that perhaps one nation conservatism is left-wing. Indeed, our new leader is talking about one nation politics now. He has much more in common with one nation conservatism than with the thrusting, marketing New Labour.

Jonathan Powell: I think you are right about Butskellism. It is true that the Civil Service is more comfortable when there is that degree of consensus, partly because they like to implement policies that have long-term impact. If you have to change policies

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every four or five years then it is much harder to make a difference. Maybe we are in a new era of Butskellism when it comes to education and health. Maybe we have greater consensus on education and health since the beginning of the Tony Blair Government than we had before, which makes it easier for civil servants to implement change. What I think civil servants like is activism. What they do not like are Governments that do nothing.

Q727 Kelvin Hopkins: Pursuing your point about education, in fact it illustrates very well the state dissolving itself and handing over power to the market; funding will come largely from Government, and even that might change over time. When civil servants are asked to indulge in dissolving what they have done for a century or more, it is difficult for them. They are getting rid of their whole *raison d'être*, their life, and are handing it out to the market: free schools, and all of that, which could be seen as very much on the right rather than the left. Even though there may be consensus around some parts of New Labour and the Conservatives, it is actually a dramatic change from what we had in the past and could be seen to be very right-wing.

Jonathan Powell: I wrote a book about Machiavelli. He had a very good comment about the enemies of reform. It is true that if you try to bring in reform, those who have vested interests in keeping things the same will do their very best to resist it, and those who will benefit from the reform are very lukewarm in their support because they do not know what they are going to get in the change. It is true that there will be people who will resist reform, perhaps particularly in the public service, rather than the Civil Service. One of the jobs of a Government that wants to bring about reform is carrying those public servants with them and convincing them that it is the right thing to do. The interesting thing is that when you get to a new balance, a new Butskellism, civil servants tend to support that new balance. I think you will find that civil servants are not massively opposed to free schools or all the rest of it; they are perfectly happy to implement that once they have got over the hump of the change.

Q728 Kelvin Hopkins: It seems to me that the Blair Government in particular did make some changes. Some of the heads of the Civil Service and the Cabinet Secretaries did come from the outside, whereas Robin Butler was the last of the traditional mandarins who had come straight down from Oxbridge and worked his way through the Civil Service to become its head, whereas people like Sir Gus, for example, came from outside. Many of them who were outside were not part of that mandarin.

Jonathan Powell: No, that is not quite right. You are right about Gus but there were two Cabinet Secretaries in between who both came from inside the system—Richard Wilson and then Andrew Turnbull—who were very much in the classic mould of civil servants and who did not see the job of the Cabinet Secretary as being the person to bring about Civil Service reform, which we wanted to happen. They saw their job, as you say, as being head of the

mandarinate, rather than doing management. Andrew began to change that but Richard was pretty resistant; then Gus was the first who tried to do it. That would be my reading of it. Even then, they are still people who spent the vast proportion of their lives in the Civil Service. What I would like to see is someone from completely outside trying to do the management job.

Q729 Priti Patel: Mr Powell, you mentioned activism in the Civil Service, with a new Government and fresh ideas keeping the Civil Service busy. In my earlier question to you we touched on the failures of the Civil Service and issues around ways of working to a certain extent. Did you feel at the time, with a new Government coming in, with a new air of activism and new initiatives presumably, that the Civil Service was geared up, from a skills point of view, to bring in the activism and new policies etc.? Also, what is your assessment of how the Civil Service deals with failure of policy and policy delivery failures? We talk about the UK Border Agency all the time and have touched on West Coast Main Line in the past. Are those down to skills failure, ministerial failure or failure of an actual team in their own way of working?

Jonathan Powell: No, the Civil Service did not have the skills that we needed for an activist Government coming in. As I said, there had been a do-nothing Government for a while and they lacked the skills, particularly of project management and some other necessary skills. As a result, we brought in some very highly paid outsiders on a number of occasions to try to change things, like the Immigration Service, and were roundly attacked in the *Daily Mail* and other newspapers for spending so much money. It is in the taxpayers' interest to have people come in and really transform systems because they will save a huge amount more money than paying those people to come in from outside. It is false economy to go down that route. Sorry, was the second part of the question about the skill set now?

Priti Patel: The skill set at the time, but also in terms of dealing with policy failures.

Jonathan Powell: There is a tradition in the British Civil Service of promoting someone who fails, which is slightly unfortunate and something I hope they are gradually breaking away from. There needs to be, in my view, a system of personal accountability where people are charged with succeeding or failing on a policy, so they are rewarded if they succeed and there is a consequence if they fail. At the moment it is all too easy to just blame the system: people forget about the policy, the Minister is moved on and no one asks the question of what has happened to it. For civil servants too it would be much more satisfying if they felt they owned a policy and could really push it through. At the moment it is a one-way bet for a civil servant: if something goes wrong or they make a mistake they will be punished; if they do something inventive and innovative they never get rewarded, not just in financial terms but in terms of recognition and promotion. The system needs to change to make that one-way bet at least a two-way bet, so you are not just encouraged to avoid problems but to find solutions that help the Government achieve its aims and help the taxpayer save money.

Q730 Priti Patel: Do you think that can be addressed? Is it more from leadership or more from a performance management point of view?

Jonathan Powell: It is performance management; it is about how civil servants are reported on, how their promotion is managed, getting away from Buggins's turn and having insiders and outsiders swapping places. That sort of thing would make a difference.

Q731 Chair: I have to say that so far I feel we are only scratching the surface. Before we come to the role of Number 10, in summary, what it looks like from outside is that the new Government came in with a rather simplistic set of headline objectives, which had been used to fight the election and win power, but it all turned out to be much more complicated and difficult. Then, in 1999 the Prime Minister brought forward a plan called *Modernising Government*, which seemed to be attempting to address the complexity, difficulty and resistance in the system. Despite the evident willingness from the civil servants to help the new Government there seemed to be an extraordinary amount of inertia in getting things done. Yet after *Modernising Government* the Prime Minister was talking about the "scars on my back" and was still feeling very frustrated. Is that a fair summary?

Jonathan Powell: No. I notice that two Prime Ministers have talked about scars on their backs after coming in, trying to bring about reform and wrestling with the Civil Service. Tony Blair and, more recently, David Cameron talked in almost identical terms about it.

Chair: Exactly.

Jonathan Powell: I do not think it is an ideological thing or a party thing.

Q732 Chair: No, I am not saying it is an ideological thing. I am trying to draw out what is wrong with the Civil Service and what is wrong with the system of Government.

Jonathan Powell: As I said, I think we have one of the best civil services in the world and we would be crazy to destroy it in pursuit of making it better, but it does need to be made better and can be made better. The basic problem with it, as I say, is that it is much more inclined to stop things happening than it is to make things happen. It is the job of the Civil Service, in my view, to warn Ministers about elephant traps and say to them, "If you push ahead in this particular direction you will come a cropper". The trouble is—I experienced it myself as a civil servant—that when you are there a long time, you have seen all these policies before, have seen Ministers come and go, an idea has been tried before three times and has failed, so you tend to get very—

Q733 Chair: Forgive me for cutting you short. I am expecting you to say all this. Why did Mr Blair's civil service reforms not work? Why did they not leave, for Mr Brown and Mr Cameron, the responsive and agile machinery that he wanted for himself? Why is it the same as it was when Mr Blair took Office?

Jonathan Powell: I am not sure it is the same.

Q734 Chair: Is it better?

Jonathan Powell: It is better but it is not as better as it could be or needs to be. There are a number of reasons why the change has not gone as far as Tony Blair, other politicians, or David Cameron would want. The first is, as I said earlier, the resistance to change in the culture of the Civil Service. That is what needs to be broken down and the only way I think it can be broken down is by having some outsiders come in if you want to break that culture down. You cannot change that culture by edict from the top.

Q735 Chair: For 15 years, three Governments have been trying to improve the Civil Service. Do you agree?

Jonathan Powell: Yes.

Q736 Chair: Why is it taking so long?

Jonathan Powell: When you have a very strong culture, it takes a very long time to break it down, in my view.

Chair: Fifteen years?

Jonathan Powell: It will probably be longer. If you are really going to change this thing, you are talking about a very long period of time. It is not something you can do just like that.

Chair: Fifteen years is hardly "just like that".

Jonathan Powell: In the history of the Civil Service it almost is.

Chair: I think I am listening to a civil servant.

Jonathan Powell: I was one.

Q737 Kelvin Hopkins: Isn't the problem really that many civil servants have thought that Governments were doing the wrong thing and they resisted them because they disagreed with them philosophically and thought it would not have the right result. Successive Governments, starting with Mrs Thatcher, and particularly Nigel Lawson—who was a Europhile, and now it seems the Europhiles were the ones that ousted Mrs Thatcher—tried to stuff people who thought like them into the senior Civil Service. They did not quite get away with it but they tried to strip out opposition and install people who believed what they did.

Jonathan Powell: I personally do not think there is an ideological strain to the Civil Service. It is remarkable how apolitical it is. You are right that there are different philosophical approaches to things. For example, many senior civil servants opposed Tony Blair's approach to trying to bring about reform through legislation. They felt there was too much legislation. He very strongly felt legislation was the right way to do it. There was a difference of opinion.

Q738 Chair: It does tend to be Government Departments that persuade their Secretaries of State to produce large bits of legislation, does it not?

Jonathan Powell: Yes, for different incentives, but they did not want legislation that would try to change things.

Q739 Robert Halfon: You talked earlier in your evidence about the civil servants' and public servants' brake on reform, but in your book you talk a lot about Gordon Brown being the brake on reform. Which is

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it? Was it really the civil servants or was it Gordon Brown, or was it a mixture of both?

Jonathan Powell: There were two different sorts of brake. There was a political brake, in the form of Gordon, and there was an entropy brake from the Civil Service on change actually happening. There were two different brakes.

Q740 Robert Halfon: Which was the bigger brake?

Jonathan Powell: I find it very hard to assess the relative difference of them. Neither of them stopped us getting done the things we want to do, they just both slowed it down.

Q741 Greg Mulholland: When I was a politics A-level student, starting my interest in politics at 16, I remember talking about the power of No. 10 and presidential Prime Ministers and all that. The debate does not seem to have moved on particularly, amazingly, 25 years or so later. I notice that in your book you say, “A new Prime Minister pulls on the levers of power and nothing happens”. In the week that we are laying to rest Margaret Thatcher, who had huge majorities and presumably lots of power, and you, having served for however many years under Tony Blair, who had even bigger majorities and therefore lots of power, how can that be the case?

Jonathan Powell: The guilty secret of our system, despite everything that is written in the newspapers, is that No. 10 Downing Street and the Prime Minister are remarkably unpowerful in our system. People talk about imperial prime ministerships but it certainly does not feel that way when you get into Downing Street. It is like the gold at the end of the rainbow: when you get there it is not actually there. What you have to do once you get into being Prime Minister is to learn how to build coalitions of support to make things happen. The reason that some Prime Ministers are stronger than others is that they have a stronger leadership style, a bigger majority, or an ability to carry people with them. It is not just by merit of being Prime Minister that you make things happen. You can contrast John Major with Tony Blair, for example, or Mrs Thatcher with Gordon Brown.

Q742 Greg Mulholland: You mention “the little secret of the British constitution”, which “is that the centre of government is not too powerful, but too weak”. I am sure there are many who would disagree with that. For the purpose of this inquiry, do you genuinely think that that is a problem with getting things done, rather than some of the other views expressed in some of the written evidence we have had, which suggests that the other view is the right one and No. 10 is too powerful and too dictatorial?

Jonathan Powell: I think you are getting two different views. If I read your evidence correctly it is people who were not in No. 10 or at the centre of Government but people who were in other places in Government or academics who had a different view. I can tell you that, sitting there, the way it feels to somebody in the centre is that it is very hard to get things done. One of the reasons it is hard to get things done is the articulation between No. 10 Downing Street and the rest of Government. It is very hard for

the Prime Minister to get Departments to do things. I gave some evidence decades ago about this. There is a problem: we still have a feudal system in our Government structure. It is the Departments that have the troops, in the form of civil servants, and the money, in terms of the budget. No. 10 does not have civil servants and does not have budgets. The only way it can get a Secretary of State to do something is by a threat to his future in the job. There is no in-between weapon that you can use to persuade him to do something, unless you are a very strong leader. The articulation between No. 10 and actual Departments is very weak. It is slightly stronger now than it was originally. This, again, is a difference of philosophy or difference of approach. If you took evidence from a mandarin they would say that that is quite right and the job of the Cabinet Office is to frustrate what the Prime Minister wants to do and get it down to the lowest common denominator between all the other Cabinet members, whereas if you are sitting in No. 10, what you want to do is achieve things politically. It is that articulation between the two where the weakness comes.

Greg Mulholland: I love the idea of the Prime Minister riding at the front of various groups of troops run by feuding feudal lords—presumably the Cabinet.

Jonathan Powell: That is certainly what it felt like.

Q743 Greg Mulholland: How do you think things can be strengthened? If you are saying that No. 10 needs to be more powerful, which would be controversial, how do you think, institutionally, that would be done?

Jonathan Powell: What I would do is to have something more like the OMB in the American system or a department of the plan, as in many European Governments, where you bring together setting priorities for spending along with setting priorities for personnel. You would have the Cabinet Office and the spending bit of the Treasury together as one powerful Department at the centre, with a Cabinet Minister in charge of it. That would align your incentives for Government: you would have the money and the instructions flowing in the same direction. At the moment you do not have that. If you have a Chancellor going in a different direction from a Prime Minister the centre of Government is very divided in its instructions so I would do that. I would make it more explicit that the job of the Cabinet Office, or this new entity, would be to deal with the instructions of the Prime Minister in Cabinet, and make sure those were implemented by Departments. Those are the two steps I would take.

Q744 Greg Mulholland: In your book you cover the interesting roles played by Alastair Campbell particularly and Peter Mandelson in a different way. Do you believe that one possible solution is to go further down the American model and have political appointees in charge of Government Departments?

Jonathan Powell: We have political appointees in the form of Ministers. It is a question really of how far down the system you go. It is not as if we do not have any political appointees. We have Ministers and now we have special advisers. Americans have it very low

down the system. In the French and German systems it is different, where every civil servant has some sort of political affiliation and they go into exile when one Government comes in, and then go back into Government. I would not go the route of the French or the German system and I would not go the whole way down the American system, but I do think there is scope for more political appointees at the top of Departments, rather than less. It would be ludicrous to say we could take politics out of Government. Government is supposed to be about fulfilling the political wishes of the electorate, so I can see a good case for a decent cadre of political people at the top of Ministries, perhaps slightly larger than we have at the moment.

Q745 Greg Mulholland: If the reform programme that you neatly and helpfully laid out for us was proposed by a Prime Minister, who do you think would squeal most loudly? Would it be other Cabinet Ministers or the Civil Service?

Jonathan Powell: If those changes were introduced it would be the Chancellor to start with, whoever the Chancellor was, because they would be losing a good deal of power. Other Ministers might favour it because one of the problems Ministers have is trying to wrestle with the Treasury for money. If the thing was aligned between the objectives and money, that might make their life easier. I think you would find retired mandarins squealing the loudest.

Q746 Chair: You have spoken on more than one occasion about the effect of exceptionally strong leadership from No. 10. There really is no substitute for strong leadership is there?

Jonathan Powell: In our system, if you want to get things done, then yes you need strong leadership. Even that takes quite a long time to take effect. If you think of Mrs Thatcher's early years, or Tony Blair's early years, it took quite a long time before they could make a difference.

Q747 Chair: Sorry to be mildly political but I do not remember Margaret Thatcher ever complaining about scars on her back or about pulling levers and nothing happening.

Jonathan Powell: She certainly did complain about the Civil Service.

Chair: I am sure she had battles with the Civil Service but it was notorious that her writ ran throughout Whitehall. Her presence was felt in every Government Department. All the witnesses who wrote biographies at the time bear witness to that.

Jonathan Powell: Yes, but they are being a bit ahistorical. I joined the Civil Service in the summer of 1979, just as Mrs Thatcher came to power. In those early years she did not have the same writ. For example, in the Foreign Office with Peter Carrington there, she did not have the same writ as she had five, 10 years later. These things come on gradually, not suddenly.

Q748 Chair: Moving back to this question about dealing with the long term issues, you remark: "It was extraordinary how little capacity for original thought

the [Civil Service] departments seemed to have". We are into a new context of challenges with internationalisation, complexity and speed of events. Why do you think attempts to address this have so far been so unsuccessful and the ability of Government to think long term and strategically has not been evidenced, I submit, since Margaret Thatcher.

Jonathan Powell: You would be quite hard pressed to argue that the Civil Service were better at coming up with long term—

Chair: I am not just asking about the Civil Service, I am asking about the system of Government.

Jonathan Powell: If I were to make a political point about Mrs Thatcher it would be purely a political point. Trying to address the Civil Service or Government aspect, it is not only the British Government that has trouble thinking strategically. Nearly every Government you look at around the world struggles with this and tries to find solutions. There are a number of reasons. One is that civil servants and Departments are slightly inclined to self-censorship. What they tend to do is think of all the possible policy ideas and rule a whole lot out on the grounds that they are not going to work politically. They would be better off coming up with those ideas and allowing the politicians to decide that they are not going to work politically; so they give them the whole palette of choices they might have and then the politicians can say, "That one will not work politically but this one might", because they might have a different judgement. There is a degree of self-censorship among civil servants in that regard.

In terms of strategy, we tried a number of different approaches. From the No. 10 point of view we tried to encourage Departments to come up with ideas. We got to the stage later on of introducing strategy units in Departments because we found the strategy unit we set up quite useful. You had the CPRS under Ted Heath, which was quite good at coming up with ideas. Mrs Thatcher did not like it because it came up with ideas that ended up in the newspapers first, so she closed it down. It is possible to have units inside Governments that do that long-term thinking and they do not necessarily need to sit in No. 10, as the strategy unit did not by the time we finished in Government.

Q749 Chair: When we proposed strengthening strategic thinking the conclusion I reached was that it needs to be covered by the Official Secrets Act and needs to be treated as one of the agencies in order to think strategically. Otherwise it leaks too easily, is not treated with sufficient respect, people will not trust it and it will get closed down.

Jonathan Powell: Yes; I am not sure about the Official Secrets Act, but you do need to convince people that blue sky thinking is better done in private than in public.

Q750 Chair: It comes down to leadership, does it not? Unless the people at the top, the politicians, are really hungry for different and challenging ideas, they are not going to get different ideas and challenge; they are going to be given the mush that the bureaucracy thinks they want.

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Jonathan Powell: Yes, although even when they do want challenging and new ideas, in my experience it is sometimes difficult to get them. There is also the effect, when parties have been in power for a long time, that people lose the will to come up with those ideas.

Q751 Chair: Is that not a question of leadership?

Jonathan Powell: I was going to say that with Mrs Thatcher—who I think no one would accuse of not showing leadership—over time there was less imagination shown by Departments because more and more decision making was absorbed upwards. I watched it during my career. Decisions that would have been taken at a much lower level, where people would have to come up with imaginative ideas and implement them, went ever upwards to the stage where nearly all decisions were being made, in foreign policy terms, in No. 10 rather than in the Foreign Office. Once that happens, the capacity for independent and individual thought inside the Departments gets etiolated and that is a problem.

Q752 Chair: How do we need to adapt Government and the relationship between Ministers and their officials, as well as the administrative structure itself, to meet the challenges of the next 20, 30 or 50 years in this very dramatically changing environment, which is very different from Margaret Thatcher's day?

Jonathan Powell: I have suggested a number of ideas, the most important of which, in my view, is making the thing more porous, with more people going in and out, so you are getting some of the skills from outside and people who have adapted to the modern world who break that *pensée unique*. There are also structural things you can do. In terms of strategy, if Departments have strategy units that are well led and valued by their Ministers and by No. 10, it can make a real difference. You will get interesting, exciting ideas. In terms of energy policy, we had some big successes from the strategy unit working for No. 10 coming up with really interesting, imaginative ideas, which looked at the future and the danger of the lights going out, and came up with answers, some of which were very difficult, like nuclear power. You can do that—it is not impossible—but you need leadership, you need ideas and people coming from outside, and you need structures that allow that sort of thought, in my view.

Q753 Alun Cairns: Mr Powell, you were talking earlier about how the power lies in the Departments, as No. 10 has limited resources and more influence than spending power. Therefore, do you think that the federal system of the Whitehall Departments is the best way?

Jonathan Powell: I was quoted 20 years ago saying I thought we wanted a more Napoleonic system. Of course, I should not have used a word with a foreigner involved because it immediately led to the wrong allusion. I do think that there needs to be more command and control from the centre if the system is going to work effectively, yes.

Q754 Alun Cairns: What positives or drawbacks do you then see in that?

Jonathan Powell: The drawbacks would be if the Departments become even less inclined to independent thought and simply become regimens for doing what they are told, because you want them to think and to argue but you do not want them to stop things happening. That is the downside of it. The advantage is that you would have a coherent Government. If you think about it as a car, if all the wheels are pointing in the same direction you have more chance of getting where you are going than if they are all pointing in different directions, which is what is happening at the moment.

Q755 Alun Cairns: Can we achieve the positives you have talked about with strong leadership but with the federal system?

Jonathan Powell: Yes you can, but it requires people to think about how they are constructing it and, particularly, for civil servants not to lose the will to argue. It is very important that they argue back, but that when the argument is settled, by the Minister deciding which way they are going, they do not carry on the argument but implement the policy.

Q756 Chair: You touched on quite an important drawback of just taking more power of direction to the centre. Are we not already seeing the effects of this? Is not one of the problems that Departments themselves feel emasculated? Who feels responsible for getting things done in a Government Department if No. 10 are constantly resetting the targets and recalibrating the policy? Nobody.

Jonathan Powell: That is one of the reasons I would name officials responsible for implementing particular aspects of policy, who would be rewarded or would suffer some consequences if the policy did not happen. If they are being frustrated by other things happening that are stopping them doing it, insufficient funds or whatever, they would have the chance to talk about that. At the moment no one is responsible; that is a problem.

Q757 Chair: We know who the Permanent Secretary is and we know who the Secretary of State is. They are responsible.

Jonathan Powell: That just takes you back to the old dropped bedpan problem. It does not solve the problem at all. You need someone who is implementing the policy to feel some responsibility for it, so it needs to be at a lower level. The other thing I was going to say is that one of the innovations that has happened, which I think is important and can make a big difference, is devolving more to a local level: some of the joint task forces we set up at local levels, such as the Youth Offending Teams, where you bring together different Departments and the Total Place budgets. There are problems with them, but they can make a real difference. What I would like to see is more innovation at that level, at the most local level, where people have budgets they can vire between the problems they face.

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Q758 Chair: Imagine what it is to be a Secretary of State where No. 10 is taking more directive power to the centre and identifying named individuals, your subordinates, who are made more directly accountable and responsible for what is going on. The Permanent Secretaries and the Secretaries of State are becoming emasculated. They are losing their influence. The Cabinet is becoming a less meaningful body as the bringing together of all the great Departments of State.

Jonathan Powell: If you think of the analogy of a private company, if you make the sales manager responsible for sales, it does not mean the CEO does not have any responsibility. I do not think that is right. In the modern world, most companies and most charities are devolving power both downwards and upwards. That is what we have done with devolution in Britain as well.

Q759 Chair: That may be another issue, but have we not just created a kind of *melée* of such complexity that you would actually need to be a new Machiavelli in order to navigate this extremely complex system. Lines of responsibility are now so confused that nobody is responsible.

Jonathan Powell: That is exactly why I am saying that there should be named individuals who are responsible for implementing particular policy areas—not coming up with the policies but implementing them. The Secretary of State should be responsible for the policy direction, and the Cabinet and the Prime Minister should be responsible for policy direction, but you want a named person implementing them who is accountable to the Minister. They should not be accountable to anybody else, but accountable to the Minister who takes the blame in the end.

Q760 Chair: Look at the way we have been struggling with the UK Border Agency under this Government and the previous Government. We know who the head of the UK Border Agency is: he is just the one that gets sacked when it goes wrong now, even though he would argue it was not his fault but it was the direction he was given or the latitude he was given by the Secretary of State. What we have done is divide responsibility and accountability so that there is none.

Jonathan Powell: There is no logical reason why that should be done, it just means that people are not being held to account as they should be.

Q761 Chair: There is a failure of leadership.

Jonathan Powell: Possibly there is in that case. I do not know anything like enough about the UK Border Agency, but I do not think that by dividing accountability and responsibility you make it weaker; you can actually make it stronger.

Q762 Chair: Ultimately, do politicians not get the civil servants they deserve? We run the system, we are the Ministers and the Prime Minister and we hold them accountable. The system is as the politicians want it to be. If it is a mess and if, after 15 years, we have not been able to bring about much improvement, whose fault is that?

Jonathan Powell: We get the politicians we deserve because we vote for them. Civil servants are much harder to change because no one has voted for them and they have been there for a very long period of time.

Q763 Chair: Should the politicians stop blaming the civil servants and start taking more responsibility themselves?

Jonathan Powell: That is probably true historically of all Governments, yes, but I would much rather people concentrated on how those changes can happen. It is not impossible to change the system, it is just a very difficult problem and people need to focus on it for a long period of time, instead of the rolling series of small reforms we have had over a long period of time.

Q764 Chair: But if the leadership is inconsistent, short term and more concerned with headlines and news management than long-term objectives, the civil servants are going to be the same, are they not?

Jonathan Powell: Yes, but I am not necessarily accepting that that is the case. It will certainly have that result. One of the things I thought you were considering was a Royal Commission. I am a bit of a fan of Royal Commissions, having started my career in the BBC doing an Analysis programme on the Royal Commission on Health. There is a strong case for a really good look at the Civil Service—properly, right across the board and thinking about how to change it rather more dramatically. One of the mistakes we may have made in Government was trying to make a series of incremental changes, hoping that would make things better. I think you need to look at the whole system. What you tend to do is introduce perverse incentives. If you change one bit over here and one bit over there they work against each other and you would be much better having an overall plan, like a new Northcote-Trevelyan.

Chair: That would be the first Royal Commission for more than 60 years, more than 55 years after the Fulton Committee.

Jonathan Powell: On the Civil Service, yes. There have been other Royal Commissions.

Q765 Chair: Would you want this Royal Commission to look at the relationship between Ministers and civil servants?

Jonathan Powell: I would have it look at the whole structure of the thing to see whether they could find a way in the modern world to make it more responsive, more imaginative and more innovative without undermining the political independence.

Chair: But it would have to look at the role of Ministers as well as the role of civil servants.

Jonathan Powell: Yes. I think there is a very good case for looking in particular at the role of Junior Ministers, which I gave evidence on to this Committee, or a Committee, at some stage.

Q766 Chair: Would you favour a Tyrie Commission-style Parliamentary Commission, as opposed to a Royal Commission.

Jonathan Powell: As I said, I am a bit of a fan of Royal Commissions so I would go for a Royal

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Commission to bring in a lot of outside expertise. I am not an expert on any of this; that is just my thought.
Chair: Thank you for that, we very much appreciate it.

Q767 Kelvin Hopkins: Can I take issue with your view that we do not have sufficient strong leadership? Look at what New Labour did. New Labour first of all stripped out opposition in the party. That was done by Mandelson, essentially controlling selections and getting a big majority for New Labour in the parliamentary party. Then the Cabinet became a cipher, effectively, over time. I understand that some Cabinet Ministers, if they spoke out of turn, were taken aside and told, “You do not do that, you listen to the leader.” There were very powerful special advisers: Andrew Adonis is one in particular who really took over the Department for Education. He made the Secretary of State a bystander and drove through what he, and presumably the centre, wanted. They tried to get control of the media. The media were really seen as enemy in opposition. The only group they could not really control very well were the civil servants. Even they were marginalised to an extent. I have described what happened as not Machiavellian but Leninist. It was democratic centralism, which is the model you want, which has a very strong centre, where the centre decides things and ideas are fed out from the centre. It was not a democratic system where you have checks and balances and ideas and power feed up from the grassroots and ordinary people, but driven through by a wilful leader in a way that Lenin would have understood. Is that what it was about?

Jonathan Powell: No. I should say Andrew Adonis was a very effective special adviser and a very effective Minister subsequently and made some real changes to this country of which this country can feel proud. It was not a Leninist system. As I say, the guilty secret is how little power rests at the centre. We do have a very effective system of checks and balances in this country. There is an economist called Mancur Olson, who talks about the way that interference builds up in an economy. This applies to a political system too. When you have a political system unchanged for a long period of time, the checks become so sticky that nothing can get done at all. What you had was a New Labour Government that wanted to reform the country. It came in and it found it difficult to get reform done. The notion of the Civil Service as a guerrilla army running around and resisting the hegemony of New Labour is not correct. They were trying to do it but there was a culture built into it that made it difficult for them to do; it made them very cynical about change and new policy innovations. Despite that, a large number of changes were made and some of the results of those are now being seen. I think it was a big success.

Q768 Robert Halfon: How would you regard the Downing Street operation now, compared to when you were in charge?

Jonathan Powell: I do not think I am competent to comment on it; I do not know.

Robert Halfon: There has been a lot of talk about special advisers and that the Government does not have enough special advisers.

Jonathan Powell: I do know that it has more special advisers than we had at Number 10.

Q769 Robert Halfon: But political advisers across the board. Do you think the Government should have more political advisers or not?

Jonathan Powell: As I said earlier, there is a case for a greater degree of politics in Departments and possibly in No. 10. It is ridiculous to think that you can take politics out of the way that Government is run. It is about politics. But it is very important to keep a distinction between permanent civil servants and political appointees. The danger is if you do not have special advisers who can be sacked as soon as the Government or the Minister goes, you instead have civil servants who bend their view in order to fit with a particular Minister or Prime Minister. That is dangerous, as you inadvertently politicise the Civil Service. There is an advantage to have more special advisers, both expert and political.

Q770 Robert Halfon: You indicated in your book that a lot of your time was spent on man management, building relationships and soothing egos. You said that you had pretend strategy meetings with John Prescott in order to make him feel he was part of strategy meetings, and then you had the real strategy meetings without him. Do you think there needs to be a lot more of that in current politics? The criticism of the Downing Street operation is that there is not enough man management and it would benefit from that.

Jonathan Powell: Managing Cabinet Ministers, luckily, was not my job. It was done by Sally Morgan, Anji Hunter, Ruth Turner and others, so I did not have to spend much of my time doing it, and would not have been particularly good at it. As for this No. 10, I do not know. It has a Coalition Government so it must make it more difficult, but beyond that I honestly do not know.

Q771 Robert Halfon: But do you have a view on how the Downing Street operation is being run? You must have a view, as an outsider, having been in it.

Jonathan Powell: I was in it but I am not in this country much and I do not really feel competent to talk about it. I have not seen massive complaints about it, but it may just be that I am not reading the right papers.

Q772 Robert Halfon: What would you do to reform the Prime Minister’s Office now?

Jonathan Powell: We had a debate several times in Government that I have written about, between going for a Prime Minister’s Department and making it into a big powerful organisation at the centre. My brother worked for Mrs Thatcher for a long period of time and he was of the view that there should really only be one or two people in No. 10—usually him. My view was that it should be bigger than that to cope with the challenges of the modern world.

We had one official from the Kanzleramt in Germany, who came and studied with us for two weeks, looking

at the way No. 10 worked, to see whether, under Schröder, they could introduce similar reforms in the Kanzleramt. Before he went back he asked to see me and said, "Whatever you do, do not turn yourself into a Kanzleramt. Do not become a huge bureaucratic organisation." In the Kanzleramt they have Abteilungen shadowing every single Department in Government. That is partly because in Coalition Governments they must have representatives, and they have to have pre-Cabinet meetings and all these kinds of things, but it becomes a huge bureaucracy.

My conclusion in the end is that it would be a mistake to turn No. 10 into a large, powerful Prime Minister's Department with lots of people and lots of money. It is better to have something that has reasonable staffing but is relatively small and relatively responsible of the Prime Minister's will, so that when someone rings up and hears "This is No. 10" it is not some young person who has no idea what the Prime Minister thinks, but someone who knows what the Prime Minister thinks. There are reforms I would make but I would not turn it into a large Prime Minister's Department.

Q773 Robert Halfon: Am I right in saying that you suggest having an Office for Budget Responsibility in order to counteract the Treasury?

Jonathan Powell: No, not to counteract the Treasury, on the contrary. In the United States there is the Office of Management and Budget, which is a very powerful body inside Government that co-ordinates the personnel and policy issues and the money and brings them together. Some other European Governments have similar bodies. I think it would be a good idea to take the spending function out of the Treasury, put it together with the management function of the Cabinet Office and have one central Department that is not headed by the Prime Minister but has its own Cabinet Minister who will be in charge of it, a very powerful Minister, to co-ordinate those things and make sure that when you are setting targets for Departments you have money that goes with it. The danger we had was that Gordon would set a whole series of targets with money and we would set other targets with no money, so you ended up with a mess. What you want is to have those two things co-ordinated.

Q774 Robert Halfon: Is the Office for Budget Responsibility a step towards that or not?

Q775 Jonathan Powell: No, as I understand it, that is doing something rather different. It is looking at the numbers and confirming them independently. That is something completely different. The OMB in the United States brings together the spending functions and the personnel functions. That is what I would do.

Q776 Chair: I think what you are recommending is that No. 10 should remain small; Secretaries of State and Permanent Secretaries should remain powerful and accountable; there should be more delegation within Departments to named individuals to improve accountability within Departments, but No. 10 should not be trying to second-guess every detail of Government policy in every Department. Does that

not mean that No. 10 needs to do less in order to do it better, and should concentrate on the things that are important and not try to do everything?

Jonathan Powell: No. 10 should certainly not try to do everything. It could not possibly do it, even if it wanted to, given the number of people there. By necessity, in our system, it does have to avoid political traps and therefore look out for problems. As I guess this Government discovered, if you let health policy go off on its own, unchecked by No. 10 and unchecked by the centre of Government, some disastrous things happen and you suddenly realise and have to recreate the policy unit, bring people in and try to rescue it. That is a problem. You do have to watch out for those traps; you cannot just let a thousand flowers bloom. In terms of driving priorities, it should concentrate on a very small number of priorities that the Prime Minister has and try to make sure that they are delivered to the best of its ability. I favour devolving powers. One of the great things we did in Government was to devolve power to Scotland, Wales, Northern Ireland and to local government. You want to do two things at once: have a more focused centre, and more power and more imagination at lower levels, particularly local levels.

Q777 Paul Flynn: As an occasional supporter of the Blair Government, my feelings about them were that they were timid when they were right and courageous when they were wrong. I am quite surprised to hear you say that an example of the brave new world that Tony Blair brought in was the change of mind on nuclear policy. That took place in 2007 when the official policy was that nuclear power was economically unattractive, and the basis for the change of policy was the belief that the advanced gas-cooled reactors were going to run out their lives in a short period and leave an energy gap. This was a falsehood, and months after the decision to go ahead with nuclear power was taken, the lives of the advanced gas-cooled reactors were extended and there was no energy gap. Look at the present chaos, with Électricité de France demanding a 40-year guarantee price for electricity that is double the original price—this is going on currently. To take something where they were timid when they were right, the Birt Report on drugs suggested an alternative policy that was very similar to what Portugal has implemented very successfully. Is this true: were they timid when they were right?

Jonathan Powell: I think we were certainly timid. I guess I might agree with the first part of your dictum rather than the second bit. I do not think we were necessarily bold when we were wrong, but we were quite often timid when we were right and did not push it. I am not the person to give evidence on energy policy, but I think it was right to identify the energy gap that was coming and to find a way of dealing with it. You may disagree with nuclear power but that seemed to us to be the only way to fill that gap, because you were not going to be able to do it just with renewables.

Q778 Paul Flynn: You say you are not qualified, so we can judge the value of your contribution from that,

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but you did identify it. The Birt Report had to be leaked—it was not published—but it is probably the most progressive document on drugs by any Government in the last 60 years. Blair turned away from it.

Jonathan Powell: You told me that I am not qualified to answer, and you are quite right. I am not qualified on drugs either, but I rather agree that John did come up with a very radical report. It was so radical that it had Ministers running away from it straight away and leaking it to try to kill it off. That is one of the reasons why No. 10 is not strong enough. Sometimes, if you have very strong resistance and it is not top of your list of priorities, you tend to run away from these things.

Q779 Paul Flynn: On Permanent Secretaries, 18 of the Permanent Secretaries have been changed and only two are still in position. We have just had a very interesting situation involving a person who was approved by the Secretary of State, Ed Davey, and by a committee of civil servants, including Bob Kerslake who was on the committee. They approved David Kennedy as the future Permanent Secretary. He was turned down by David Cameron, presumably on the grounds of pressure from the global warming deniers on the Back Benches, who have been coming into the ascendancy now in the Conservative party. Is this a desirable thing to do, that there should be political appointments of Permanent Secretaries, or should it be left to the traditional system of keeping it apart from political interference?

Jonathan Powell: I know nothing about the case you raise so I cannot comment on it. I think there is a case for Ministers being involved in senior appointments. It is a delicate issue because you do not want to politicise them, as you suggest, but at the moment they can choose their private secretaries and it seems to me that they should also be able to have a say in their Permanent Secretaries. I think it probably should include No. 10 from that point of view. If they were appointing people for purely political reasons—in other words, they were choosing someone they thought was more Tory than Labour—that would be a real problem. However, to deny Ministers a say over the people they are going to work most closely with is quite dangerous, because then you end up with them not working with each other and things not getting done. There is a very British type of balance that needs to be struck in the terms of those appointments.

Q780 Paul Flynn: You present a view of the Civil Service that is probably novel for this Committee and we want to take it seriously because of your great experience of these things. Is it really true that there is a spring in the step of civil servants when they come in to work in the mornings and think they are going to implement the Third Way or the Big Society?

Jonathan Powell: You correctly say that if they are left with very vague aspirations they find it very difficult to implement and very frustrating. In my experience, and I can only speak on the basis of 16 years—in the Foreign Office, not a domestic Department, and my years in Number 10—civil servants like to have a concrete clear policy and clear

decision and then to implement it. That is what they really like to do.

Q781 Paul Flynn: You quote Machiavelli as saying that princes are at their best and their happiest when they are taking the big decisions like going to war. The result of this is what we have now, where we remember the name of Margaret Thatcher, but there has been no mention of Jamie Webb, who was the 441st person to die as a result of the hubris that inspired the Prime Ministers who all love to be at war. Thatcher did, Blair did and so does Cameron. They pull on the Churchillian rhetoric. Is this something you think is admirable in civil servants? We think of civil servants as people interested in stability, moderation and holding politicians back from taking decisions that involve the chaos and futile deaths of the wars we have seen in Afghanistan and Iraq.

Jonathan Powell: Let me correct you on one point. In my experience, Prime Ministers do not like going to war. They actually find it personally very difficult indeed to make those sorts of decisions and they feel very personally the deaths that result, both our own servicemen and the people who suffer in the countries where the wars are happening. I do not think it is right to think that somehow Prime Ministers are gung-ho and dying to get up to their arms in blood. They are not like that. They want to avoid wars wherever they can. They only go into wars where they feel they are forced to.

In terms of civil servants, I think it is very important that civil servants challenge opinions when they are put forward, particularly when they relate to life and death issues such as war. It is important that they are engaged in discussions and important that the issue is argued out. What you do not want is *pensée unique*, where one person is saying, “This is what you must do” and everyone just goes along with it. That is the role of the Civil Service and, to the best of my experience, the role it tries to fulfil.

Q782 Paul Flynn: In your book you state: “It is desirable that Number 10 staff should not be directly answerable to Parliament” but that individual named civil servants should be held accountable for particular projects. How do you think the civil servants and special advisers should be held accountable for their performances?

Jonathan Powell: The point I was trying to make about accountability is that civil servants should be responsible to their bosses—to the Permanent Secretaries and to the Ministers—for delivering on particular objectives. In terms of accountability to Parliament, there is a problem. We developed a system, relatively recently, of civil servants giving more and more evidence to Parliamentary Committees. The danger is that they then lose accountability to their Ministers, particularly in No. 10. I was in favour of the Prime Minister being the person who answered for things that happened in No. 10, not the civil servants appearing before Cabinet Committees to answer for them. If you start taking it down to that level, within No. 10 in particular, basically what you end up with is a political bun-fest rather than serious discussion.

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Q783 Paul Flynn: You write that your brother was protected by the system from giving evidence on Westland Helicopters, but you disagreed with Alastair Campbell, who wanted to give evidence to the Committee on the Iraq War, on the Gilligan incident. Do you still believe that civil servants should not give evidence at Select Committees?

Jonathan Powell: For the reason I just gave, I think civil servants from No. 10 should not give evidence to Select Committees—for the rules that have existed for a long period of time. I would be in favour of maintaining that, yes.

Q784 Paul Flynn: Do you agree with the view that the overriding ethos of the Civil Service is the unimportance of being right? Those who are cautious and follow their political masters are the ones whose careers prosper, but for the ones who oppose—like the ones who were opposed to Britain’s involvement in Bush’s war in Iraq—their careers wither.

Jonathan Powell: No. I think the first part of your statement is correct. There is a problem of excessive caution because the way the Civil Service, the rewards system and the reporting system is structured is a one-way bet. It is much better to be cautious and not to make a mistake than it is to suggest something innovative that could produce wonderful results but might fail. That is the problem we have with the Civil Service at the moment. I do not think it is the case that people who oppose things politically have their career wither. On the contrary: I have seen people go on to ever higher things if they have done such things.

Q785 Paul Flynn: One of the past mandarins reported that 75 Acts that went through in the last Government—they went through all the stages and were signed by the Queen—were never implemented and nothing happened. Was it a weakness of the previous Government to suffer from legislationitis?

Jonathan Powell: When you say the previous Government do you mean Gordon Brown?

Paul Flynn: No, no, I mean the whole of the 13 glorious years.

Jonathan Powell: I do not think of it as a whole period; I think of it as two periods.

Paul Flynn: There were 75 Acts.

Jonathan Powell: I have no idea, I am afraid, which Acts were not implemented. Tony Blair’s argument was that if you want to change culture and you want things to change, you need to introduce legislation to gear up the system. There is a lot of evidence that that was correct. It is true that many senior civil servants thought there were too many Bills going through, particularly in the crime area. He was strongly of the view, and he was the political leader, that that was the right thing to do and that it made a difference. But the actual individual Bills you refer to, I am afraid I do not know what they were and why.

Q786 Paul Flynn: There is a fascinating part of your book where you describe the final decision on the Dome. This was an almost guaranteed disaster, which had virtually no support in the tea room in this House and no support from the Cabinet, as far as we could see. There was a Committee that met, with everyone

being opposed to the Dome, yet the conclusion that came out was that it was a good thing. I am paraphrasing what you said. Here was something that had “failure” written all over it in large red letters but Tony Blair pursued it to his own detriment. Was this Cabinet Government?

Jonathan Powell: If you read that bit of my book, Tony Blair left the meeting before the decision was made, leaving it to John Prescott. He himself was actually fairly ambivalent about the subject, but John Prescott thought he was in favour and concluded the meeting, therefore, in favour. It was an interesting example of Cabinet Government, where the conclusion was reached without the person who was supposed to be imposing it on the Cabinet. Interestingly, if you look back on the Dome now, the Dome now seems to be a great success; it is a fantastic venue in London and is widely used. The actual launch of it was not anyone’s idea of a success, or the content of it, but the actual building itself has turned out to be a real landmark in London. Funnily enough, you may end up sometimes with a success even if you start with a failure.

Q787 Paul Flynn: You do have a reluctance to be self-critical about your period in Government, I am afraid; that is the impression I have from your evidence this morning. It obviously was a golden age in your view, although perhaps not in everyone’s. The point was that a Cabinet discussion was held, apparently nobody was in favour, but the conclusion was passed to the absent Prime Minister of, “This was fine, carry on, we are all behind you.” Is that true? Is that Cabinet Government as we know it?

Jonathan Powell: I have quite strong views about Cabinet Government, which I have written about at length, but I do not know that you necessarily want to hear them all over again here, so I would disagree with you about the purpose of Cabinet Government. I fear that the Dome thing was, essentially, a rather odd accident but the way it came about was not quite as people thought it was at the time. I do not think it really illustrates anything much about Cabinet Government, apart from how new Governments work. I hope I have not been un-self-critical. There are plenty of criticisms about our time with which I would agree. I do think it is a better period than some people remember it as being, even some supporters of the Government.

Chair: The Dome originated under the previous Government, so let us share the pain as well as the glory for that particular project.

Q788 Kelvin Hopkins: In 2002 you recommended that the role of Cabinet Secretary and Head of the Civil Service should be split into two, with the latter responsibilities going to “a new chief executive for the Civil Service”. Do the dual posts held by Sir Jeremy Heywood and Bob Kerslake fit this model?

Jonathan Powell: Partially. It split the job as we had discussed at that period and again later. What they did not do was appoint an outsider to the chief executive job. They appointed someone who was an insider but had had some time outside, so they did not have the courage of their convictions, when they pushed it

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through, to put an outsider into that job. I do think splitting the job is a good idea, yes.

Q789 Kelvin Hopkins: Bob Kerslake is, relatively, an outsider. He is relatively new to the senior Civil Service isn't he? He was the chief executive of a local authority, and obviously a very able person, but he was an outsider with a lot of managerial experience.

Jonathan Powell: Yes, as I said, he is a partial outsider. I would have gone the whole hog, had I been in Government. I read in the newspapers that they originally intended to appoint a fully fledged outsider, not a recent outsider.

Q790 Kelvin Hopkins: Do you mean somebody from business who has the business ethos rather than the public service ethos?

Jonathan Powell: Not necessarily, but someone who has come directly from outside and has real change management experience.

Q791 Chair: Who did you want? Alistair Burt?

Jonathan Powell: I had no dogs in the race.

Chair: Do I mean Alistair Burt? I mean John Birt.

Jonathan Powell: I think Alistair Burt is one of yours. I did not want John Birt. Do you mean when we were in Government?

Chair: Yes.

Jonathan Powell: No, we never considered John Birt for it. We never got past the issue of principle with our various Cabinet Secretaries, so we never got to deciding on names at all or even considering names.

Q792 Chair: Would it be a business figure?

Jonathan Powell: It could be a business figure.

Chair: A Terry Leahy?

Jonathan Powell: I really had not thought of names, but someone who had real success at turning something around and really bringing about change management would be what I would go for.

Q793 Kelvin Hopkins: Was this really about trying to centralise as much power as possible in the hands of the Prime Minister and the small coterie of people with him? Cabinet became a cipher; the Civil Service was still too powerful so if you split the job you weaken them. You make one a very political job, who can be completely under the control of the Prime Minister and the other one just manages and is not a political figure in any sense. Again, it is focusing as much power in the hands of the Prime Minister, given that Parliament has become tamed by a big majority of supporters of the Prime Minister, the Cabinet has become a cipher and Cabinet Ministers are fearful that if they really stick up and fight they might lose their jobs. The power is really in the hands of this small group of people, yourself included, perhaps Alastair Campbell and the special advisers—who are equivalent to commissars, in my view—to make sure that policies are carried out and the civil servants do what they are told. Is it not just about weakening the core of the Civil Service?

Jonathan Powell: No. By the way, Alastair Campbell had left by that stage. The point was actually, if anything, to remove power from the centre by having

someone who was focusing exclusively on management of the Civil Service and injecting ideas from outside. It would not be a Prime Ministerial appointment from civil servants that he knew; it would be someone he probably did not know from outside who had had an exclusively management job. That would release the Cabinet Secretary, as now, to focus on policy issues and the other issues the Cabinet Secretary needs to focus on. They are two very different jobs. To be honest, you would be much better off in other Departments if you had a similar split. You really want someone who is the CEO, who is running the Home Office, and someone else who is doing the policy and crisis management. To try to do the two jobs at once really conflicts. The Civil Service has never managed to get that stage. The MOD occasionally teeters on the brink of doing that, but has never quite got to it. That, in my view, would be a better way to divide the responsibilities.

Kelvin Hopkins: I could go on, I have more questions, but I shall leave it there.

Q794 Chair: You have lamented the fact that the Prime Minister in our system has very little direct power. Do you think the Prime Minister is strengthened by dividing the office of Cabinet Secretary and Head of the Civil Service so that he has to talk to the Cabinet Secretary about one group of Departments and policy matters, and has to talk to somebody else with regard to the governance of the Civil Service, leadership of the Civil Service and so-called delivery Departments? Do you think this makes the Prime Minister stronger or weaker?

Jonathan Powell: I do not think it makes any difference to the power of the Prime Minister, but it might make the jobs better done.

Q795 Chair: It makes it more complicated, does it not?

Jonathan Powell: There is some crossover, but not a huge amount, between those two functions. If you are really trying to reform the Civil Service, to do it as a management job, that is a very different job from managing policy, coming up with policy ideas and the other things the Cabinet Secretary does. It is very difficult to have someone with the right skill set to do both those jobs; they do not often go together.

Q796 Chair: I think it was Lord Armstrong who commented to us that when it was suggested to Lady Thatcher—or Mrs Thatcher as she then was—that the job of the Head of the Civil Service and the Cabinet Secretary should be divided, she remarked, “We do not want to go back to a Pinky and Perky arrangement, do we?”

Jonathan Powell: She was, of course, the person who abolished the division in the first place when she came in, sacked the Head of the Civil Service and merged it into one job with the Cabinet Secretary. It had been separated before, although not with an outsider. I think she was wrong.

Q797 Chair: The Prime Minister is Minister for the Civil Service, so there is a divided report to the Prime Minister on matters of Civil Service. We have already

seen that the Cabinet Secretary might take the Treasury's part in a row about universal credit because the Permanent Secretary at DWP does not report to the Cabinet Secretary; he reports to Sir Bob Kerslake. It has created division in Government.

Jonathan Powell: I do not think that is right. In the old days you would still find the DWP resisting it, even if it was the Cabinet Secretary signing off on his report. One of the problems is that Permanent Secretaries do not pay attention to the Head of the Civil Service or the Cabinet Secretary. It is one of the bits that is missing in a command and control structure. They regard themselves as feudal barons, dependent on their Secretaries of State and their budgets, and not answerable to the Cabinet Secretary or anyone else.

Q798 Chair: What qualitative difference do you think it would make if the Head of the Civil Service was the Permanent Secretary in the Cabinet Office, rather than a part-time Permanent Secretary in another Department?

Jonathan Powell: Making them a part-time Permanent Secretary is quite tricky, I agree. I would have had someone from outside and was CEO of the Civil Service sitting in the Cabinet Office and not responsible for any particular Department but simply responsible for all the Departments. It would be back to the old Head of the Civil Service, but not Head of the Treasury at the same time.

Q799 Chair: Finally, can I ask about your confidence in the future of the present system? Do you feel that the Civil Service Reform Plan is addressing the continued concerns that people legitimately have about the Civil Service? You have already commented that you think we need a wider and deeper look at it through a Royal Commission, or a Parliamentary Commission. What is your prognosis of the present system if we do not do this reconsideration in the modern context of our system of Government?

Jonathan Powell: It will muddle along, as we always do in this country. It will continue much the same. We will still be a well governed country, relatively, but we will lose opportunities to be better governed and to get more stuff done that Governments want to get done. It would be a lost opportunity. From the experience of lots of bitty bits of reform cobbled together, you would be better off with a root-and-branch look at it through a Royal Commission. That would be my view.

Q800 Chair: Do you not think we are seeing an increase in the incidence of systemic collapse in bits of Government? John Reid, as Home Secretary, announced that the Home Office was not fit for purpose. There was the breakdown of the UK Border Agency and the Immigration Service. One thing after another seems to be reaching crisis point. Do you not think that this indicates that the ship of state is becoming unsteady?

Jonathan Powell: No I do not think so. You can look back at the BSE crisis, when we came into Government, and previous crises where Ministries really were getting into terrible difficulties; this is not

the first time this has happened. Maybe in the modern world it happens with greater regularity and happens more often.

Q801 Chair: BSE is a different case; BSE was an external shock.

Jonathan Powell: Yes, but the Department struggled and failed to deal with it.

Q802 Chair: Dare I mention foot-and-mouth? There was exactly the same problem. The Home Office not being fit for purpose and the collapse of the UK Border Agency are internally driven systemic problems—the problems we have in HMRC. These are internally created crises.

Jonathan Powell: They are not; they are created by the crisis outside, like being overwhelmed by the numbers of immigrants or overwhelmed by the ability to cope with the paperwork concerned. They are systems that are not functioning in the face of an outside challenge. If the outside challenge continued the same they would still muddle along.

Q803 Chair: But you do not see us on a particular upward trend or downward trend?

Jonathan Powell: Again, I am not sure I am really competent to talk about it. I suspect what is happening is that things are happening more often, because the modern world involves more different challenges, and there is more transparency about the failures that happen, rather than their being covered up. That is what I would suspect is happening, but I am not any sort of expert.

Q804 Chair: If the Government will not carry out this root-and-branch reconsideration and reassessment of the role of Ministers in the Civil Service, is that not in itself a failure of leadership?

Jonathan Powell: They will make their own decisions, no doubt on the basis of—

Chair: I hear the civil servant in you coming out.

Jonathan Powell: On the basis of what they want to achieve. They have to decide what their priorities are. They may have other priorities, but for me, one of the priorities would be to try to make a really root-and-branch effort to tackle this problem, rather than just to leave it to lots and lots of little crises and little reforms.

Q805 Kelvin Hopkins: Could I make one point about the UK Border Agency and HMRC? I agree with you, actually, that it is outside factors that cause the problem. Governments, first of all, refused to staff the UK Border Agency to a sufficient level and invariably were much more relaxed about immigration than they should have been. It became less disciplined and less good. I know people who worked at the UK Border Agency down in Croydon and they say that it is chaos because there are mountains of files and backlogs with not enough people doing the job and not enough permanent staff with skills. In HMRC, in my view, they were wrongly given the responsibility of handing out benefits, when they should be a tax collecting body, and staffing was cut, cut and cut again and they became a weaker body than they had been

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20 or 30 years previously. It was outside factors that made them weak, not internal problems with weak civil servants. Is that not the case?

Jonathan Powell: I am not competent to comment. I suspect that if I looked at it I would probably end up agreeing with you, but I do not know enough to be sure.

Q806 Paul Flynn: You provoke us into more questions, I am afraid. You mentioned BSE and you give an interesting story of how Ron Davies, as Secretary of State for Wales and Jack Cunningham at Agriculture charged in and demanded a ban on certain types of meat—

Jonathan Powell: Beef on the bone, yes.

Paul Flynn: On the basis of the usual political mistake of taking decisions on the basis of perception, prejudice and pressure. Tony Blair, who was not well versed in these matters, took the wrong decision on that. Is this not one of the curses of politics: instead of looking at the big picture, stepping back and taking an evidence-based decision, they are subjected to pressure, perception and prejudices? That decision was a poor decision, like so many other political decisions taken by Governments.

Jonathan Powell: That is the point I am making in the book. Particularly early on in Government you tend to

get yourself rolled into these decisions and rushed into them by people coming in and telling you that you must take a decision now, when in fact you do not have to take a decision now and would be better off thinking about it and making a more considered judgment. I agree. In my experience, people change their minds and deal with things better the longer they have been in Government and the better they are able to manage the Government machine, but it is a real danger all the time.

Q807 Paul Flynn: The problem was that in that case, even in the worst possible case presented by the two Ministers, the problems would have been of protozoan dimensions. They would have been tiny: half a dozen possible problems across the whole United Kingdom. That is the great weakness of Government; would you agree?

Jonathan Powell: I do not know if it is the great weakness, but it is a great weakness.

Paul Flynn: Okay thanks.

Chair: Thank you very much indeed for your evidence today. It has been fascinating to gain an insight into your own experiences and to hear your perspective. I am grateful to you. Thank you very much indeed for coming.

Thursday 18 April 2013

Members present:

Mr Bernard Jenkin (Chair)

Alun Cairns
Paul Flynn
Robert Halfon

Kelvin Hopkins
Greg Mulholland
Mr Steve Reed

Examination of Witnesses

Witnesses: **Sir Jeremy Heywood KCB CVO**, Cabinet Secretary, and **Sir Bob Kerslake**, Head of the Civil Service, gave evidence.

Q808 Chair: Good morning and welcome to this further evidence session on the future of the Civil Service. We have deliberately drawn our title much wider than the Civil Service Reform Plan, asking the question, “Does the Civil Service Reform Plan actually address the future of the Civil Service?” I wonder if our two distinguished witnesses could introduce themselves for the record please.

Sir Bob Kerslake: Bob Kerslake, Head of the Civil Service and Permanent Secretary at the Department for Communities and Local Government.

Sir Jeremy Heywood: Jeremy Heywood, Cabinet Secretary.

Chair: Thank you very much for being with us today.

Q809 Paul Flynn: Mr Kerslake and Mr Heywood, will you now apologise for the overtly political nature of the article that you penned in the *Daily Telegraph* on Monday, which was a clear breach of the traditional neutrality of the Civil Service?

Sir Jeremy Heywood: No, I do not think we will apologise for it. We did not think it was a political article at all. It was not intended to be such.

Q810 Paul Flynn: The main controversy going on in the country that may have passed you by is on the verdict on Margaret Thatcher’s period in Government. This is something that divides the country and divides this House, and it is the hottest political issue at the moment. Some claim that the Conservative Party is presently trying to gain advantage on the basis of her reputation. Others have held back because in the circumstances they did not want to be as critical as they should be on this. This is clearly the main political issue that divides the country at the moment. You penned an article that was entirely sycophantic about her role and no kind of criticism whatsoever on it. This is not what civil servants traditionally should do. Isn’t it a breach of Civil Service neutrality?

Sir Jeremy Heywood: No, I do not think that is a fair characterisation of the article at all. The article is about the Civil Service’s relationship with Margaret Thatcher as a person and as a human being.

Q811 Paul Flynn: Could you not have found some way for a tiny bit of criticism of the fact that in her relationship with the Civil Service, she actually sacked 171,000 of them? Should it be balanced perhaps by suggesting that some of the things that she did were not as popular with the Civil Service as the shepherd’s pie she served to them late at night?

Sir Jeremy Heywood: I do not think the purpose of the article is to praise her politics or to attack her politics. It was to express some views that serving and former civil servants had about what she was like as a boss.

Q812 Paul Flynn: That is outrageous. Look at the article. Every word in it was in praise of Margaret Thatcher. It may be entirely justified; other people have praised her as well. We have had a whole week of this. We have had debates in this House; many of them were balanced and some were not. Your article was entirely in praise: civil servants shoring up some of the exaggerated things that were said about her. There was no question of any attempt of balance, saying some things she did perhaps were not perfect. It was a hagiography.

Sir Bob Kerslake: I re-read the article—

Paul Flynn: I have indeed. I have it before me. I read it several times. I have it here; I have it on my laptop. I read the article entirely. It is uncritically in praise of Margaret Thatcher. You are the Head of the Civil Service. If one of the civil servants in a humble position in my constituency were to act politically and praise the Labour or Tory leader of the local council, they would be disciplined. Why should the heads of the Civil Service be allowing themselves to be used in this way?

Sir Bob Kerslake: Let me just say that I re-read the article again this morning and I entirely back Jeremy’s view that the article was about the reflections of civil servants at the time of how they found working with the Prime Minister.

Q813 Paul Flynn: Okay, but do you not believe there is a controversy going on? It is very rare to have the effigy of a former Prime Minister being burned, as happened yesterday in this country; it may be very reprehensible. We go through the lot. I represent a town that is full of steelworkers. I worked in the steel industry for 30 years. There is great bitterness about Margaret Thatcher, not because she imposed financial discipline on the industry but because of the air of vengeance. The steel workers, like the miners, had been on strike and they feel great bitterness against her. They have been very restrained, I believe, and so have I as their representative here. You, though, have put an article in the paper that has been the most sycophantic towards her memory and you, as top civil servants, have supported the political campaign to establish her as a saintly figure.

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Sir Bob Kerslake: We are going to have to agree to differ on this point.

Chair: Shall we have a short answer on this and move on?

Sir Jeremy Heywood: I just do not accept that at all. I do not think it is sycophantic. It is an accurate description of what civil servants who used to work for Margaret Thatcher, both current and former civil servants, think she was like as a boss. It did not make any comment one way or the other about her politics. Whatever you might think about Margaret Thatcher, she was definitely a historically significant figure. Both sides of the House of Commons have accepted that over the last week, and I think it is perfectly legitimate for the Civil Service to articulate some thoughts on the subject.

Paul Flynn: Many of us have made some points.

Chair: Mr Flynn, order.

Paul Flynn: This gives open sesame to all civil servants to involve themselves in politics.

Chair: Order.

Sir Jeremy Heywood: I do not think so.

Q814 Kelvin Hopkins: I do strongly support what my colleague has been saying. Paragraph four refers in glowing terms to “the abandonment of exchange controls and prices and incomes policies, the introduction of Right to Buy, a major overhaul of industrial relations law and the world’s first privatisation programme”—as though it is a wonderful idea. A lot of us do not think that is. That is a political position. Speaking about her as a personality who was kind and gave civil servants cottage pie in her home and so on is fine, but this is about politics.

Sir Bob Kerslake: If you read the whole of that paragraph, what it says is that alongside all of the things that she did, she also took on Civil Service reform—if you read the paragraph.

Kelvin Hopkins: Indeed.

Paul Flynn: Which you praise uncritically.

Sir Bob Kerslake: It is not commenting on the policies per se, but saying that Civil Service reform formed part of her agenda. As I say again, the article was not intended to be a commentary on her policy, critical or otherwise. It was to describe how civil servants of the day experienced working with her as Prime Minister. It seems to me that is a perfectly legitimate thing for us to write about.

Kelvin Hopkins: I have said what I have said.

Q815 Chair: I would like to move on, but may I just ask for the record: did anyone instruct you to write this article?

Sir Bob Kerslake: No.

Sir Jeremy Heywood: Not at all.

Q816 Chair: And obviously it was cleared?

Sir Jeremy Heywood: It was not cleared, actually. Bob and I decided to do it, we wrote and we discussed it with some of our predecessors, and got some thoughts from them and some anecdotes from people who had worked with Margaret Thatcher directly. At no stage did we get any input from the political side of Number 10.

Q817 Chair: Presumably Craig Oliver had to see it before it went out.

Sir Jeremy Heywood: I think we showed it to him as a courtesy.

Q818 Chair: So this is entirely off your own initiative?

Sir Jeremy Heywood: Correct, yes.

Q819 Chair: It is one thing for former cabinet secretaries, former permanent secretaries or retired civil servants to express their personal opinions about an individual Prime Minister, but can we expect an article from every Cabinet Secretary and every Head of the Civil Service on every former Prime Minister? What would you write about Gordon Brown?

Sir Jeremy Heywood: We will have to wait until that moment comes.

Q820 Chair: In retrospect, do you think that it was wise to enter this controversy?

Sir Jeremy Heywood: Personally I do not think it is a very controversial article. Obviously I have noted the points that people are making here, but if you look at it very carefully it was in no sense supporting her politics. What Mr Hopkins has read out was a series of factual comments about policies she pursued. Everyone can see that the main thrust of the article was really about—

Q821 Chair: What was the article designed to achieve from a public policy point of view?

Sir Jeremy Heywood: There has been a huge amount of public interest in Margaret Thatcher’s premiership over the last week or so, and this was just another contribution to that from the point of view of the civil servants who worked closely with her.

Q822 Chair: Did either of you ever actually work for Mrs Thatcher?

Sir Jeremy Heywood: Not very closely. I was obviously present at certain meetings she had, but no.

Sir Bob Kerslake: Certainly not in my case, because I was not in central Government. For me the purpose of the article was to record the experiences of civil servants who did work with her and how they found it to work with her as a Prime Minister.

Q823 Paul Flynn: It was all hearsay. There was no direct evidence. You were not talking about your own experiences at all in this. It is what you have been told. I cannot understand what on earth provoked you to write this article and to enter into this fierce political debate that is going on and will continue for the future. It is entirely one-sided.

Chair: After this answer we will drop this subject.

Sir Bob Kerslake: Truthfully, Chair, I am not sure we can add anything. We are clear that we were not entering a political debate. We were bringing together the experiences of civil servants on a Prime Minister who was a historically significant Prime Minister.

Paul Flynn: I was going to leave the meeting, not entirely for this reason, but I think there is no point in continuing unless we can press this issue to a conclusion. I believe what has happened is in breach

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of all the traditions of the Civil Service, and I believe you have prostituted your high office and deserted your political neutrality. I believe you have both behaved disgracefully.

Q824 Chair: I think we will move on. If you do not want to ask your question, I will ask your question for you. What do you think are the root causes of concern about the Civil Service?

Sir Bob Kerslake: Let me pick out three things I think are influencing the need for reform of the Civil Service. That is the way I would phrase this. The first is to say there are some very big challenges for the country economically, fiscally and in terms of issues that we face in society, for example in demographics. The Government of the day faces significant challenges, and that flows through to the Civil Service. That is the first point I would make. The second is that we are ourselves going through big change. As I have said previously to the Committee, substantial reductions are being made to the size of the Civil Service; over a period a number of Departments, including the one I also manage, are reducing by more than one-third. We are facing some big external challenges, we are delivering some big reform programmes and, at the same time, we are reducing in size.

That brings a third challenge. Those two facts test areas where the Civil Service has historically not been sufficiently strong. They bring to the fore some of our areas where we are weak. For example, programme and project management, and commercial skills. I would say those are the three things that are playing together: the external challenges, the huge scale of change that is going on at the moment in the Civil Service and in the Government's programmes, and some underlying issues that we have had for a while but now need to be tackled.

Sir Jeremy Heywood: I obviously agree with that. The fundamental point is that on some measures the economy is about 15% smaller than we thought it was going to be six years ago. By some measures it is 10%. Whether it is 10% or 15% smaller, that imposes a huge obligation on all parts of the public sector to look at how they can manage with less resource, how they can become more efficient and how they can respond to rising aspirations and demands from citizens with lower spending. The Civil Service is very much part of the public sector, so we have an obligation to constantly scrutinise how we can do things better. The degree of impatience amongst Ministers, Parliament and the public generally for improved performance is totally understandable. Combined with this requirement to spend less resource, this is a perfect storm of real challenge.

Q825 Chair: These sound as though they are external challenges when in fact Ministers feel that the Civil Service is beset by internal challenges of dysfunction, failure of effective leadership and even of obstructionism. What are the issues that are giving rise to this degree of frustration amongst Ministers?

Sir Bob Kerslake: As I said earlier, Chair, it is not just about the external challenges. The external challenges highlight where we have weaknesses already. That

was the point I was making. We are too federal; we have too much going on in individual Departments; we have systemic weaknesses in particular skills, such as commercial programme project management. There is a perception we need to be pacier in how we do things and less bureaucratic about the delivery of Government policy. We certainly need to have stronger processes for managing performance. All of these things are highlighted in the reform plan and all of them have been present in the Civil Service for a period of time. The challenge we now face makes it even more important that they get tackled. That is really the point I am making.

Q826 Chair: How urgent do you think these challenges actually are?

Sir Bob Kerslake: They are urgent and that is why we are moving at pace in terms of the implementation of the reform plan.

Q827 Chair: You say "moving at pace"; we are three years into this Government and one does not feel there is much pace.

Sir Bob Kerslake: The plan itself was published last June, and we have now formed a team working on this. I can give you good progress on individual actions, but we are moving ahead as fast as we can to deliver those actions. I would just say, though: whilst we are rightly honest and open about where improvement is needed, there is an awful lot that the Civil Service does well and there is an awful lot that it has achieved in the last two years in terms of change. We should not lose sight of that.

Sir Jeremy Heywood: I just want to underline that last point. You started off by saying this is not just about the Civil Service Reform Plan; it is about the Civil Service more generally. If you look at what the Civil Service has achieved over the last three years, it is pretty enormous. We have a huge reform agenda that the Coalition Government has ushered in in pretty much all areas of Government policy, and we have managed to help the Government implement large chunks of that reform agenda whilst making 15% reductions in headcount across the whole Civil Service. That is the biggest reduction in headcount over a three-year period any of us can remember. It is probably the biggest peacetime transformation of Whitehall we have seen.

To focus simply on the Civil Service Reform Plan is to miss what is going on in each individual Department, whether Departments like the Department for Education, the MOD or Bob's own Department. There are huge change programmes taking place right across Whitehall in individual Departments as well as some of these horizontal issues that we are managing from the centre.

Q828 Greg Mulholland: This is particularly to you, Sir Bob. The Minister for the Cabinet Office has said categorically that civil servants block ministerial decisions. As Head of the Civil Service, what are you doing to stop that?

Sir Bob Kerslake: What the Minister has said is he had examples where he has experienced blocking. My experience, and I think his as well, is that the vast

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bulk of civil servants are very committed to delivering Government policy in the best possible way. My personal view is, if we have examples of blocking, Jeremy and I would take them extremely seriously. We would want to tackle them and address them. My view, and the feedback I have from many Ministers, is that civil servants are very committed to ensuring that Government policies are effectively delivered.

Q829 Greg Mulholland: Are you saying no Minister has raised an example of a decision that they believe has been blocked with you?

Sir Bob Kerslake: I was saying that there have been examples raised, and the Minister for the Cabinet Office has been open in saying there have been some examples. There have not been very many, but where they have come up, we have sought to tackle them in a very robust way.

Q830 Greg Mulholland: I presume you would not wish to share any of those examples with us, though of course you are very welcome to if you would like to. Do you believe, having looked at them, that decisions have been blocked? If so, what did you do to remedy that situation?

Sir Bob Kerslake: What we found were examples where I could understand why the Minister felt they had been blocked. The individuals who had been involved were spoken to very clearly about their responsibilities to deliver Government policy. In some of those instances, people have changed in terms of their roles. A number of things have happened there.

Q831 Greg Mulholland: Have you had to have any talkings to with civil servants? Has there been any disciplinary action as a result?

Sir Bob Kerslake: As I was saying, it is probably not helpful to go into detail, but all I can say is, where we have had specific examples raised with us, we have acted in a robust way.

Q832 Greg Mulholland: Can you give us an example of the number of examples that have been raised with you?

Sir Bob Kerslake: I am not keen to. As I say, they are small numbers. We are talking pretty small numbers.

Q833 Greg Mulholland: I can understand why you would not want to give us names or particular examples, but I think it would be wrong not to share the numbers so that we get a sense of whether this problem is a serious one or not.

Sir Bob Kerslake: Less than double figures—perhaps of the order of up to five occasions.

Q834 Greg Mulholland: Over the last...?

Sir Bob Kerslake: Over my and Jeremy's time in our new roles. It is perhaps less than that, but of that order.

Q835 Chair: Can I just chip in? Were they allegations of blocking or were you pretty convinced that something was being blocked?

Sir Bob Kerslake: I would say that they were allegations of blocking. As I said earlier, you could see why the Minister felt that the action had not been

taken forward in the way they wanted. Sometimes it was a question of whether there had been a clear understanding, or it may not have moved forward with the enthusiasm it should have done. It was a mix of situations.

Q836 Greg Mulholland: Is there now a clear procedure in place for Ministers if they believe their decisions are being blocked by civil servants?

Sir Bob Kerslake: I have not gone back and asked Gus O'Donnell, but I should say that I am quite sure there were issues of concern raised with him in the past in the same way. I do not think this is particularly a new thing.

Chair: We know this is not new. Mr Blair used to complain about pulling the levers and nothing happening.

Sir Bob Kerslake: In terms of process, it is a fairly simple process. It gets raised with us and we deal with it.

Sir Jeremy Heywood: It is quite important to be very emphatic about this. We do not accept that civil servants should in any shape or form block what Ministers want to deliver. Clearly there is a challenge process. If Ministers have a policy they want to pursue and the Civil Service thinks that it is impractical, too expensive or flawed in design terms, there is a legitimate debate there, challenges given and so on. However, as the Minister for the Cabinet Office has repeatedly said—and we totally agree—once that debate has been had, if Ministers have decided to do something, it is our job to implement it. We do not in any shape or form condone that sort of blocking.

Q837 Greg Mulholland: What is your assessment of the current level of trust between Ministers and civil servants?

Sir Bob Kerslake: Actually I think it is high overall. One of the things we do as part of our jobs is to talk to Ministers about the performance through the year of their Permanent Secretary. That is one of the jobs we have. That means getting an assessment of how well it is going, how the relationships are going and how well they have delivered on the Ministers' objectives. Actually, taken as a whole, responses are pretty consistently positive about the delivery of their civil servants. There is a lot of coverage of this, and I think much of it is over-stated. Taken as a whole, there is a high level of trust between Ministers and their civil servants.

Q838 Greg Mulholland: Sir Bob, you told us last year that the Civil Service Reform Plan reflected the views of Ministers. Do you think ministerial frustrations will be a thing of the past when that is fully implemented?

Sir Bob Kerslake: My view has always been that the reform plan was the right set of actions that we needed to take forward at that point. It did not only reflect the views of Ministers but the views we are hearing from civil servants. We have also said that it is not the last word on reform. We will be having a one-year-on report coming in June or perhaps early July. As part of that, we will assess whether there is further change

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needed. If we identify areas where there is still a need for improvement, then we should do that.

Q839 Chair: You are being very reassuring that civil servants do not block and should not block what Ministers want. Why do you think Ministers have this feeling that they cannot get things done? What is the problem? Is it their problem? Is the problem between Ministers and officials, or is it something going wrong with the administrative system? It has to be one of those three things.

Sir Bob Kerslake: My experience is both civil servants and Ministers get frustrated at the pace at which we can do things.

Q840 Chair: Why is the pace so slow? In the private sector, the pace of events in the public sector would never be tolerated. Business would go out of business. Why aren't things more dynamic? I have to say, you are not giving an impression that you are gripping the Civil Service and turning it into the dynamic organisation that we need in these times.

Sir Bob Kerslake: Quite a lot happens at an enormous pace. If I can just give you one example from my own Department, the Chancellor announced an entirely new approach to supporting people to purchase their homes, with the Help to Buy scheme. That was in operation from 1 April, so it happened not within months but within weeks. There are many examples of where things have moved at pace. Taken as a whole, what we are seeking to do through the reform programme is very big; it is very complex and in some cases very difficult. The frustrations people have may be about the pace with which legislative change can be achieved and the pace with which we can change the approach of our key providers. There is a whole range of reasons why people feel frustrated.

Q841 Chair: On the Help to Buy scheme for example, how many people are expected to avail themselves of the scheme in the first three months?

Sir Bob Kerslake: I do not have an exact figure on that, and we will not know because it is an entirely new scheme.

Q842 Chair: Is it 100, 1,000 or 10,000?

Sir Bob Kerslake: It will be into thousands of people.

Q843 Chair: It will be into thousands.

Sir Bob Kerslake: Absolutely.

Q844 Chair: Very often we hear of these new schemes being announced and it turns out months later that tiny fractional events have occurred as a result of these new policies. The disease that Whitehall seems to have is that endless new policies and initiatives are announced, but the implementation down the line is what does not happen. Very often people feel they have implemented a policy that has very little effect.

Sir Bob Kerslake: I do not want to give the impression that we are saying everything is right about the process of implementation. We are not. We have done quite a lot to strengthen implementation. The Major Projects Leadership Academy and the

Major Projects Authority are two examples of that. Jeremy and I do a very significant amount of work tracking progress on key programmes for Government—the progress and pace of implementation. We now have the Implementation Unit, which is routinely tracking and chasing progress.

Q845 Chair: Three years into this Government how are we dealing with the backlog of asylum claims and visa applications in the Borders Agency?

Sir Bob Kerslake: I cannot give you a full programme on that now, but you will know full well we are happy to provide that.

Q846 Chair: We know it is still very challenging. There was a BBC programme the other night that suggested that the targets set for dealing with the backlogs are just not being met. Yet somebody set these targets; somebody has decided that this is achievable; and then somebody has failed to achieve it. What happens then? Where is the accountability?

Sir Jeremy Heywood: On that particular occasion there was a huge amount of interest from the relevant Select Committees, and officials obviously appear before their Select Committees, as do Ministers.

Chair: Yes, but it does not seem to make anything happen.

Sir Jeremy Heywood: These things are difficult. They genuinely are very difficult.

Q847 Chair: Now we hear that at the HMRC nobody answers the telephone because they are completely overwhelmed with telephone enquiries.

Sir Jeremy Heywood: I think you are picking on certain examples.

Chair: I am. They are very big and significant examples.

Sir Jeremy Heywood: They are important examples, but equally you have to recognise that a vast amount has happened in the first three years of this Government at a time when there has been a huge reduction in headcount. If you look at the speed with which academies have grown in the Department for Education, for example, the huge restructuring that is taking place in the National Health Service or the dramatic reduction in citizens employed in the Ministry of Defence—wherever you look in Whitehall—there has been huge change in the last three years.

Sir Bob Kerslake: If you take the HMRC as an example, of course they have to do more on customer service. They know that and we know that. However, you should also balance that against the fact that they exceeded the targets they were set on collection this year. The danger is we pick out one area. Of course it needs to improve, but we do not look at these things in the round.

Q848 Mr Reed: I just want to add to that, because in the same programme we saw an entirely empty office at the UKBA; the night before the original deadline for clearing the backlog, almost nobody was in there working. In other organisations when there is a critical deadline to be met, staff will be coming in willingly, as well as being required, to work late and

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at weekends to meet the objective. The lack of pace in the Civil Service means that that sense of urgency is not there.

Sir Bob Kerslake: I just would not agree with that. I cannot comment on the individual programme, Mr Reed.

Mr Reed: I am not talking about the programme but about the fact there was no one working the weekend before the deadline was about to be broken.

Sir Bob Kerslake: I could give you many examples of where whole teams have come in overnight over the weekends to deliver key targets and ambitions for Government. That happens routinely across all Government Departments, and it would be just a mistake to make a comment that suggests that does not happen. I could give you many examples of where that has happened.

Q849 Mr Reed: Are there lessons to be learnt in that particular situation from the problems that existed with failing housing benefit services 10 to 15 years ago, where there were similarly huge backlogs, crates of files that had not been opened and people waiting months and months and months for a response when the deadline should have been a few weeks? You would have had experience of that perhaps in your former role as Chief Executive of a local authority.

Sir Bob Kerslake: It is quite right to say there were big issues about benefits. You would have been very aware of that yourself from your previous experience. I know, as somebody who went around councils sorting this out and challenging them, just how long it took to sort some of those backlogs. Once you get into a backlog situation, it requires immense effort to get out of it. To their credit, many have done it now through different routes. It is the same set of challenges, but even more complex, in terms of UKBA. They have made some progress. It would be wrong to say they have made none, but there is still a big way to go.

Sir Jeremy Heywood: Can I just comment on your sense, Mr Chairman, that there is a bit of complacency here? There is no complacency at all about this. I have said several times, even in this hearing, that I think a lot more is going on that you are giving credit for. In the areas where there are concerns, and there have been concerns, Bob and I have made it an absolute priority—not surprisingly, given the priority that the Prime Minister and Deputy Prime Minister give it themselves—to up the pace of implementation.

Over the last 18 months we have got in place a very effective team in the Cabinet Office called the Implementation Unit, which is a 30-person team helping the Prime Minister and the Deputy Prime Minister to understand what delivery blockages are getting in the way in precisely the sorts of areas you are talking about—where progress has not been as good as Ministers want. In addition, Bob and I have monthly meetings now with pretty much every Permanent Secretary to go through their performance on major projects, on implementation priorities and on emerging policy issues. The Prime Minister and Deputy Prime Minister have a whole series of ad hoc meetings now to call in individual secretaries of state

or junior Ministers to try to understand where there are blockages.

On a Department-by-Department basis we are upping the scrutiny; we have our own SWAT team that can go in there and actually talk to people at ground level to understand what the blockages are. We are also trying to learn some of the horizontal messages that are coming out of these reviews. One of the issues you have talked about is the low uptake of certain schemes. I think that is an absolutely valid insight; it is something we are very concerned about as well. It partly relates to the issue, as we have discussed in this Committee before, that we do not spend enough time thinking about the implementability of policy and how that policy is going to be marketed before it is announced. We have to improve the way that policy is designed.

We are not sitting here saying everything is fine; it is not. What we are saying is that there is an awful lot going on you are not giving credit for. Most people in Whitehall would regard it as one of the busiest, most ambitious periods of reform in modern times, accompanied by a very dramatic reduction in headcount. There are huge lessons to learn and we are trying to learn them.

Q850 Chair: The question has to be asked: why are you, the Prime Minister and the Deputy Prime Minister having to do all this? What has gone wrong with the leadership in Government Departments that used to see this done without the intervention of the centre? What has gone wrong? Why is the centre having to intervene so much more often?

Sir Bob Kerslake: To be blunt about it, I think you are pointing to a golden age. There has always been a need for the centre to drive delivery and implementation. The previous Government had the Prime Minister's Delivery Unit, and you can go back to previous Governments to see that as well. It is always going to be a combination of leadership in Departments and the centre testing progress, and then holding people to account as to whether they have delivered or not.

Q851 Chair: The centre of Government, the Cabinet Office and Number 10, has been downsized along with the rest of Whitehall, but I would hazard a guess that proportionately it is bigger than ever before. When the Government was first elected, there were 1,000 more people in the Cabinet Office and Downing Street than when Margaret Thatcher left office. The centre is bigger than ever before.

Sir Jeremy Heywood: I do not think it is bigger than it was 10 years ago relative to the rest of Whitehall. It is quite complicated and has taken in lots of new functions: the digital service and so on.

Q852 Chair: The centre is interfering more and more. You have said you have set up an Implementation Unit. This is very Blairite, by the way. It sounds very reminiscent of what the previous Labour Government struggled with. Why is this not happening in Departments? Why are Departments not able to implement these things on their own effectively?

Sir Bob Kerslake: I have been trying to say to you that actually quite a lot happens in Departments. Actually all we are doing is tracking that they have delivered what they said they would do. There are also specific areas, and you have referred to some today, that are particular challenging, particularly difficult and where progress has not been as good as it should be. It is the role of the centre to find those and then work on them.

Q853 Alun Cairns: There are quite obviously confused messages coming through. Certainly that is what I am picking up. On the one hand, from Sir Jeremy we are told there is no complacency, and then from Sir Bob we are hearing that we are picking up on some areas but we do not consider the successes in other areas. Then we also hear a phrase, “That’s going back to the golden age.” If that is not a demonstration of complacency, I do not know what is. To say quite a lot happens in the Departments and you are just tracking it, again to me is complacency.

Sir Bob Kerslake: What I am saying is this: we are in exactly the same place. We are trying to get a balance between recognising what has been done and done well in Departments and not getting to a position where we are saying nothing happens on time. That would be inaccurate, and we can find many examples. At the same time, it is recognising that there is a need to improve performance. We are saying both. It is absolutely the case a lot is done well, but we are in no way complacent and say we have done the job, everything is as it should be and there is no need for reform. Otherwise we would not have produced the reform plan in the first place.

Q854 Alun Cairns: When you said to the Chairman he is picking up on one area—he mentioned HMRC—but not considering what is going on in other areas, it is complacent, to me, just to come out with such a phrase. A private-sector organisation will only be deemed to be successful if it is successful in every area, rather than saying, “Well, we’re okay on retail but we’re not so good on storage.”

Sir Bob Kerslake: We want to be successful in every area. It is the same as the private sector. I am very clear, as is HMRC, for example, that it needs to improve customer service. In telling the story about performance in Departments, I am trying to say that we should look at their performance in the round and recognise areas where they have done well as well as areas they need to improve. That is not complacent about the areas for improvement. It is trying to tell a rounded story.

Q855 Chair: Can I just use a rather topical example of something that seems to be a microcosm of the challenges that you face? Lady Thatcher died on Monday 8 April and the funeral was yesterday, nine days later. This was an exercise for which Whitehall had been planning for about 10 years. I was contacted on the Tuesday by the Cabinet Office with regard to my invitation to the funeral and asked a whole lot of questions about where I lived and where the invitation should be sent. That is fair enough. Then I was phoned again on the Thursday to be asked the same questions

again. I asked, “Why am I being phoned again?” and I was very honestly told—and I commend the official for being so honest—“There has been some confusion about who is phoning whom.”

On Monday at 2 p.m. colleagues who had applied for tickets in the ballot were meant to be able to pick up their invitations from the Whip’s Office. None were available. That was considerably delayed. I then heard that the post was not being used to send out invitations because they were going out too late and they were being couriered to people’s home addresses. There seems to have been some logistical difficulties, and I heard that one colleague was told by an official, “You see, it is about how up to date the information was, which made it rather complicated.” It sounds as though a great deal of midnight oil has been burned and there has been a certain amount of confusion over something that was entirely predictable and should have been more smoothly managed. Isn’t this a microcosm of some of the problems that you have in the Civil Service that we have today?

Sir Jeremy Heywood: Obviously we will be learning whatever lessons need to be learnt from the last 10 days. I agree with you that some things have not gone so smoothly. The big picture, however, is that actually the funeral passed off incredibly well.

Chair: I agree with that.

Sir Jeremy Heywood: What was a difficult logistical exercise was handled through a lot of hard work and, as you say, burning of midnight oil and a lot of actually very useful prior planning. Probably, though, not everything was planned as well as it should have been as it turns out in the nitty-gritty systems work that underpinned the words on the page. I do not want to pre-judge what will undoubtedly be an important lessons-learnt exercise.

Q856 Chair: Have you actually asked for a lessons-learnt exercise?

Sir Jeremy Heywood: Francis Maude is very keen to have one and we strongly agree that that is necessary, because I agree not everything went as smoothly as it should have done, given this was a plannable and planned event.

Q857 Chair: Goodness me, what happens when something unplanned occurs? Going back, we have seen it with things like BSE, and foot and mouth. The system is not good at responding to unforeseen events.

Sir Jeremy Heywood: No, but I do want to put on record that I think a number of civil servants, special advisers and Ministers worked incredible hours brilliantly to put on the event.

Chair: I think we should place on the record our thanks to them, certainly.

Sir Jeremy Heywood: It was an absolutely superb performance overall, but I agree there are definitely some lessons to be learnt.

Q858 Chair: Do you think it is a problem not of the competence of individuals but about who feels they are responsible for delivering an outcome and whether that person is able and has the power, command and control, and the authority to deliver the outcome? I bet there are problems of senses of divided

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responsibility or people not knowing whom to turn to when things are going wrong. Is that a fair analysis?

Sir Bob Kerslake: I think we say in the plan that there needs to be sharper individual accountability and people being clear what they are being asked to do.

Q859 Chair: Who was in charge? Was there a single official in charge of this exercise?

Sir Bob Kerslake: Yes, there were clear officials in charge.

Q860 Chair: What is the leadership problem? There has clearly been a leadership problem.

Sir Jeremy Heywood: We need to understand exactly what went wrong on this.

Q861 Chair: I think we would be very interested in this, just as an exercise, because the same thing seems to be happening in the Borders Agency, HMRC and elsewhere in very much bigger and more important matters. We could usefully learn something about what has gone wrong with leadership in our public administrative system.

Sir Jeremy Heywood: We can certainly seek to provide some further information on that when we have done the work. Clearly on this particular exercise, a plan was hatched 10 years ago or quite a few years ago, and I am sure not the same person has been responsible all the way through. One of the themes that came out in many previous discussions about the Civil Service was how you persuade people to stay with a project from start to finish or how you prevent turnover.

Chair: These are not unfamiliar questions and we are still living with them.

Sir Jeremy Heywood: That is exactly as I have just said. One of the issues is how you maintain that sense of accountability when the baton is passed or whether you insist that people stay for their entire career with one project. Getting the right balance between these things is one of those tricky issues that we have to deal with.

Sir Bob Kerslake: It is also having very strong systems of managing performance, which we have talked about before, and ensuring that where people are underperforming, we tackle it.

Q862 Chair: Is there any evidence that the Civil Service Reform Plan is having any effect on these problems?

Sir Bob Kerslake: It is starting to have an effect. It is early days. As I said earlier, we agreed the plan last year, but we have put in place the new performance management system, we have put in place a new framework to measure people's capability, and we are announcing today a new plan to identify where we need to improve skills. This will not happen overnight, but I think we are starting to have some impact.

Q863 Kelvin Hopkins: My first question has really been answered. It was about how well the Civil Service Reform Plan is being implemented 10 months on. You have touched on that already, but I have been interested in this subject since I was a politics student

45 years ago. Many civil servants will have seen countless attempts to change the way Whitehall works. Why do you think the Civil Service Reform Plan will be more successful, or do you think it will be more successful?

Sir Bob Kerslake: I can come in on that and then Jeremy will want to add something. The first thing to say is that this is a plan for action. We have not produced a plan that is a grand analysis of the Civil Service that then sits on the shelf, which is the experience I think of some reform plans. The second thing is I think the plan is absolutely based on the areas that Ministers, but also civil servants, have identified as being the areas to improve. It is not just a plan foisted on the Civil Service; it is something that we own as needing to be delivered. The third thing, as Jeremy has said, is we have put in a lot of processes to absolutely ensure it is delivered across the whole of the Civil Service and within individual Departments. We are not leaving it to chance that it gets implemented; we are rigorously tracking how it progresses.

Those would be the three things I would pick out as to what we are doing that I think will make a difference this time. As I said earlier, though, we will take stock on this one year on and we will see where else we need to deliver improvements.

Sir Jeremy Heywood: I would just add to that. This programme, compared with previous ones, has much more ministerial oversight and buy-in. Obviously Francis Maude is leading the charge on this, but a number of Ministers are interested in Civil Service reform and are keeping a very close eye on the implementation. It is not at all as if once the plan was announced they lost interest. They have a very close interest. Second, as I said at the outset, a burning platform is perhaps too dramatic a term, but we have a clear and present need that has not gone away at all to reform the Civil Service. The public sector is under huge pressure and the Civil Service is an important part of that. We need to constantly look for better ways of doing the job we do at lower cost.

As Bob said, there is huge buy-in to this from the senior Civil Service. He chairs a meeting of the Civil Service board every three weeks. That is a Civil Service board that did not previously exist before Sir Bob became Head of the Civil Service, by the way. That looks in rigorous detail at all aspects of this on a very regular basis. Therefore, you have the collective buy-in of the permanent secretaries, strong ministerial leadership and a burning platform that requires us to keep focussed on this. All the ingredients are there, and that is why I feel more confident now than maybe a year ago that this is going to get continuing momentum as the Parliament continues.

Q864 Kelvin Hopkins: I must say I have a somewhat different approach to some of my colleagues, because I have had long conversations with friends in PCS; I had a long conversation with a senior representative from the FDA, the trade union; I have spoken to recently retired senior civil servants; I have known people working in the Borders Agency and people working in HMRC. The view I get from them—and I sympathise with you—is that there have been savage

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staffing cuts and they are being forced to do things now to catch up without enough staff, without enough resource, and they are under pressure and, in fact, to an extent demoralised as well.

Sir Bob Kerslake: There has been a big reduction in staffing. As Jeremy said, we face a very huge challenge to cut public spending and balance budgets. But if you look at things like the engagement scores we measure—and a large number of civil servants do the engagement exercise and fill in the forms—they suggest that the numbers have held up reasonably well through pretty radical change. The numbers also tell you that there is a high level of interest and commitment from people in the work that they do. That extent of understanding and interest in the work they do is in contrast to quite a lot of organisations. Of course these are tough and challenging times for a lot of civil servants, but a lot of change is being delivered and we have managed to keep engagement scores pretty strong.

Q865 Kelvin Hopkins: I personally put much more blame not on civil servants but on politicians. We have seen a decade or more of successive Governments who I think have taken a very relaxed attitude to tax collection, for example. They rather liked the fact that HMRC was not really chasing up the corporates and the billionaires to get their taxes, and now we have a situation where the massive tax gap has suddenly become an issue and we are pressing for them to catch up. We know, for example, that the chief of HMRC was having cosy chats with some of the major corporate tax evaders and tax avoiders. Now that has all come out in the open and other Select Committees have chased this up. I know people who work at the UK Borders Agency, and they say that there are immense pressures at Croydon, with mountains of files falling onto the floor because there are so many of them and not enough staff to cope. Now we are catching up with the situation because previous Governments, and this Government to an extent, have been very relaxed about immigration in fact and they wanted to let quite a lot of people in because you get cheap labour, undermine bargaining powers and so on. Isn't that what it is about?

Chair: We have got the message.

Sir Jeremy Heywood: You clearly have to operate within the policy framework of the Government of the day, but I do not think that is an excuse at all for the administrative problem of files piling up and not being dealt with. Whatever the policy framework is, we have to do the best job we can as a Civil Service to actually carry out the administrative functions that are necessary to make that policy work.

Q866 Kelvin Hopkins: My final question in this little section is one that perhaps I have used before, certainly with other witnesses who have been before us: in the historic past, the Civil Service had to cope with Governments that hovered between one-nation Conservatism and social democracy. They were essential statist though, and now as we have seen in your article in the *Daily Telegraph*, Mrs Thatcher has broken all that. The Civil Service finds it very uncomfortable to deal with a world where not just

agencies are taking over but there is privatisation and the chaos in education, with any number of different kinds of regimes in schools. This is not the way it was and it is much more difficult to deal with. The Civil Service is effectively being asked to partially dissolve the state, which is their very *raison d'être*.

Sir Bob Kerslake: There has been a change in this way, and it has happened both in local government and in central Government. We have seen our role more as focusing on the quality of the services that people receive and the outcomes we achieve in terms of health or the economy, and less about how much money we fund into directly provided services. There has been a change, and you could argue that has happened across the political spectrum. That is what you might observe and why that is quite uncomfortable. The challenge to our senior Civil Service is to ask themselves whether they can deliver what they are required to deliver in different and better ways. Sometimes that will be reorganising how we do it through direct provision and sometimes it will be looking to others to provide on our behalf. I think that is a change that has happened, as I say, not just in central Government but across the whole of the public sector.

Kelvin Hopkins: I could ask more, but I will leave it there.

Q867 Chair: On the Civil Service Reform Plan, there have been countless initiatives over the last couple of decades. Why is this one different? Why is this one going to be effective where others do not seem to have been effective?

Sir Bob Kerslake: I think that is a slightly re-phrased version of Mr Hopkins' question. I guess our answer ought to be the same.

Q868 Chair: Who is in charge of implementing this?

Sir Bob Kerslake: Me.

Q869 Chair: Does your writ run sufficiently across all Departments? Only half the Departments report to you.

Sir Bob Kerslake: I cover a large number of Departments, as you say. Jeremy and I work very closely on this, and both of us, when we come to assess the performance of a Department with their Permanent Secretary, ask how they have played their part in delivering the reform plan. There is no escape for permanent secretaries. All of them are held to account for the part they play in delivering the plan.

Q870 Chair: What role does Katherine Kerswell play in relation to you?

Sir Bob Kerslake: Katherine Kerswell's role is to lead the reform team that supports the delivery of the plan, to work closely with Departments to ensure they know what they are being asked to do and, thirdly, to work very closely with the senior responsible officers who are leading particular parts of the plan. That is her particular role.

Sir Jeremy Heywood: Can I just repeat the point I made a few minutes ago? This is not Bob's plan or Bob and Francis' plan. It is a plan that is owned by the entire Cabinet.

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Chair: That is very important.

Sir Jeremy Heywood: It is totally supported by the collective group of the permanent secretaries who meet every three weeks in the Civil Service board to monitor progress. That is a very serious level of permanent-secretary engagement. This is not being visited upon permanent secretaries; it is partly their ownership.

Sir Bob Kerslake: It is a point we have both made, by the way. The Civil Service owns the plan and it is trying to lead it.

Q871 Mr Reed: The Civil Service Reform Plan attempts to make the Civil Service more efficient at dealing with the challenges it now faces. Have you considered the challenges that it will face and how they will be different in 20, 30 or 40 years?

Sir Bob Kerslake: We have done some of that, but in truth not enough. Jeremy has been leading a particular work on horizon scanning, understanding better the key drivers that are going to affect us in that sort of timescale. One of the things I guess you may want to know is where next in terms of beyond the plan. One important area is to understand better some of these long-term drivers and how they might influence the future shape of the Civil Service.

Q872 Mr Reed: What are your thoughts on what those drivers are?

Sir Bob Kerslake: Some of them we can see now. We touched on earlier the issues around the economy and how well that is working. Clearly the environmental challenges for the country have not gone away. We are going to be in a world where the funding available on any calculation I can see is going to be less than we have seen before. At the same time we see some very big demographic challenges. People are living longer, but their health expectancy is not matching their life expectancy.

One last challenge I would add is that I think there is going to be a much higher premium on our ability to work across Government Departments to join up better on issues of common concern. Those are examples, but you could go on. There are issues around the security of the country. There are some of the issues we have seen about protecting the country against very damaging diseases coming in through plants and animals. There is a whole series of issues that we ought to understand better and be prepared to respond to.

Sir Jeremy Heywood: Could I just add to that? One of the bits of work we have just started to do is to look at what sort of people we are going to need to recruit if we are going to remain able to recruit the best and brightest in Britain over the next 10 or 15 years, as attitudes change and the aspirations of young people change. It is another different dimension to it: who are the civil servants of the future going to be? That takes you into some other areas as well. These are digital natives—completely digital individuals. They do not envisage spending 40 years with one employer. They are very open-minded, collaborative people. We need to think about how the Civil Service is going to attract the best and brightest of that group of people in five or 10 years' time.

It reinforces some of the trends that Bob has already talked about. We are going to have to be a completely digital organisation and we are going to have to be much more open. We have already embarked on quite a few initiatives to open up our policymaking, but we are going to have to do more of that. We are going to have to appeal to people who only want to spend five or 10 years of their career in the Civil Service and then move out. In a whole, profound set of ways, we are going to have to rethink what the Civil Service is. It is not just what the challenges are that the Civil Service is going to have to deal with, but how it is going to have to look as an organisation if we are going to attract the best and brightest of the next generation as well as this one.

Q873 Mr Reed: So there are enormous changes in both what Government will do and what citizens will expect from it. Some of it will be enabled by technology. The current plan is not addressing that. How often will we need new Civil Service reform plans?

Sir Bob Kerslake: You are right to say that the current plan was very much focussed on the next three years and perhaps the next five years, and taking some action now. That was a conscious decision because of the points made earlier about the confidence of delivery—the need to be seen to take through changes that were important and necessary. We are going to review the plan on an annual basis. We have committed to that. There will be a one-year-on report, and in that one-year-on report we will look to some of these longer term changes that need to be made—some of these bigger scale issues we have just talked about.

Q874 Mr Reed: A lot of organisations of the scale of the Civil Service will be looking at the horizon for five, 10 or 50 years' time and then working back to make sure that the current plan fits in to their best estimates of what the future will look like. Is that not a shortfall in the reform plan?

Sir Bob Kerslake: As I said at the beginning when you were on your first question, I think we need to get stronger on that, and we are putting quite a lot of time into strengthening our horizon scanning, both in terms of those external drivers of change and change within the Civil Service. Our view at the time we produced the plan was that there was, as the Chair said, an urgent need to address issues here and now. We are doing that longer term thinking alongside it.

Sir Jeremy Heywood: You should not underestimate what is in the plan. As Bob said, the plan is not the final word. The plan will continue to be refreshed and so on. You will see in the plan a very strong argument, for example, that all senior civil servants in future need to have better digital skills. You will see in the plan a real focus on opening up the policymaking process and making the Civil Service policy function more contestable in some way. You will see an emphasis on horizon scanning. For a lot of the things that Bob and I have just talked about, we are beginning to put the platforms in place in the plan. One of the reasons why you should not expect to see the complete success of the plan over one year is that

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a lot of this stuff will take five or 10 years to have its full effect. You will see in the plan quite a lot of the building blocks that will be necessary to create the Civil Service of the future we have just talked about.

Q875 Chair: 10 years?

Sir Jeremy Heywood: In some cases, yes—the full effect.

Sir Bob Kerslake: Let me take the example of what is happening in the Ministry of Defence with the Levene Review. Everybody will accept that that is not going to happen in the space of a couple of years. It is a long-term plan.

Q876 Chair: My only concern is we do not have 10 years. The problems you are dealing with are more urgent than 10 years.

Sir Bob Kerslake: As I said, Chair, there are some here-and-now issues that need to be tackled, and they are being tackled through the plan. That is not going to be the whole story, though. There will be some changes that are going to take longer than that, and we are really just saying that you are going to have a mix of things we need to do here and now, and things that are going to be long-game changes.

Q877 Mr Reed: Wouldn't it be fair to say that the Civil Service Reform Plan is an efficiency programme and what we really need is a transformation programme?

Sir Bob Kerslake: I would not say it is entirely about just increasing efficiency. There are some quite transformational things in that plan. We touched earlier on the publication of the Capabilities Plan. If we are able to take that forward in the way we want, it will transform the capacity and skills in the Civil Service to take forward digital, for example.

Q878 Mr Reed: Maybe your thinking was if you made it too big, it could not deliver even the smaller things, but it is not looking at what outcomes we as citizens want in 10 years and how we can change the Civil Service, however radical that may need to be, including adopting new models of technology or new accountability directly to citizens. What does that mean for the transformation of the Civil Service?

Sir Bob Kerslake: As Jeremy said, the plan was always to try to have a balance of the urgency that the Chair spoke about as well as the longer game thinking. What we sought to do in the plan was to identify the action that was needed now, but put some of the foundations of that longer term change within the plan. You will see more of that as we come to the one-year-on report.

Q879 Chair: I would put it to you actually that the quality of leadership of our administrative system needs to be addressed now and very urgently. You mentioned things like how you are going to attract people and how you are going to deal with population changes. These are second-order issues. The first-order issue is what kind of leadership we need for our administrative system, both Civil Service and governmental, to deal with the challenges of the future. How are you addressing that question?

Sir Bob Kerslake: I have made some reference to some of those, Chair, but if you look at the plan we are publishing tomorrow, one of the key priorities is strengthening leadership and management.

Q880 Chair: Forgive me, you have made these points, but the point I am making is that the quality of that leadership depends on what sort of country we are, what sort of country we aspire to be in the future, and what the character of government will be from now and into the future. How are we addressing that?

Sir Bob Kerslake: Personally I think you can do a lot around leadership that will vary according to different Governments' ambitions. Whatever Government is in power, we are going to need strong public leaders within the Civil Service. There is a lot we can do—and this is perhaps the point where we just need to test it a bit further—to strengthen leadership within the context of the challenges we know about now: the need to drive value for money and so on.

Sir Jeremy Heywood: I agree with the point Bob has made. Let me just take one area of leadership: project management or project leadership. We have 300-plus major projects and hundreds of billions of pounds tied up in the performance of those projects. Before trying to boil the ocean and do lots of strategy, let us at least make sure that the leaders of each of those projects are world-class leaders. As you implied earlier, Chairman, that is something that is a very urgent matter indeed. That is why we put in place the Major Projects Leadership Academy. That is why we are insisting that everybody who wants to run a big project in future goes through that academy and gets a proper qualification. That is why we are tracking the performance of those projects. That is an area where you can, rapidly, within the space of a year or so, get proper leadership of hundreds of billions of pounds of taxpayers' money in an area where the Civil Service acknowledges it has been weak in the past. That does not depend upon your future view of the country. That depends upon having proper quality project management now.

Q881 Chair: You are effectively agreeing your remit is to deal with the second-order issues and that this big question about what sort of Government we need to take us into the next few decades is outside your remit.

Sir Jeremy Heywood: I do not think the Public Accounts Committee would regard project management as a second-order issue. It is a massively important issue.

Chair: No, I am sure that is right.

Sir Bob Kerslake: My personal view is that whatever shape government takes in the future to meet the needs of the country, we are going to need people who are effective at leading change; we are going to need people who are effective at leading projects.

Q882 Chair: I agree with all that. The point I am coming to is we are getting an increasing amount of public and private evidence suggesting that we need to have a much more comprehensive look at the strategic direction of our governmental system, much like the Fulton Committee or going back to the original, the

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Northcote-Trevelyan Committee, or the eight Royal Commissions that sat between Northcote-Trevelyan and Fulton. We have had nothing of that comprehensive nature since Fulton, have we?

Sir Bob Kerslake: I do not think we have had something of that nature.

Q883 Chair: Is it now overdue? Given that so much is changing in the world, the nature of government is changing so much, so many issues are internationalised, we live in a much more unpredictable international climate, the challenges and demands of our citizenry are so much more sophisticated, and there is this issue between the political class and the administrative class that keeps now surfacing in the media in a way that is completely unprecedented, isn't this the time to have some kind of royal commission or parliamentary commission to look at these things in the round? You keep going away from that and you keep going back to the second-order, consequential issues, rather than the primary issue.

Sir Bob Kerslake: As you know, it would be a matter for Ministers to decide whether they have a Royal Commission, not for us as civil servants.

Chair: It would.

Sir Bob Kerslake: Our role is to make sure that we are delivering the things that we know need changing now.

Q884 Chair: Can you understand why your evidence today seems to reinforce the view that this Committee may well be coming to?

Sir Jeremy Heywood: Actually I do not. As Bob says, this is ultimately a matter for Ministers, but I think the most important thing is to isolate what the weaknesses of the Civil Service are—and there is quite a broad consensus as to what they are from the Civil Service itself, parliamentary committees and from Ministers—and have urgent plans to rectify those problems. That is what we are trying to do through the plan. At the same time, we must deal with some of these long-term capacity issues through improving the skill set of the Civil Service and some of the incentives that civil servants face and so on, so that we can, as far as we can predict, deal with some of the issues that will confront us in five and 10 years' time. Anything that distracts us from that very urgent and important task at a time when the country is facing a major economic and fiscal challenge would be a distraction, but if that is what Ministers and Parliament decide they want to do, then obviously we will co-operate with that.

Q885 Mr Reed: Isn't it actually an opportunity? You are trying to re-shape the Civil Service for what will be a very changed world, and we can see many of those dynamics and drivers now; you have already talked about them. Isn't now exactly the right time to do that, when the financial crisis is forcing change on such a scale that you can re-shape and adapt the Civil Service within that space to better tackle both the future problems we will face and the immediate problems of inefficiency that we have now?

Sir Bob Kerslake: It is a judgment whether a Commission would be a better way of addressing those sets of issues you rightly identified than the approach we have taken so far. That is ultimately an issue for Ministers, as we have said before, but actually I think the real risk would be—and we just have to see the risks—that actually we lose a lot of time when vital change needs to happen now.

Q886 Chair: You are more or less saying that it is not your remit to do this long-term strategic thinking.

Sir Bob Kerslake: No, I did not say that at all.

Q887 Chair: I was thinking of what Sir Jeremy said. He more or less said that there is plenty to get on with and plenty of very material challenges to address, and we do not need to be distracted by these long-term problems. In fact, a lot of the problems you are dealing with are a consequence of failing to address the long-term strategic challenges that Government and the administrative system face in this country.

Sir Jeremy Heywood: What I thought I was saying was that we have a lot of very urgent and important challenges right now that are tractable or can be dealt with, but in doing that we must also put in place the building blocks for dealing with the challenges in five or 10 years' time.

Q888 Chair: And you must not be distracted from that.

Sir Jeremy Heywood: We must not be distracted by—

Q889 Chair: Isn't that an argument for doing this outside of Government in some form like the Fulton Committee, a royal commission or a parliamentary commission? That is the argument for the Government asking some outside body take this on.

Sir Jeremy Heywood: You asked for our honest views. My honest view is that we know very well the challenges facing the Civil Service right now.

Q890 Chair: Do you?

Sir Jeremy Heywood: I think we do. We have gone through them very carefully. I can go through them again, but I think there is a fair degree of consensus about what the issues are. We are, step by step, trying to deal with them through the plan.

Q891 Chair: It is this administrative system you are overseeing, which has not been seriously challenged since the Fulton Committee of 1966, that has led us to this particular position. I know that you say there are lots of good things happening, but there are lots of bad things happening too. You are saying that these challenges are made much more intense by downsizing, cost pressures and the economy being smaller. Why is this not the right time to have a comprehensive rethink?

Sir Bob Kerslake: What we have said on a number of occasions is the judgment is what the right vehicle is for driving the changes that need to be made. Our judgment is that we are approaching it in the right way. Clearly there can be different views on this.

Chair: There can be different views on this.

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Sir Jeremy Heywood: Can I also say that I think the questions you are interested in, Chair, are not just about the Civil Service? They are about the system of governance, the distribution of Departments and so on.

Q892 Chair: I think that politicians get the civil servants we deserve. The politicians and Parliament are responsible for the kind of Civil Service that we have, so if bits of it keep going wrong, I think the politicians are ultimately responsible. I think we do need to look at the nature of the relationship between Ministers and civil servants as well, particularly as it has become such an issue.

Sir Jeremy Heywood: I personally think that the media debate about this is exaggerated. I do not think the issues are as serious as you imply. As Bob said earlier, I think the relationship between Ministers and civil servants generally is one of trust. Of course there are frustrations and of course there are things that Ministers would like to see done more quickly.

Q893 Chair: I would say the evidence we are getting suggests that that is a very complacent view.

Sir Bob Kerslake: One thing I would make as a point, Chair, is that having read a lot of the evidence, much of it is based on opinion rather than actual fact. For example, it was suggested that the Civil Service is a kind of monastic order, yet if you look at the numbers at the director-general level, 42% of them have come in from outside the Civil Service. If we are going to have a conversation about it, some of this needs to be informed by some evidence.

Q894 Chair: Let's look at a success story, the Department for Education, which was certainly one of the most problematic Departments when the new Government was first elected. It seems to be an example of where a Secretary of State has implemented extremely effective departmental leadership and is now carrying out a zero-based review. What lessons do you think we learn from this zero-based review and from the nature of departmental leadership in the Department for Education?

Sir Bob Kerslake: It is important to say the review was done with the Permanent Secretary closely involved in the process.

Chair: Yes, absolutely.

Sir Bob Kerslake: I think the key point to make here is that it was a new Permanent Secretary coming in to his role. He inevitably, as any new Permanent Secretary coming in, would want to look at how his Department was organised and managed. What they undertook, with the support of external consultants, was a pretty fundamental review of how the Department worked, and they are implementing some big changes. That is, I think, a very successful programme, as you rightly say, but it is not the only Department where that kind of process has happened. If you look across Whitehall, you will see that many Departments have gone through similar exercises to achieve the scale of change and reduction that they need to.

Q895 Chair: Given the success of what has happened in DfE, however, why is that approach not being mandated across all Government Departments?

Sir Bob Kerslake: What I am saying to you is many Departments have already done something that is very similar in terms of the nature of the fundamental review.

Chair: Really?

Sir Bob Kerslake: Yes. In Defence, they have done—

Q896 Chair: Can you give examples?

Sir Bob Kerslake: I have just given you one.

Chair: Defence.

Sir Bob Kerslake: Defence, and the Levene review; in the case of my own Department, we have taken out over a third of the staff through a pretty fundamental review of our role.

Q897 Chair: Would the Ministry of Defence recognise the term “zero-based review”? Would they recognise that term?

Sir Bob Kerslake: They may not have used that phrase, but what they have done is a fundamental zero-based review.

Q898 Chair: Here we have one of the most effective change programmes in Whitehall, and if you are going to implement a change programme, part of the leadership is developing the language and spreading the idiom of thinking that has led to its success. How can you possibly say that the same thing is happening in other Departments if they are not even using the same language?

Sir Bob Kerslake: Because I do not agree with your point, basically. It is perfectly possible for people to have done fundamental, root-and-branch reviews of how they are organised and how they do their functions, and not have called it a zero-based review.

Q899 Chair: Isn't this kind of zero-based review much more fundamental about focusing the effort of the administrative system on what matters than perhaps the Civil Service Reform Plan?

Sir Bob Kerslake: No, I do not agree with that either. I think it is a useful technique. I have done it myself, and so have many others. It worked well in Education, but it is perfectly possible to do a fundamental review in different ways.

Q900 Chair: I come back to this point: there is no evidence that this success is being spread across Whitehall. Is there a lessons-learned pack that has been developed and offered to other Departments? Wouldn't that be a useful thing to do?

Sir Bob Kerslake: There has been a lot of work done to say, “How did the review happen in Education? What can we learn for other Departments?” They have been very good in explaining what they did and how they did it to other Departments. There has been a lot of transferring of learning on the review, and other Departments have picked up from that, so that is already happening as part of the change programme. All I am really saying to you is we should not assume there is only one way of skinning a cat here; there are different ways of doing fundamental reviews.

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Q901 Chair: That suggests that the problem is that maybe Departments are too autonomous, and administratively, at least, whatever policy initiative has been shorn from the leadership of those Departments, they can enforce their own will and do things in their own way.

Sir Bob Kerslake: I said earlier that I think the DfE review was a good exercise and it was absolutely right for that Department.

Chair: I feel I am being stonewalled a bit here.

Sir Bob Kerslake: No, I do not think you are.

Q902 Chair: Surely, this is something that has really worked and you should be taking with enthusiasm across other Departments visibly. It is called leadership.

Sir Bob Kerslake: I have said that we are using the example of Education across other Departments, but what I am also saying is it is not the only Department that has successfully delivered a fundamental review of their Department, but they have done it in different ways.

Q903 Chair: If you could send me a note about other zero-based-style reviews across other Government Departments, I would be quite interested in that. That would be helpful.

Sir Bob Kerslake: I will do that.

Q904 Mr Reed: If I may chip in on that as well, we seem very wedded to the existing silos and structures of government at a national level but also, to some extent, at a local level. If you want to tackle, as I am sure Mr Gove does, issues like underachievement, you probably need to be harnessing aspects of the work of a number of different Departments, like Education, youth offending, health, housing, nutrition and poverty, which would bring in a range of Departments. Do we not need to start zero-basing based on outcomes rather than just the silos and structures we currently have? Does that, therefore, not call for something much more holistic and comprehensive across the whole Civil Service?

Sir Bob Kerslake: I think it is a fair challenge to whether we have got as far as we need to go on being more holistic in how we deal with issues. I think it is a very fair challenge and, indeed, this issue is, in part, picked up in Lord Browne's review of how we manage major projects. It is also fair to say—and Jeremy will say a bit more about this—that in the area around open policymaking, we are specifically doing some work on how we can get more effective and joined-up policy across Government Departments and how we can look at pooled resources to deliver in key policy areas. I absolutely would agree with you, then, that this is work in progress and more change is going to be needed.

Sir Jeremy Heywood: I think it is fair to say we have only taken very tentative steps down the road that you are suggesting, but I think you are absolutely right to raise the issue. I think we are trying, in the Cabinet Office, in a small way to pilot an outcomes-based budgeting mechanism—very small but a pilot. I think, frankly, for over a century now, there have been very strong departmental-based public-spending controls,

which Parliament insists on, and it has served the country very well in many respects, but one thing it does militate against slightly is cross-departmental working and the pooling of budgets.

I think one of the issues we do need to explore over the period ahead is how we can strike a better balance between departmental control, which is entirely important, and making it easier for Departments to come together, pool budgets and bid for resources on the basis that they are going to achieve certain outcomes, rather than getting certain inputs, as it were. As Bob says, I think one of the issues we need to think about alongside that is whether we can do better sharing of policy resources, so that not every Department needs to have its own set of officials dealing with a particular policy. You can have one shared policy pool, from which Ministers will be able to take their advice. We are not there yet but we are looking for one or two examples where we could trial that.

Q905 Mr Reed: It strikes me as a missed opportunity not to have the focus on outcomes, because I do not really see what Government is for if it is not for that.

Sir Jeremy Heywood: I tend to agree with you. I think that is the right direction of travel, but it is quite difficult, because the whole system at the moment is based on the Treasury controlling departmental budgets, and Departments accounting directly to Parliament for the way they spend their money. An outcomes-based approach that spreads across departmental boundaries cuts across both of those mechanisms. That is not to say it is wrong, but it just means it requires quite a lot of thought and re-jigging of institutions.

Sir Bob Kerslake: I think you will know, as well, of some of the examples where I think we are making progress. The Troubled Families initiative is expressly linked to outcomes—a very tough and challenging agenda, but it is a cross-government agenda. Similarly, the work that has been done with local government on community budgets is focussed on changing outcomes.

Q906 Mr Reed: I think those are both good but they are relatively small.

Sir Bob Kerslake: I think they have the potential to be a lot bigger, and particularly community budgets, as a way of doing business, definitely.

Q907 Kelvin Hopkins: Jack Straw recently came to give evidence and he told us that the churn of officials affects the performance of Departments. What steps have you taken to reduce the churn at the top levels of the Civil Service?

Sir Bob Kerslake: Taken as a whole, the Civil Service turnover is lower than both the private sector and, indeed, the wider averages for the country as a whole, so this is not an issue that applies across the whole of the Civil Service. Similarly, we have had quite a lot of change recently in terms of turnover, but when we look at the analysis, much of it has come from people who have left as part of the downsizing that you referred to earlier, so that in itself has driven turnover. We are doing two or three things about it. One is, for

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major projects, the Major Projects Authority now tracks the level of turnover of senior responsible officers. This is a critical thing that we just did not know before, and we now do. There is some evidence that it is coming down, but we have more to do.

The second thing we have done is to introduce this year, as part of the pay settlement, what we have called a pivotal-role allowance, which will apply to a small number of people where we see their continued occupation of that role as critical to the delivery of a Government area, and we will have the opportunity to increase salaries for those people. I think the third thing—and this would be something that would come back quite strongly from the Major Projects Authority—is that it is not just about what you do when they are in the role, but getting the role absolutely clear when you appoint them to positions, and the support into that role.

There is, then, quite a lot happening. It is too early in terms of its impact. There has been a small reduction but I would say we need a bit longer to see if it is fully sustained.

Q908 Kelvin Hopkins: In our papers, we see that 14 out of 16 permanent secretaries disappeared in two years. That is a dramatic turnover. Isn't that inevitable when the Civil Service is cutting numbers and public spending? The people who go are those at the top, and then you get promotions and people leaving jobs half-done to take these promotions. Inevitably, it is the most experienced people who have been there longest who take early retirement, which denudes the Civil Service of their best brains, in a sense.

Sir Bob Kerslake: We have about 36 permanent secretaries at the moment. The typical period might be four years in a role, but longer for some and shorter for others. You are, then, always going to have a proportion of turnover over time. In the last two years, the turnover has been higher than would have been ideal, but there have been some particular circumstances. For example, a number of permanent secretaries stayed in role over the period of the election, with the expectation that they would move on once things had been fully established with the new Government, so there have been specific factors that have influenced the turnover for permanent secretaries. I do not think we should overstate the issue. It has been about eight in the last year and eight the year before, out of about 36, and there would always naturally be a level of turnover for permanent secretaries. I am hoping and expecting it to come down in the next few years.

Q909 Kelvin Hopkins: One example that has come up many times in our discussions is the West Coast Main Line franchise fiasco, and the staff turnover in the Department dealing with that was almost continuous. Every few weeks, people would move on. It does occur to me too that sometimes civil servants in those positions, where they have a hot potato, want to move on because they do not want to be around when the policy fails. They cannot be blamed, and I understand that entirely.

Sir Bob Kerslake: Yes, turnover was a factor in the West Coast Main Line but it was not the only factor.

As you will know, the Laidlaw review highlighted a number of things that needed to be addressed in that report. Yes, you are right, though: we need to keep people longer in roles. We are quite clear that our ambition when people take on big projects is that they should stay with the project for either the whole of its duration or at least to a key gateway, so that they do not move randomly between these key gateway-review points. That will be the way in which we manage things in the future, and we have some controls on that, but we also have, as I said earlier, some ways in which we can reward and recognise people who do stick with projects.

Sir Jeremy Heywood: I do think your basic point is, if I may say so, correct. We talk to a lot of Ministers. This is the one issue that comes up more often than any other.

Chair: I am very pleased to hear that.

Sir Jeremy Heywood: “We have a good official dealing with this really high-profile project. For heaven's sake, find a way of making them stay for not three years but five years.” We totally understand that pressure. It is a point that comes up time and time again, and we basically agree with it. I think this pivotal-role allowance that Bob mentioned is a very useful new tool. It will not be available to many civil servants, but I think, for those critical jobs in the Senior Civil Service, when they are dealing with a major project or one that is a very high priority for Ministers, and Ministers want them to stay, trying to persuade them to stay on for another two or three years rather than taking a promotion that they may have been offered somewhere else is a really important way in which we can, in a practical way, address a genuine concern that Ministers have and that we fully share. I think there is no point having a permanent Civil Service if they move around more frequently than Ministers.

Sir Bob Kerslake: I think the question is about taking practical steps to do it, which is what we are doing.

Q910 Kelvin Hopkins: This is the response of Lord Adonis, who, in his experience, said that the Head of the Civil Service in his time as Secretary of State was not able to prevent key officials from moving to new posts as part of their career development. What you are saying, then, is that these new measures will help to stop that.

Sir Bob Kerslake: I think one of the problems in the past—and we are acknowledging, as Jeremy said, that this has been an issue that now needs to be tackled—was what the expectation was when people were appointed to major projects. We are now saying very clearly that, when you are appointed to a project, the expectation is that you will stay with the project either for the whole of the project or until a major review point for that project. If you are clear, when somebody gets the job, that is what is expected, I think there is then a much higher chance that they will do that. If we add in the pivotal-role allowance, we have an incentive for them to do it as well.

Q911 Kelvin Hopkins: A final question on this area: should permanent secretaries have a level of specialist expertise within their own Departments to retain, so

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that you can keep some continuity with their specialist expertise? Other officials may move on but a degree of specialist expertise is retained in these specific areas.

Sir Bob Kerslake: You certainly need retention of specialist expertise in Departments. It may or may not be what you are looking for in the Permanent Secretary; it depends on which particular Permanent Secretary role we are talking about here. I do not think I would want to commit to saying that they have to have expertise. In fact, what we are often looking for are people who will be able to lead and manage their Department over time, so that is a key requirement that we have. Within the Department, however, there must be a balance between movement and retaining knowledge—that is absolutely right.

Q912 Chair: Sir Jeremy referred to the typical four years in a role. In the private sector, it would not be expected that a chief executive of a major company would get a grip of that company until he or she had been doing that job for three years. Four years, then, is quite short.

Sir Jeremy Heywood: I think this is an issue that needs to be agreed case by case, in the case of permanent secretaries, with the Minister concerned, but I would have thought that four or five years—something in that ball park—is the right sort of assumption.

Q913 Chair: Let us consider a Government Department as analogous to a FTSE 100 company. What is the typical tenure of a chief executive of a FTSE 100 company? It is a good deal more than four years.

Sir Bob Kerslake: I truthfully cannot answer that question. We are happy to go away and think about it.

Q914 Chair: I do think that this needs to be addressed. Would you agree that getting the right people into the right jobs is absolutely the fundamental task of leadership of any administrative system?

Sir Bob Kerslake: Absolutely right.

Q915 Chair: The enormity of what you are admitting is that that is not being achieved.

Sir Bob Kerslake: No, I am saying something different.

Q916 Chair: No. Consider West Coast Main Line, and there are plenty of other examples of where Ministers have found the very good official they have been dealing with has been removed without their knowledge and consent, and they find themselves with somebody completely new who knows far less and has far less experience in that particular role. That is a common occurrence, is it not? Sir Jeremy admitted that, and I am very pleased he did, because I think it is a very important point.

Sir Jeremy Heywood: I do not know how common it is, but it is definitely stated quite commonly by Ministers to me and Bob that this is a concern that they have. It is not stated that it always happens; it happens in isolated cases.

Sir Bob Kerslake: I did want to try to come back on this point, because we are saying that we need to get better at this. We are not saying that everybody moves everywhere. I could give you the analysis of the figures, if you want it, that illustrates what has and has not happened, but we undoubtedly need to get better at holding people in key roles and we need specifically to get better on the major projects. That is what we are saying.

Q917 Chair: When it comes to permanent secretaries, however—and let us talk about major projects—when I worked at Ford Motor Company, which was then a pretty hierarchical, graded structure, where your remuneration and status very much reflected your grade, they had a system of protected status for people who were upgraded in their existing job or moved on a senior grade to a less junior job, in order to make sure that the right people went into the right jobs. Does that happen in the Civil Service?

Sir Bob Kerslake: When you say protected status, you mean they held their salary.

Q918 Chair: I could be moved as a grade 9 into a grade 8 or 7 position and be paid and have the status of a grade 9, but I would be doing a grade 7 job, because that was what was required.

Sir Bob Kerslake: It is possible for people to hold roles at different levels and keep their grade, but usually for a period.

Q919 Chair: People would be promoted in post to a new grade, without being taken off the job. Do we do that in the Civil Service?

Sir Bob Kerslake: No, we do not have that at the moment, but it does link to my point about the pivotal-role allowance and how we recognise it. If people stay in projects for a long period of time, how do we reward and recognise that?

Q920 Chair: Isn't there an obvious answer? If we had had a single project manager on the carrier programme for the last 10 years, think of the billions we would have saved. Isn't the answer to say, "This is your career; you will receive promotions throughout your period in this role to reflect your performance and seniority"?

Sir Bob Kerslake: Personally, I think there is a strong case for that, Chair, and I think we will need to look at that for these very long-duration projects.

Q921 Chair: But also when it comes to other key roles in other Departments, not just at Permanent Secretary level.

Sir Bob Kerslake: No, I am talking beyond Permanent Secretary level.

Q922 Chair: It is not just about project management—that is the point I am making.

Sir Bob Kerslake: It is not just about project management. The pivotal-role allowance that I spoke about earlier is not just for projects.

Q923 Chair: Yes, you invite me to look at the figures of the churn of permanent secretaries. There are, in

fact, now four permanent secretaries who are the third Permanent Secretary in that Department since the election. The problem is, in the small minority of cases, when they are totally unsuitable. I am not going to be invidious and mention names, but we all know of cases where a totally unexpected appointment was made and where somebody with extremely limited experience finished up running some crucial agency or Department that they never expected to lead. That is a failure, isn't it?

Sir Bob Kerlake: If you get the wrong person in the job, of course it is a failure.

Q924 Chair: Yes, but it has been happening a bit, hasn't it?

Sir Bob Kerlake: I would not say a bit, but it has happened.

Q925 Chair: In the case of a Government Department, once is once too often, isn't it?

Sir Bob Kerlake: You clearly want to make sure you get it right every single time, because the consequences of getting it wrong, as you suggest, are very big, but no recruitment or appointment process is infallible.

Q926 Chair: But it has happened more than once. It has happened quite often in the last few years.

Sir Bob Kerlake: That is a judgment, isn't it?

Q927 Chair: It is. As I say, I do not want to invidiously mention names, but I very easily could.

Sir Jeremy Heywood: The question, though, is what we do about it. What we are doing about it is giving a lot more attention now to succession-planning, discussing with each Permanent Secretary who the people are in their Departments, in other Departments or outside the Civil Service who could potentially be their successor in two to three years' time, what development they need, and whether there are other jobs that they should be moved to in the mean time to give them the experience. We are, then, focusing on what we can do about this for the future, having recognised that it has been a problem in the past.

Q928 Chair: We have to admit, without putting words into his mouth, it was understandable why your predecessor wanted to hold back permanent secretaries in Departments until the new Government took over. In retrospect, however, it created more problems than it resolved, didn't it?

Sir Bob Kerlake: I think that, again, is a judgment.

Q929 Chair: Come on: everybody admits this was a mistake, except the people who made the decisions. This was a mistake.

Sir Bob Kerlake: I think, as I said earlier, we have had more turnover than would have been ideal in the last two years.

Q930 Chair: As soon as the new Government was in, there were at least half a dozen permanent secretaries saying, "I want to move," so we finish up with, in some Departments, the Permanent Secretary having

less experience of that Department than the new Secretary of State.

Sir Jeremy Heywood: There is a trade-off in this.

Chair: A trade-off, yes.

Sir Jeremy Heywood: There is a trade-off.

Q931 Chair: The trade-off, though, was wrong, wasn't it?

Sir Jeremy Heywood: I do not necessarily accept that. I think the trade-off is: does an experienced Permanent Secretary leave six months before the election, meaning that a completely new Permanent Secretary who does not know anything about that Department is the person who conducts all the conversations?

Q932 Chair: There should not be a completely new Permanent Secretary, should there? Permanent Secretaries should all have extensive experience in their Departments.

Sir Jeremy Heywood: What I am saying is that they may be new to that Department. What Gus had to weigh up, with, potentially, an incoming Conservative administration, was whether we change the Permanent Secretary so that a completely new Permanent Secretary for that Department is the person conducting these conversations with the potentially incoming opposition.

Q933 Chair: The problem that we have, however, is that we have the Civil Service Commission conducting these open recruitment contests. I hate to use the word "random", because it is not, but, if I may say, the golden age of succession-planning has long gone and we need to get something of it back, without compromising the principle that there should be open selection. Do you agree with that?

Sir Bob Kerlake: I would agree with you 100% on that. We are doing a lot more work on succession-planning. I still think it is right to have open recruitment based on merit, but we do need to make sure that we have the right calibre of people available to go into that process.

Q934 Chair: Perhaps we should have much smaller shortlists, and experience in the Department should be a much more important factor. Maybe it should be axiomatic that deputy permanent secretaries are heirs apparent to Permanent Secretaryships in those Departments, because then you would get the continuity and there would be something permanent about our Permanent Civil Service that we do not seem to have at the moment.

Sir Bob Kerlake: My personal view is that we need a better management of succession. We also need—and this is something that we are putting in place, Chair—a better talent-management strategy running through the whole of the Civil Service, so that we pick out people who have the potential to lead at the top and we develop them over time.

Q935 Chair: My final question on this is: I think that you are recognising that there are challenges and concerns around all this stuff about how the Senior Civil Service is managed to provide continuity, excellence and experience in these crucial roles upon

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which our public-administration system depends. What has gone wrong with the leadership of the Civil Service that has allowed these concerns to develop and allow these mistakes to be made? Isn't that a very fundamental question that perhaps can only be addressed by a royal commission or a parliamentary commission?

Sir Bob Kerslake: We would be rerunning the earlier debate if I were to comment on that issue.

Q936 Chair: You do not have an answer, really, do you?

Sir Bob Kerslake: I think I have given you an answer, which is to ask what the most effective route is to strengthening the Civil Service, where it needs strengthening. Our judgment is implementation of the reform plan.

Q937 Chair: What has gone wrong with the leadership that has allowed this situation to arise, where there is not continuity, where there are permanent secretaries with no experience in their Departments, and where people are being ripped out of jobs where they have a crucial role and being replaced by somebody with much less experience? What has gone wrong with the leadership of the Civil Service that has allowed this to happen?

Sir Bob Kerslake: I think we said earlier that there have been specific areas that have not been given the attention they need. I do not think it is entirely about this leader or that leader not having done their role properly.

Q938 Chair: No, I am not picking on individuals; it is about the nature of leadership in our public-administration system. Something has gone wrong with it.

Sir Jeremy Heywood: If you want my views on this, not enough weight was given to succession-planning, and not enough weight was given to continuity within Departments.

Q939 Chair: How did they do this, though? How did they allow this to happen?

Sir Jeremy Heywood: These are judgments. The issue for us is how we put this right for the future.

Q940 Chair: Have politicians interfered in it too much? Is that the problem?

Sir Jeremy Heywood: I do not know.

Sir Bob Kerslake: I am not sure, to be honest, that we are going to have a very useful conversation if we constantly look backwards at this. Our job is to focus on how we improve from here on in.

Q941 Chair: If it stops happening instantly, I should be delighted, but I have no faith.

Sir Jeremy Heywood: I think we are violently agreeing that one thing we do need to do is more succession-planning, so that, inside a Department, it is clear which people are being groomed and could potentially become a Permanent Secretary of the future. At the same time, however, it is perfectly reasonable, I think, to challenge the internal candidates against people who might be outside the

Civil Service or in other Departments and have relevant experience. I do not think we should have a closed mind to that, but we believe, definitely—and that is why we are doing it—that we need to do more succession-planning. I think good private-sector companies and good organisations do that sort of thing, and we need to be better at doing it ourselves.

Q942 Kelvin Hopkins: How much has all of this been affected by the increasing friction between senior civil servants and Ministers because of the radical drive of politicians over the last two or three decades? It is very different from the past. I knew Sir David Bell, for example, well. It is possible, shall we say, that Sir David was not keen on the direction of education policy and he retired or moved on. I think he was excellent, personally. When I met him, he spoke a lot of common sense, and I met him two or three times, but he moved on. I can imagine he would not be happy with the direction of education policy or the style of the Secretary of State, and his special advisers in particular, of whom there has been a lot of press coverage. Is there a tension between Ministers and civil servants that has been getting worse over time?

Sir Jeremy Heywood: I do not want to comment on David Bell's particular case, but I do not think it is true to say at all that Ministers have been the reason why inadequate succession-planning has been done in the past. No Minister has ever really expressed a view to me about the issue of succession-planning within Departments. I think that is something that the Civil Service has to take responsibility for, and it is something we certainly intend to take forward in the future.

Q943 Alun Cairns: This follows the theme of succession-planning and the role of Secretaries of State. Why do you think that Ministers feel the need to increase their role in the appointment of permanent secretaries?

Sir Bob Kerslake: They have always had quite an extensive role, but I think what they feel is that they are taking responsibility for the performance of their Departments and, therefore, they need to have, quite rightly, a big say in the appointment process for a key role, which is the Permanent Secretary.

Q944 Alun Cairns: Do you agree that the way we appoint permanent secretaries has, on occasion, resulted in the wrong candidate being selected?

Sir Bob Kerslake: It is very hard to judge, because I cannot go back over time and find out whether ones have not worked or have worked. What I can say is that we have put a lot of effort into ensuring that we have an appointment process in which Ministers are involved at every stage.

Q945 Alun Cairns: It is only the Prime Minister who has the veto. Sir David Normington said that he thinks it should go back to the start of the selection process if the Prime Minister chooses not to appoint the Permanent Secretary, but doesn't that, effectively, tie the hand of the Prime Minister or even the Secretary

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of State, because they are facing a potential delay in receiving the appointment of a Permanent Secretary?

Sir Bob Kerslake: No. I think, in fact, both the Minister and the Prime Minister would ultimately have a veto, so nobody goes forward to the Prime Minister unless the Minister is happy with their proposed appointment to the role.

Q946 Alun Cairns: Do you agree that Sir David Normington's proposal would, effectively, tie up the whole process? Would it lead to greater delays if it had to go back to the beginning of the selection process if an individual candidate was not appointed ultimately?

Sir Bob Kerslake: I think the current process is that, if the Prime Minister or, indeed, the Minister is not happy with the name put forward, you do have to rerun the exercise. That is the clear way it works now, and has done for a while. What you would aim to do—and we do try very hard to ensure this—is not reach that point. Through the process of engagement with both the Minister and, indeed, the Prime Minister's Office, when you reach the point of the appointment, the person would be acceptable as the candidate.

Q947 Alun Cairns: Lord Wilson described the Government's proposals to increase ministerial involvement in Permanent Secretary appointments as a slippery slope. Is that a fair assessment?

Sir Bob Kerslake: My personal view is there are clearly different perspectives on this issue of choice. Bear in mind we are only talking about one specific point in the process. We are talking about, right at the end of the process, whether or not a preferred candidate should be put forward, or whether or not the Minister should have a choice. Ministers have clearly expressed their view on this, but we have now agreed a process, which we are going to try out over the current year to see whether it addresses Ministers' concerns and meets the views of the commissioner.

Q948 Alun Cairns: How long does it take to appoint a Permanent Secretary from the notice of one who is moving on to the appointment of the next?

Sir Bob Kerslake: It hugely varies, depending on the quality of the field we get and how easy it is to identify candidates, whether we go externally or internally, but we can usually complete the process within three months, potentially less than that if it is an urgent need.

Q949 Alun Cairns: What would be the longest?

Sir Bob Kerslake: I cannot give you a figure for the longest; I would have to go back and check.

Q950 Alun Cairns: Do you not accept that period of a vacuum can lead to a Department without the leadership we have just been talking about, which then goes back to the issues about complacency because we are not delivering on all of the goals all the time?

Sir Bob Kerslake: You absolutely want to do the process as quickly as you can, and many of them do go through pretty fast. For example, the MOD post was a fairly rapid process. We want to complete the

process as quickly as we can, but we also want to do it consistent with getting the right person for the job, as the Chair said earlier. On occasions it has taken a longer time because we have not had what we feel is a strong enough field for the role, so we have taken longer to get the right person.

Q951 Alun Cairns: But doesn't this come back to the point the Chairman raised about better succession planning, which effectively means there is almost an obvious candidate every time?

Sir Bob Kerslake: It absolutely does. I believe you should still be open to the fact always that there may be somebody better. You should always have a number of candidates who can go for every role. The hard truth is that for a number of posts we have filled in the last year or so—I will not mention names—we have not had as strong a field as we would have wanted. That goes to the quality of our succession planning. It also goes to the quality of our ability to attract external people as well.

Q952 Mr Reed: We have heard a number of different responses to this question, but why don't you involve Ministers through the whole process, including the final selection panel, in the way it operates perfectly well in local government?

Sir Bob Kerslake: We do involve Ministers right the way through the process, just as in local government. The only difference in local government is in the final stage, where typically in my experience, and I guess yours, councillors choose from a group of people who are above the line. There is a difference, in that the appointment is made by a panel and agreed by the full council in a local authority, including the opposition in that model. It is different in central Government in that respect. At the final stage Ministers are aware of who is on the shortlist, and under the new procedure they will interview all of those going on to the shortlist, and if we have two candidates who are very close, they will have an opportunity to see them again. We are now pretty close to the local government system. We are left with the last specific issue about whether in the final analysis there should be a choice for the Minister.

Q953 Kelvin Hopkins: A recent example, which seems to support Lord Wilson's concern about the slippery slope to patronage and politicisation, was the recommendation for Permanent Secretary at the Department for Energy and Climate Change, which at the last minute was stopped by the Prime Minister. With respect, that is very much politics getting in the way. There was something about the candidate that the Prime Minister and possibly the energy industries did not like, and he was stopped. That smacks to me of politics.

Sir Bob Kerslake: You will understand why I would not want to comment on the individual case for the position of the individual involved. What happened there was exactly in line with the procedure I referred to earlier. The Prime Minister has a role to play and he played it. We reran an exercise and, as a consequence of that, have an excellent Permanent Secretary.

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Q954 Kelvin Hopkins: With a view that no doubt was more closely aligned with the Prime Minister's.

Sir Bob Kerslake: We have an excellent Permanent Secretary who has the skills and capabilities to do the job that is being asked for.

Sir Jeremy Heywood: The Prime Minister has always had a veto. There is nothing new about that at all; that has always been the position, but the fundamental point Bob is making here is that there is no more important relationship than that between the Secretary of State and the Permanent Secretary. If that does not work, it does not matter what else you have got in the Department. The Department will not function as well as it should, so it is worth taking as much time as is needed to make sure we have somebody who, in the view of the Civil Service and the Civil Service Commission, is fit to do the job for this and a future Government, and also someone the Secretary of State and the Prime Minister can work with and have confidence in. Without that fundamental relationship working, the Department will not work properly.

Q955 Chair: How much do you think this initiative, which has been very passionately supported by some Ministers and former Ministers in Her Majesty's Opposition, is a symptom of the frustration about people finishing up in the wrong jobs without the necessary expertise, the widespread failures of implementation that do not seem to occur and so on? It is to do with the frustration they feel about the current leadership style of the Civil Service. I do not know whether it is just style—I am not talking about the people—but the culture of leadership in the present Civil Service is not to their liking, is it?

Sir Bob Kerslake: I have done a lot of recruitment of permanent secretaries in the last year, as you have alluded to, and all of the Ministers have been delighted with the people who have taken on the role.

Q956 Chair: You said yourself that in some cases you just do not have the quality to choose from.

Sir Bob Kerslake: No; I said we did not have a wide enough field.

Q957 Chair: It sounds like the same thing, Sir Humphrey.

Sir Bob Kerslake: It is not quite, because what you are suggesting is that we do not end up with people who are up to the job.

Q958 Chair: It sounds like you do not have the quality to choose from.

Sir Bob Kerslake: I am saying we did not have enough people on the shortlist in some instances, but we did end up with good people in the roles we were seeking. That would not have been altered by the specific issue we are talking about here. This is not the first time the question of choice has come up; it has come up before.

Q959 Chair: I am agreeing with you on the very fundamental point that what Ministers hunger for is not going to fix the problem. It is not going to widen the shortlist from which they are able to choose.

Sir Bob Kerslake: What I am saying, perhaps not as well as I should, is that the issue is not the quality of the people they have ended up with as permanent secretaries. This is a point of principle about whether or not they should have a choice.

Q960 Chair: I understand that, but why have they wanted to question the principle of the present recruitment system for permanent secretaries? It is because they are not getting stuff done that they want to have done, or they do not have confidence that the people who are going to be appointed by the present system will fix the system, which is broken in their eyes.

Sir Bob Kerslake: In some sense you need to talk to Ministers. I do not want to speak on their behalf. The principal issue they have raised in my discussions on the reform plan has been that, given they are accountable, they feel they should have greater involvement in that final stage.

Q961 Chair: We agree on one thing: their expectation that this will resolve all their difficulties is likely to be disappointed, even if they get their way.

Sir Bob Kerslake: Clearly, the first thing you would need, if you are to give people a choice, is enough candidates of sufficient calibre.

Sir Jeremy Heywood: I am not sure I necessarily agree with what you have just said. I think that choosing the right Permanent Secretary and having the right relationship between the Secretary of State and the Permanent Secretary is about the most important thing you can do to ensure the success of the Department. Leadership is absolutely vital, so making sure we have a process that commands the confidence of the political team, as well as the Civil Service Commission, is one of the most important things in the entire Civil Service plan. It is vital that, as we continue to keep that under review, we make sure the system that has now been put in place is delivering permanent secretaries who are very capable of doing the job and have the confidence of their secretaries of state.

Q962 Chair: I think we can agree that, if there is a massive dispute between the political class and administrative class about how these senior appointments are made, something has gone wrong in the leadership.

Sir Jeremy Heywood: I am making a different point. If we end up with leaders of Departments who are not capable of doing the job and commanding the confidence of their secretaries of state, something has gone wrong.

Chair: I appreciate you are making a different point.

Q963 Kelvin Hopkins: On the point about permanent secretaries being acceptable to secretaries of state, in the case of DECC the proposed appointee was acceptable to the Secretary of State but not the Prime Minister. That was a rather different situation.

Sir Bob Kerslake: The Prime Minister has the right of veto, and he exercised it in that case, so we cannot say any more about it in that sense.

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Chair: Mr Reed has to leave in a second and he has another question that he wishes to ask.

Q964 Mr Reed: Unfortunately, it is quite a big question. Is the Civil Service sufficiently accountable at all levels for its performance?

Sir Bob Kerslake: My personal view is that we have got work to do on that. We have done a lot to strengthen accountability at the top of the Civil Service. We are now rolling out a big programme of better performance management across the Civil Service so this happens right the way through it. It is happening this year; it is a critical part of the reform agenda. I will be able to tell you in a year's time whether we have got that kind of robust performance management in place.

Q965 Mr Reed: How are you looking at that accountability changing? Accountability to whom?

Sir Bob Kerslake: It is quite clear that under our system we are accountable to Ministers and the Government of the day for the delivery of our responsibilities.

Q966 Mr Reed: But you are looking at different models of accountability, like the New Zealand model for commissioning.

Sir Bob Kerslake: One of the pieces of work being done under open policymaking is for the IPPR to look at alternative models. We have not yet seen their report.

Q967 Mr Reed: But is it your view that models of accountability need to change to reflect the changing circumstances in which the Civil Service operates?

Sir Bob Kerslake: You have to review it. An example of that is that we are reviewing the so-called Osmotherly rules, which govern the appearance of civil servants in front of Select Committees. There is already work going on, but we should not give the impression that we think the model itself needs fundamental change. We are looking more at improvements rather than a fundamental change to that model.

Q968 Mr Reed: Would you personally feel comfortable about having a more junior civil servant appearing before a Select Committee?

Sir Bob Kerslake: Yes, and it does happen in specific circumstances. For example, I talked earlier about the senior responsible officers going in front of Committees for big projects. I would not be comfortable if that became such a practice that you lost sight of the ultimate responsibility of the Permanent Secretary for the work of their Department. In specific instances for major projects, that is fine, but the general rule is that we appoint permanent secretaries and they have the responsibility, and therefore should take it.

Sir Jeremy Heywood: I have nothing much to add to what Bob has just said. The Prime Minister has made it quite clear that he is open to looking at this issue again. That is something we need to do with him, the Deputy Prime Minister and the Minister for the Cabinet Office, but fundamentally our view is that the

model works. To us, it does not feel as if civil servants are not accountable to parliamentary Select Committees. We try our utmost to co-operate and be helpful and open, but in the current system it is ultimately for Ministers to account to Parliament and we account to Ministers.

Q969 Mr Reed: One thing that can be very frustrating is the lack of a named individual who is accountable for a significant piece of work. The instance Mr Hopkins referred to earlier leaps to mind. Do we need named civil servants accountable for pieces of work who work in office rather than people who may be several tiers higher up?

Sir Bob Kerslake: We are very clear about the need to have identified responsible officers for major projects. That is one of the things that has been strengthened through the work of the Major Projects Authority. They now hold a record of that; they track progress and whether they stay with the role or move on, but the key to success is having clearly identified people responsible for big tasks.

Sir Jeremy Heywood: The point Bob makes is a very important one. You cannot so fragment this that the Permanent Secretary then evades responsibility for the quality of work in the Department. It would be quite wrong increasingly to put the spotlight on junior officials and say, "You're the person who was responsible for West Coast Main Line," or whatever. We are much more visible; there is much more transparency about what every member of the senior Civil Service does. One of the very earliest things the Government did was make organisation charts more visible, so no one should have any difficulty understanding which civil servant is responsible for which area of policy, as it were, but in the end Ministers are accountable to Parliament and civil servants are responsible to Ministers. The Permanent Secretary has to take responsibility for the quality of the work.

Q970 Mr Reed: I think we can accept that principle but also acknowledge that in some instances more information can be gleaned from the individual who has had day-to-day responsibility.

Sir Jeremy Heywood: I think that is a reasonable point.

Sir Bob Kerslake: We are very comfortable with that. I am also very comfortable with the idea that big projects need clear and permanent or sustained leadership by an identified person. You are quite right that for the West Coast Main Line one of the things Sam Laidlaw identified was that the project changed hands at least three times through its development.

Q971 Chair: The problem Select Committees have is not that they want to bully junior officials about Government policy, but quite often it seems that officials—I have seen it even in the case of military officers—seem to evade questions of fact and administrative information in favour of the line to take. It comes as quite a shock to people to learn that even senior military officers are briefed by civil servants about lines to take rather than providing honest answers to questions, so they are drawn into

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the politics. Shouldn't it be more explicit that civil servants have an obligation to answer questions in front of Select Committees provided they are not about matters of policy, and it should also be perfectly acceptable for a civil servant in front of a Select Committee to say, "I'm sorry; I'm not going to answer that question. That is a matter for the Minister"? That happens occasionally, but there have been cases where even a Permanent Secretary has stonewalled a perfectly factual question because the fact would be embarrassing to the Minister, and therefore he is effectively protecting the Minister from matters of fact. That is not what civil servants should do in front of Select Committees, is it?

Sir Bob Kerslake: We have said before they should be as open and helpful in front of Select Committees as they can be. There are restraints on when they can give information on particular issues to do with official statistics or other things. There will be restraints, but we have encouraged civil servants to be as helpful as they can to Select Committees in getting behind the issues on a particular matter.

Q972 Chair: We are all familiar with the Armstrong memorandum, which seems to me to overstate the singleness of the Minister and civil servant, and it certainly seems very out of date in this day and age. What revision of that memorandum would be appropriate?

Sir Bob Kerslake: We are happy to go away and see whether some revision might be needed to that. We are looking at the Osmotherly rules, which follow a very similar pattern, to see whether some change is needed.

Q973 Chair: Select Committees do not recognise the Osmotherly rules; they are a creature of the Executive, not of Select Committees.

Sir Bob Kerslake: I understand that, but we are looking at them. If there was a case to look at the Armstrong memorandum, we would be happy to do so.

Q974 Chair: I invite you to re-read it, because it looks awfully dated in this day and age.

Sir Bob Kerslake: I read it again this morning, as I knew you would raise it.

Q975 Chair: Which of you is responsible for a new Armstrong memorandum?

Sir Jeremy Heywood: I think it would be a joint responsibility. We can look at that and certainly update the language and polish it up a little, but eventually there will come a hard point, which is that if a Minister has decided that a piece of information should not be made public at a particular point, it is very difficult for the civil servant to countermand that.

Q976 Chair: Would it have to be given in answer to a parliamentary question or freedom of information request? Is a freedom of information request to have more puiſſance than a chairman of a Select Committee? Is that what we have come to?

Sir Jeremy Heywood: This is an issue that needs more thought, given that the Armstrong memorandum was written before some of these developments.

Q977 Chair: Have Select Committee chairmen got to start to do freedom of information requests rather than asking questions in Parliament? Is that where we have got to?

Sir Jeremy Heywood: I see the force of that point. What we are saying is that the Armstrong memorandum was written before freedom of information, the evolution of thinking on openness of policymaking and so on. That is precisely why it would be sensible to have a look at it.

Q978 Chair: Shouldn't the standard guidance be that if any piece of information would be subject to freedom of information, it must be given in the Select Committee?

Sir Bob Kerslake: I think it would be unwise to set up new processes on the hoof in this meeting.

Chair: I am merely making a suggestion in order to be helpful.

Sir Jeremy Heywood: If we were having a discussion with Ministers about this—this is entirely theoretical—we would obviously make that point: "If this question were raised through FOI, we would be giving it, and that is exactly why we need to give more guidance to people on this question."

Q979 Chair: Can I just talk about what accountability feels like to officials? Accountability can feel very brutal and conflicting, can't it? The Armstrong memorandum attempts to resolve that, but in this day and age we are not going to go back to where civil servants are pretty well anonymous; we are in a much more public age. How is this addressed in the leadership of the Civil Service?

Sir Bob Kerslake: Taking your first point, it is now more open and challenging. Select Committees are rightly more assertive about the issues and stronger when they think things have not been done properly, or think they are being evaded in terms of answers. That is just the world we are in, and civil servants need to be better equipped to handle that.

Q980 Chair: Is not one of the things that has corroded the relationship between civil servants and Ministers that what used to be a very private space is now subject to a lot of public scrutiny? Even private conversations, memoranda, e-mails and even text messages between a Secretary of State and an official can suddenly appear in public in some inquiry. Isn't this one of the really big changes and challenges to the administrative system?

Sir Jeremy Heywood: It could potentially change it, but most of those sorts of communications are protected under FOI. Despite FOI and all the other pressures we have talked about and greater openness, I do not think that in the end that has eroded confidential discussions that take place between Ministers and their civil servants.

Q981 Chair: Isn't this why so much more finishes up on the sofa rather than in more formal discourse?

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Sir Bob Kerslake: No, because you have clear rules that exclude policy advice to Ministers from FOIs. It is perfectly possible to provide honest written advice to Ministers in a way that is protected.

Q982 Chair: Has there been a proper and considered study of the scrutiny the relationship between Ministers and civil servants is now under and the effect it has had on our administrative system?

Sir Jeremy Heywood: There has not been a study of that through that specific lens.

Q983 Chair: But isn't that one of the really big changes in the context in which our administrative system has to operate?

Sir Jeremy Heywood: We look at the issue case by case. For example, over the last couple of years we have been reviewing the impact of FOI. One of the issues we look at as part of the review of FOI is whether the current rules have damaged the relationship between Ministers and civil servants and the willingness of civil servants to give fearless advice on paper, so you look at it case by case.

Q984 Chair: Isn't there a case for a comprehensive look? Wouldn't a parliamentary commission or royal commission be rather a good place to do that thinking?

Sir Bob Kerslake: I do not think it requires a royal commission. If there were areas to look at, we could certainly do that.

Q985 Chair: I seem to be building up quite a list of issues that do not get the comprehensive consideration from within Government. You have just said you look at it on a piecemeal basis.

Sir Jeremy Heywood: In my view that is an adequate way of looking at it.

Q986 Chair: But that is the way the system works, isn't it? It does not do "comprehensive".

Sir Jeremy Heywood: The system quite rightly focuses on the important and urgent and prioritises it.

Q987 Chair: But the evidence we have seen from the visible and very public breakdown of trust between Ministers and civil servants in some cases, which seems to happen much more publicly, embarrassingly and disruptively these days, is that this is a problem that the leadership of our administrative system has not addressed.

Sir Jeremy Heywood: I do not agree with your thesis, which is that the safe space between Ministers and the Civil Service has been encroached upon in a way that has caused tension. I do not agree with its characterisation as a huge level of tension. For all the reasons we have discussed, we do not think it is as acute as you say.

Q988 Chair: Do you think it is going to get better or worse?

Sir Jeremy Heywood: As the various concerns people have expressed and the weaknesses we are aware of are addressed, hopefully the performance of the Civil

Service will continue to improve, and that should reduce what tensions there are.

Q989 Chair: Nothing comprehensive has changed and the pressures continue to increase. Why should it get any better?

Sir Jeremy Heywood: As we have tried to explain, we think the plan comprehensively addresses the various concerns there are.

Sir Bob Kerslake: As we get better at implementing what Government are seeking to achieve, that is bound to help the relationships.

Q990 Chair: I am going to miss out one question except to ask: there are plans for reviewing the split between your two roles. When is that going to be concluded, and when will it be published?

Sir Bob Kerslake: As you say, it was one of the things that was agreed to be done. I guess it will be undertaken fairly soon. We have not fixed a date for that, and we are happy to let you know when that is determined.

Q991 Chair: I think you made a commitment. We said six months in our recommendation. You said that was too soon and it would be 12 months.

Sir Bob Kerslake: I think we said 12 to 18 months.

Q992 Chair: So it will be within the 18-month time frame.

Sir Bob Kerslake: We would certainly want to keep to our undertakings on that, but we have not yet fixed a date.

Q993 Chair: But it is now more than 12 months.

Sir Bob Kerslake: Yes.

Q994 Chair: So it is imminent.

Sir Bob Kerslake: I did not say "imminent"; I said we have not fixed a date for it, and we will let you know when we have.

Q995 Chair: Is this a ministerial matter or something you can initiate on your own?

Sir Bob Kerslake: Clearly, it would need to be done with Ministers.

Q996 Chair: So you need to ask their permission?

Sir Jeremy Heywood: We would expect them to want to be very closely involved in it.

Q997 Chair: How will it be done?

Sir Bob Kerslake: That is to be determined.

Sir Jeremy Heywood: We have to decide that with the Prime Minister and the Minister for the Cabinet Office.

Q998 Chair: Presumably, there would need to be some external or non-executive oversight of some kind.

Sir Bob Kerslake: That is certainly an option, but we have not fixed it. We need to have that conversation.

Chair: Can you send us a note about when and how this is going to be conducted?

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Q999 Alun Cairns: Can we also ask how long it is expected to take?

Sir Bob Kerslake: I do not think this is a long exercise. I am being frank and honest with you in saying we have not fixed how we are going to do it yet, but it will be in the time scales we said we would do it within.

Q1000 Chair: It seems to me there needs to be some independent external assessment.

Sir Bob Kerslake: We hear the force of your point.

Q1001 Chair: It would be quite normal even to appoint a firm of consultants. Dread the thought. Moving on, yesterday you published in time for our Committee—thank you—the Civil Service Capabilities Plan. This is a comprehensive document that looks at a number of different concerns: leading and managing change; commercial skills and behaviours; delivering successful programme and projects; and redesigning services and delivering them digitally. The problem seems to be recruiting and retaining these specialist skills. What needs to change in order to make that easier?

Sir Bob Kerslake: In the plan we have said that it is going to be a mix of strengthening what we do internally, bringing in people from outside and also borrowing people temporarily to do projects. We are going to source the expertise we need in three different ways, and I think that is the right way to think about it. In terms of retaining people, one of the key things we need to get better at is giving them a clear career path in the area of expertise that they form a part of. You will see in the plan that our intentions are to strengthen the key professions that are important to the delivery of plans. The second thing about retention, which we touched on earlier, is that, when people are assigned to long-game projects, we need to ensure that it is in their interests to stay with them. A third one, which is quite critical to retention, is that they see that their expertise is valued; they are seen as parallel to, or at least as strongly needed as, what might be called conventional policy advice. How we retain people is about those three things in my experience.

Q1002 Chair: Can we expect to see an end to the policy of voluntary redundancy because that seems to be a permission for the good people to leave and the dross to stay, bluntly?

Sir Bob Kerslake: I do not think we will see an end to voluntary redundancy, but we have been very, very clear that it is not what I would call a put-your-hand-up-and-go policy; in other words, people cannot simply say they would like to go and the management say, “If you want to go, fine; off you go.” Those who go have to be people who have been determined by management as those who are best able to be released. That is the key element of the policy. People may indicate they wish to go; we may be very happy with them going because we feel we can let them go and still deliver what we need to do, but we need to have no truck with people going simply because they want to go. It has to be determined ultimately by management.

Q1003 Chair: We have a great ambition that there should be a more porous relationship between the Civil Service and the private sector and yet, particularly in areas like IT or project management, if you put one of these bright fast-streamers into the private sector they are most unlikely to come back.

Sir Bob Kerslake: That has often been said to me. One thing I would say is that people coming in from outside is much more prevalent than you would imagine.

Q1004 Chair: But they have a disadvantage, don't they? They are like fish out of water for the first 18 months or two years because they cannot understand how the system works.

Sir Bob Kerslake: That is absolutely right. It takes them a while. You have to invest in making sure they can understand how we work and we can adapt bringing in new people, but on the evidence I have seen probably around a third of the people coming into some of these key professions have been recruited from outside.

Q1005 Chair: The people you are recruiting from outside very often come in on special packages, don't they?

Sir Bob Kerslake: Some do, but increasingly less so now; we have been much tighter on that. Many make the choice because they want to work in the public sector, but your question was about people going out and not coming back. There is some risk of that. I think it is overstated. If they are attracted into the private sector simply because of the salary or those issues, they could do that now; they could go into one of those jobs tomorrow, so they have chosen to stay in the public sector.

Q1006 Chair: Unfortunately, when you second people to the private sector they find a whole new world out there that is a good deal more remunerative.

Sir Bob Kerslake: They do.

Q1007 Chair: Then their partners say to them, “Why do you put up with working for that ramshackle Government when you can have a nice well-paid job in the private sector?”

Sir Bob Kerslake: I am saying to you that it is a risk. Even though it is a risk, we should encourage people—

Q1008 Chair: The point I am driving at is: should we not be more flexible about how we make sure that when we upskill these people in the private sector they are sufficiently rewarded when they come back, particularly in the field of project management where salaries can be very large indeed?

Sir Bob Kerslake: To be frank with you, we are not going to be in a position where we can match those sorts of salaries.

Q1009 Chair: I know this is not Government policy.

Sir Bob Kerslake: Not only is it not Government policy; I do not think it will ever be policy to say we match the private sector.

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Q1010 Chair: I am not saying match but ameliorate.
Sir Jeremy Heywood: We do have flexibility. The Prime Minister has made it very clear that we can bring people in above his salary.

Q1011 Chair: Does that include civil servants who have been on secondment?

Sir Jeremy Heywood: It could, theoretically.

Q1012 Chair: If you wanted to create an incentive for civil servants to learn from the private sector and come back, knowing they would be rewarded for doing so—

Sir Bob Kerslake: I would be unsure about simply increasing their salary if they come back, but we take your general point about having flexibility to keep really key people and create an environment in which people want to work for the Civil Service, but what I am saying to you is: we are not going to try to chase in every case.

Q1013 Chair: But arbitrary prime ministerial salary cap does not apply in these cases, does it?

Sir Bob Kerslake: It is quite clear that where a case can be made for a salary above the Prime Minister that can happen. It is not an absolute.

Q1014 Chair: I take that as a yes.

Sir Bob Kerslake: It is a yes, sorry.

Sir Jeremy Heywood: I think this debate has missed a key dimension of the capabilities plan, which is the importance of making sure that existing civil servants upskill in the key areas of digital, commercial project management and leadership. This is not just about bringing in specialist expertise and seconding people out so they acquire expertise; it is making sure that it becomes part of the thinking that any senior civil servant has to do about how he or she trains up. They have got to have digital and commercial skills. Everybody in the senior Civil Service of the future in our view needs to be more commercially savvy and digitally literate.

Sir Bob Kerslake: It would be poor strategy if we thought we had to buy in all those skills. We should be developing them ourselves.

Q1015 Chair: Absolutely.

Sir Jeremy Heywood: This is a tremendously important plan. I do not want to labour the point. The fact is that it has been months in the creation. It is somewhat late compared with our original timetable, but it was worth taking the time to get it right, because fundamentally the Civil Service issues we have been talking about come down to: do we have the skills necessary to advise Ministers, implement policy, do the right sorts of deals with the private sector, and so on? This is really the heart of the Civil Service plan of the future.

Q1016 Chair: We could do a whole inquiry on this subject, and we may well do so before the end of this Parliament. Just to touch on this, how are you going to monitor and encourage individual Departments? How are you going to monitor and measure how Departments are developing and retaining these key

skills, and what are you going to do with Departments that fail to do so?

Sir Bob Kerslake: There are two or three things. First, because we now have a different way of organising our learning and development we can see immediately for each Department how much they have invested in these key areas, so we have an immediate way of assessing how well they have invested in the key skills Jeremy referred to. Secondly, we have increasingly better data about the turnover and retention of the professions and key projects I spoke about earlier. Thirdly, how do we hold them to account? It will be through reviews of their delivery of the Civil Service reform plan and the end-year reviews that we do for individual Permanent Secretaries.

Q1017 Chair: Can I ask how this will be led? What will be the leadership of this programme?

Sir Bob Kerslake: The capabilities plan?

Chair: Yes.

Sir Bob Kerslake: We are asking Chris Last, the head of HR across Government, to take the lead on this. We will establish a small team under Chris to take responsibility for that.

Q1018 Chair: Where is he based?

Sir Bob Kerslake: He is based in DWP at the moment, but half of his job is to lead HR across Whitehall. He will take the lead on this project.

Q1019 Chair: I notice there is a list of corporate actions, such as refresh introduction to Civil Service course to include awareness of four new priorities; introduce a corporate talent pool; the Civil Service high potential stream; launch of the new generalist fast-stream programme; exposing future leaders to digital service redesign; and corporate leadership development programmes. This is all very persuasional rather than directive, isn't it?

Sir Bob Kerslake: I do not think it is. Some of it might be persuasional. If I take the talent development area for example, there will be a requirement on all Departments to identify their key talent and those individuals will be actively managed in terms of their careers, so it is not persuasional much; it is an expectation.

Q1020 Chair: There is to be a new Positive Action Pathway "Levelling the Playing Field", targeted at women and ethnic minority and disabled staff. Doesn't that happen already?

Sir Jeremy Heywood: Not to a sufficient extent. In terms of mandation, we are also going to make it absolutely clear that, if you want to get on in the senior Civil Service, you do not need just the policy skills and so on; you will have to have the digital and commercial skills. You are quite right that in the end the only things that will get attention are things which senior civil servants understand they are going to have to do if they want to progress up the hierarchy.

Chris Last and his team are obviously very important in leading the exercise, but Bob has written or is writing today literally to every single senior civil servant asking them to talk their own staff and teams through this process. We want this to be a mass market

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product, if you like, across the whole Civil Service. This has to change the way every civil servant thinks about their future and what they should be spending their training time doing.

Q1021 Chair: It comes back to the question of leadership. Half a civil servant in one Department cannot be responsible for an aspect of getting the right people into the right jobs. It is a very important aspect and this is a very welcome White Paper, but I am sceptical that the responsibility for achieving these outcomes is sufficiently focused in one person with enough power and sense of obligation and respect to get this done. It feels too scattered.

Sir Bob Kerslake: To make this happen, as Jeremy said, we need not just hundreds but thousands of people to take on board the recommendations, so it is in that sense something that happens in a lot of places and is diffused. As to the power to make sure it happens, this lies with Chris Last but also myself and Jeremy. We are and will be very clear with Departments that a key responsibility of theirs is to take forward the implementation of this plan.

Chair: Skills is yet another aspect that a royal commission or parliamentary commission might want to look at in an even more comprehensive way than you have in this paper. That is the thought on which I am minded to close this session, but, if there is anything else you would like to add, please do so after Mr Hopkins.

Q1022 Kelvin Hopkins: I want to add something I have said before at these meetings. I hope we will continue to recruit to the Civil Service people whose concern is public service. They are different from people who work in the private sector. Fine people work in the private sector but their object is to make profit, and many of them make a lot of money. If I wanted to make a lot of money I would have become a property developer, not an MP, but I am perfectly happy with my role because that is what I want to do. I hope that the Civil Service will not simply become professionally skilled, digitally aware and all of that and forget public service, which is what it is about.

Sir Bob Kerslake: The public service ethos is central to why people are in the Civil Service. This is not

exclusively the province of people who started in the public sector. When I go round the country and ask people whether they are career civil servants or they have come in, typically between a third and a half put up their hands to say they have come in from other parts of the economy. We know from our own surveys of staff that they find the work in the Civil Service interesting and varied, and they are very committed to the agenda they are trying to pursue. One of the things we offer staff is work that is important, has a major public good and is interesting and varied, which does not mean to say we cannot learn from the private sector about how to do things better.

Q1023 Alun Cairns: My question is a related one but it is from a very different angle. The nature of devolution has changed the ways in which the civil servants employed in the devolved bodies and in Whitehall work. There used to be relatively free movement between civil servants in Cathays Park in Cardiff, for example, and those in Whitehall Departments. That generally does not happen now. That is anecdotal evidence, but I am pretty sure it is accurate. Is there any data you can share, not now but maybe in writing afterwards? Can I ask that you give consideration to that, because there is a need for experts within the Civil Service in Whitehall and in Cathays Park who understand each other's organisations? I mean that for Scotland and Northern Ireland as well.

Sir Bob Kerslake: I strongly agree with your view on that. We are happy to give you the data. Both Jeremy and I are passionate about getting more interchange of both people and ideas. There are things we can learn, and we should be doing more of that.

Q1024 Chair: Is there anything else you would like to add?

Sir Bob Kerslake: No. I think you have covered the territory very thoroughly.

Chair: You have been very generous with your time, and I put it that way. Thank you very much for being here. It has been a very interesting and informative session for us. We are very grateful to both of you.

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Members present:

Mr Bernard Jenkin (Chair)

Alun Cairns
Charlie Elphicke
Paul Flynn

Robert Halfon
Priti Patel
Mr Steve Reed

Examination of Witness

Witness: **Rt Hon Francis Maude MP**, Minister for the Cabinet Office and Paymaster General, gave evidence.

Q1025 Chair: We now move on to Civil Service reform and the future of the Civil Service. What do you think really is the root cause of you and your colleagues' concern about the state of the Civil Service? I am not talking about the symptoms; what do you think the cause is?

Mr Maude: The first point to make is that this is not just a concern expressed by Ministers; the strongest demand for change in the Civil Service comes from civil servants themselves. I recently had a session with a programme called Base Camp, which is for people newly entered into the senior Civil Service at deputy director level. There must have been 80 or 90 of them there, and they were terrific—bright, energetic, ambitious and wanting to change the world. Great people; as good as I have ever known in the Civil Service. That was the good part of it; the bad part of it was that they were, to a man and woman, frustrated. My conclusion is that the Civil Service today has managed to be less than the sum of its parts. There are lots of really good people who feel weighed down by a system which inhibits them from giving of their best. Clearly top among the things we need to do is for the system to change so that these great people can give of their best.

Q1026 Chair: We heard a lot in the previous session about what a dispersed system it is and, therefore, how difficult it is to lead and manage. You started to talk about where that leaves people's sense of responsibility for outcomes. Can you say some more about that? That seems to be the challenge.

Mr Maude: Expand.

Q1027 Chair: Why do you feel that, in the end, these very talented and committed people either cannot take responsibility for producing effective outcomes, or do not feel that they are charged with that responsibility for creating effective outcomes? What has gone wrong with the system so that people's sense of responsibility for what happens is somehow blunted or not there? You obviously feel that, don't you?

Mr Maude: It is less what I feel than what lots of civil servants themselves feel; that is where the really compelling drive will come from. The country needs it to change, because we need to have a Civil Service that is playing at the top of its game, but civil servants themselves want it to change.

People who come in from outside will often point to several features. They will say that the Civil Service has been bad at giving individual civil servants and

teams clearly defined responsibilities, a clearly defined space within which they have the authority to decide what to do and how to do it, because the outcomes and outputs that they are expected to deliver have been clearly defined and their freedom in the space beneath that is unencumbered. People who come in from local government tell me that the best in local government is better at doing that, and the best of the private sector is better at doing that. The failure to systematically give people the defined freedom, if you like, to get on and do their job, leads to the Civil Service behaving in a more hierarchical way than is desirable. Being a very hierarchical organisation is at least as much about culture and behaviour as it is about structure and organisation. That is one feature people will refer to.

The second is what I call the bias to inertia: people are not particularly encouraged to try new things. The Treasury, for example, will submit to rigorous interrogation and examination any proposal to change what is done, but there is an asymmetry, and it will not submit the status quo to the same kind of rigorous scrutiny. Those sorts of signals diffuse through the system, so people feel no one is going to criticise them for continuing to preside over something that, although it may not be going catastrophically wrong, is not very good. They feel, "If I try and change it, and it goes wrong, maybe I'll be hung out to dry." That bias towards risk aversion and leaving the status quo as it is is quite frustrating for people. As I say, the great people I met were hungry to change things—hungry to change the world.

Q1028 Chair: But what you have described is very different in tone from what we have read about in the newspapers about Ministers being blocked and frustrated, although we will come to that. You have described an organisation where there is a lack of what the armed forces would call delegated mission command and where there is a culture that does not value—I use that word deliberately—challenge or embrace change. You say yourself that this is cultural, not structural. So much of what you have talked to us about in the past, and of what is in the Civil Service reform plan, seems to address process, structure, organisation and, yes, skills, but what are we going to do to deal with this cultural problem?

Mr Maude: My view, which I think would be supported by people who are much more expert than I, is that you do not change the culture by trying to change the culture. The culture flows from changes in behaviour, and a lot of that is about giving people

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permission to do things differently so that they feel they have permission to innovate and to challenge. But I absolutely freely acknowledge that a lot of what is in the Civil Service reform plan does look quite mundane and gritty, and is not very high-flown at all. I do not know that I have a single answer to how you change the culture; you do not change the culture of an age-old institution, which started, when we took over, with more than half a million people, in the space of a couple of years.

Q1029 Chair: But that process of giving permission is about the leadership, isn't it? Who can give the permission except the leadership? Who can provide the inspiration except the leadership? Don't you think something has gone wrong with the leadership if we find ourselves in this position? I am using the term "leadership" not just to finger senior civil servants; this is about the political supervision that we politicians, perhaps over a generation, have provided to the Civil Service and about the relationship that has developed, or not developed, between the political class and the administrative class. Don't we think this has something to do with the failure of the leadership of our administrative system?

Mr Maude: We could spend a long time trying to analyse the origin of this deficiency.

Q1030 Chair: But unless we understand the origin of it, we're not going to fix it, are we? It's not going to fix itself.

Mr Maude: You will hear lots of reasons given for its being like it is. One of the things that will sometimes be said is, "Of course the Civil Service is risk averse, because Ministers are risk averse." I always find that a bit surprising, because Ministers belong to one of the most risky occupations there is. We have no tenure. We are exposed daily to public scrutiny of the most uninhibited kind. At the age of 38, I found myself, overnight, completely unemployed. Plenty of politicians have found themselves in that situation. This idea that we are a risk-averse breed is odd. What Ministers are is surprise averse. They are not averse to risk. A radical reforming Government, as I think this Government is, takes a lot of risks, but you want to have them as quantified risks. You want to understand the risks and you do not want to be taken by surprise.

Q1031 Chair: Is it more honest to say that politicians and Ministers operate in a very risky environment, which actually makes them risk averse? Psychologically, Ministers tend to be risk takers, but they live in such a risky environment that they are very risk averse.

Mr Maude: If that were the case, no Minister would ever do anything at all radical. It just doesn't stack up. Why would we do the kind of things this Government are doing? Why would Chris Grayling be embarking on a very radical reform of the rehabilitation system? There are plenty of examples.

Q1032 Chair: But your centralising initiatives in procurement seem completely at odds with encouraging civil servants to use more of their own initiative, control more of their own resources and be more imaginative and innovative. How do you square that?

Mr Maude: We always said from the outset that there is a tight-loose balance. There are some things in any big, complex, dispersed organisation that you would expect to control pretty strictly from the centre.

Q1033 Chair: But tight-loose is a concept that is so conveniently obscure. Define it.

Mr Maude: I don't think it is particularly obscure. Let me tell you what I mean by it. There are things that are common across Government that you would expect to be tightly controlled from the centre: the purchase of common goods and services; oversight of major projects that carry financial and operational risk; and property, where one part of the organisation embarking on changes in property impacts another part of it. You would expect HR standards across the organisation to be fairly tightly controlled. On IT infrastructure, you would expect to be quite militant about requiring open, common standards of interoperability. All of those things—

Q1034 Chair: Forgive me, Minister; I will let you put on record what you want to say about tight-loose, but may I ask you to put it in writing, because we are so short of time?

Mr Maude: Okay, but the loose part of it is exactly what I'm talking about. In delivering the operations, you would want people close to the front line to have as much freedom as possible to deliver the defined outputs that they have been asked to deliver. That is the loose part of it. Too much of it has been exactly the other way round. The things that should be tightly controlled haven't been, and yet there has been a completely vain attempt to control front-line delivery from the centre, which you are never going to be able to do, nor should you even try.

Chair: I want to move on. If you could send us a page or so about tight-loose so that we understand what you are trying to explain to us, I would be grateful. This is probably not the easiest forum to explain it.

Q1035 Charlie Elphicke: Wouldn't the risk-averse thing in this situation be to let the lazy corporatist consensus between Departments and big contractors just carry on, because you couldn't really get into trouble through large businesses messing up as they have done for years and years? Is it possible that what you are doing in shaking up procurement is actually slightly more risky, because it could all go horribly wrong, in principle?

Mr Maude: Well, it's not a story of unqualified success that we are seeking to change. We have a legacy of some abysmal failure and some hideous, locked-in cost to the taxpayer, which we are seeking to rectify. So, are we absolutely confident we can do this very much better? Yes, because we already are. We have already delivered £3.75 billion and £5.5 billion. We will soon disclose the efficiency saving

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number for the last financial year, which will be a significant enhancement of that. So yes, it can be done much better, and it already is being. The risk is actually not changing it.

Q1036 Chair: When you use those figures, Minister, that is not £5.5 billion in one year, is it? It's—

Mr Maude: Yes.

Q1037 Chair: Well, if you could give us a table of annualised savings figures—for each year, what you think you have saved—that would be very helpful.

Mr Maude: Absolutely.

Q1038 Alun Cairns: Minister, in October last year, you talked about your concern about decisions being blocked. That was well reported, but you would not list the examples, although Sir Bob Kerslake, when he gave evidence to this Committee for this report, talked about there being only up to five examples. Before I try to pursue that a bit further, can you tell me exactly what you mean by decisions being blocked?

Mr Maude: Being not implemented. One example was the one I gave earlier today, of a decision made by a Cabinet Committee that all common goods and services should be bought in aggregate. Some parts of Government had simply decided to ignore that.

Q1039 Alun Cairns: Since October last year, do you think the situation has improved? Do you think your comments antagonised the position? Do you think the number that Sir Bob Kerslake has spoken about, of up to five, is realistic and are you—well, I will hold on there for the moment, and then we'll take it a bit further.

Mr Maude: The handful of cases that I think he was referring to are probably ones that I myself have raised and which Sir Bob and Sir Jeremy very robustly took up and dealt with, because obviously it falls to them. Their support, when these cases have been brought to their attention, has been exemplary.

Q1040 Alun Cairns: But since October, has there been a change, then? You said those were the specific cases that you raised with Sir Bob Kerslake, but has there been a broad improvement? The comment you have just made would suggest it is much more widespread than maybe the five that Sir Bob Kerslake listed or identified.

Mr Maude: Is it happening every day? Not as far as I am aware. But have there been more recent examples? Yes. I'm not saying this is an everyday occurrence, but it happens enough in cases that you find out about for you to be a little concerned about cases where you don't find out about it.

Q1041 Alun Cairns: What I am trying to get to is this. If Sir Bob Kerslake was happy to list—well, happy to identify—five examples, and you have just told me that those are the ones that you have brought to his attention—

Mr Maude: There may be others; I don't—

Q1042 Alun Cairns: Yes, exactly, but what I am trying to work out is this. Is that within your Department or across Government? How widespread is the blocking? Is it a cultural issue? Have we made any progress? What action needs to be taken to try to resolve it? That's how I am trying to go. Do you want to humour me a little bit more?

Mr Maude: Has it got better? I think it probably has, and I think it was healthy to ventilate the issue, because it enabled Sir Bob and Sir Jeremy to make it absolutely clear, publicly and within the Civil Service, that it won't be tolerated. A lot of what I said has been misinterpreted—people saying, “Well, Francis doesn't want people to challenge him.” What you want as a Minister is very robust, candid advice. You do not want civil servants to hold back. My complaint has not been remotely about having very candid, frank advice. My complaint has been, on some of these occasions you do not get the push-back at the time when the decision is being made; but it then doesn't get implemented. I think Jeremy Heywood described it very well. I saw a bit of transcript from when he gave evidence here, when he said that what you want is very robust advice and a willingness of civil servants to challenge at that stage; but when the decision has been made, and the Minister has undertaken his proper obligation to seek advice and listen to it, then the Minister should expect it to be carried out, and not just to be quietly forgotten about.

Q1043 Alun Cairns: Is it still work in progress, or do you believe it has generally been fixed?

Mr Maude: Am I confident that for as long as I remain a Minister there will never be something that comes up where I find that something I thought had been decided and assumed was being implemented was not being implemented? I am absolutely certain it will recur; but is it something that keeps me awake at night? No, because actually most of what we decide does get done.

Q1044 Mr Reed: I didn't get a sense from your responses of why you thought civil servants would block what Ministers were doing. Are they in these instances sitting with Ministers, nodding away and then going outside the room and saying, “Oh, well, let's just forget what they said and we will go and do the opposite and see if they notice”? Is it that blatant?

Mr Maude: Well, I have come across one example of pretty much exactly that.

Q1045 Chair: That is a symptom of a failing organisation. Why doesn't he feel—that civil servant—able to speak in your meeting? What has gone wrong with the confidence he has got in the system that his voice will be heard?

Mr Maude: I don't know. The obligation—we often hear the phrase “speak truth unto power”, and it is absolutely what you want—is that people should feel confident enough. This was a senior person—a very senior figure who then countermanded what I had decided. I only discovered that later.

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Q1046 Paul Flynn: What was the issue involved?

Mr Maude: The issue was in the field of efficiency and reform.

Q1047 Chair: Professor Andrew Kakabadse has given us evidence where he has made it clear that in a failing organisation most people know that the organisation is failing, but they don't know how to talk about it up the command chain, because the command chain doesn't want to know.

Paul Flynn: You are in danger of undermining our faith in this Government.

Mr Maude: That would be shocking. I know you have a very high level of confidence in it already.

Q1048 Chair: If I may finish, a feature of this behaviour is that people go to meetings and they appear to consent to decisions and then leave the meeting and say something else. That seems to be a very familiar thing in Whitehall.

Mr Maude: I don't know how familiar it is. I think most of the time it does not happen like that. Most of the time I would not have that complaint. You ask why someone would do that. Some of it is the old thing of "Ministers come and Ministers go. We are the permanent Civil Service. We have been here, and our forebears have been here, for 150 years, and the system will exist after Ministers go."

Q1049 Chair: So it is just belligerence.

Mr Maude: It is part of the bias to inertia that I was talking about.

Q1050 Mr Reed: I wonder whether Ministers should accept some responsibility as well, rather than just seek to blame the organisation. That seems to me one of the behaviours that creates risk aversion, because there is not clear communication.

Mr Maude: But you are assuming that there was not clear communication.

Mr Reed: I am assuming that there was not clear communication; you are right.

Mr Maude: Why do you make that assumption?

Q1051 Mr Reed: To refer back to my experience of leading what used to be a dysfunctional public service organisation—a local authority—when things did not happen that I was asking for, it could have been because we had not explained clearly enough what was expected, or we were putting too many burdens on the organisation and failed to prioritise which had to happen and which did not, or we had failed to buy in a particular team, or even the whole organisation, so that they understood and therefore felt that they wanted to help make the change happen. In those cases, in order to learn, we had to accept failure on our part as politicians, but I do not hear any acceptance of responsibility on your part, only blame of the organisation.

Mr Maude: If we are overloading the organisation, the leaders of the organisation can say, "You're overloading us. We can't do all of this."

Q1052 Mr Reed: Have you asked them that question?

Mr Maude: It gets said plenty of times, I can tell you. I have not noticed any inhibition when people want to make the case that "You can't ask us to do this, because we're already doing that, that and that." Again, if communication is unclear—in one of the cases that I referred to, it was a decision by a Cabinet Committee, which gets put into a Cabinet Committee minute and circulated, but if people were not certain quite what Francis, the Cabinet Committee or whoever meant, surely they would come back and say, "Can you clarify exactly what you meant by that?" It does not seem to me an excuse for not doing anything.

Q1053 Mr Reed: If I were in your position, I would want to know why that decision had not happened, and I would then see what I could do as the Minister to address the problem, but you just seem to be blaming them.

Mr Maude: Well, if someone ignores a perfectly plain instruction, I do feel entitled to blame.

Q1054 Mr Reed: If someone is being obstructive, you should remove them.

Mr Maude: I don't have the power to remove anybody.

Q1055 Chair: May I look at two organisations which could be said to be obstructing Government policy, but which we know are in fact just overwhelmed? HMRC is having trouble answering the telephones and cannot process all the tax calculations because the tax code has become so complicated and we insist on giving them fewer people to process tax returns. Similarly, the Border Agency has been downsized, yet we set them an unachievable target for processing the backlog of visa and asylum claims. Is not part of the problem that we may be expecting too much, not understanding enough or not being receptive to input from the people who are required to implement what we are asking them to implement? There is something really dysfunctional in those two very large examples. I submit that it is a leadership problem.

Mr Maude: I am not close enough to the detailed working of either of those two organisations to be able to comment on the specifics. The Border Agency case has been—

Q1056 Chair: The reflex of Whitehall, as usual, is to restructure rather than to look at the leadership.

Mr Maude: My recollection is that there is new leadership in the Border Agency.

Q1057 Chair: It is being brought back into the Home Office.

Mr Maude: Yes, but there is new leadership there.

Q1058 Chair: Yes. I hope that will address it and that the mistakes made in the first two and a half years of this Government will not be repeated. Obviously, however innocently those mistakes were made, the expectation was clearly way beyond what the organisation could deliver. That is bad decision making or bad information. It is something gone wrong with the system.

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Mr Maude: Well, I don't think anyone claims that this is a perfectly functioning system.

Q1059 Chair: No, I don't think anyone is. Can we move on and look at skills? We are grateful for your paper on this.

Mr Maude: Which paper?

Q1060 Chair: You have been looking at skills in the Civil Service, or am I jumping ahead?

Mr Maude: The head of the Civil Service recently published the capabilities plan that he had promised in the—

Q1061 Chair: I wanted to address that, because in it, there is a great deal of discussion about ensuring that we have commercial skills and behaviours for delivering successful programmes. What we have just been talking about regarding the top of the Civil Service seems to reflect that too many permanent secretaries and senior civil servants—I am not going to infringe on the next question, about how they are appointed—seem to spend too short a time in their senior roles before they are moved on to something else. Often, they finish up running a Department in which they have relatively few skills and little experience.

My favourite example is the Ministry of Defence, where we no longer have permanent secretaries who have been brought up in Defence. They are brought in from outside and know little about defence. In Transport, we are on to our third permanent secretary since the election; in Defence, we are on to our third permanent secretary. This is not a good way to run what used to be called the permanent Civil Service. Everybody now seems to accept that such a fast churn among senior appointments in the Civil Service is not good for the public administration service. What is your comment on that?

Mr Maude: I agree.

Q1062 Chair: How did the system do that?

Mr Maude: I do not think succession planning has been as robust as it might have been.

Q1063 Chair: What are the pressures that have driven a corruption of the succession planning that used to work quite well?

Mr Maude: It wasn't infallible—

Chair: I don't want to talk about appointments; we are going to talk about the system of appointments in a minute. I want to talk about the leadership. How has the leadership allowed a system to develop so that so few permanent secretaries have as much experience in their Departments as the Ministers they serve?

Mr Maude: One of the things we highlight in the reform plan is that talent management has not been anywhere near as good as it needs to be. Theoretically, the Senior Civil Service is managed as a corporate resource, but in reality, it has not been. We have moved to a world where it is a kind of free market in jobs in the Civil Service, where if civil servants saw an interesting job opportunity elsewhere in the service, they would be completely free to apply for it,

whereas in most organisations, careers would be much more actively managed.

Q1064 Chair: There is another big difference from what used to prevail. Civil servants used to be groomed for taking on the senior roles in a particular Department. They would spend most of their career in one Department to become an expert in that Department.

Mr Maude: Up to a point. It was much more mixed than that. I am familiar with the phenomenon you are talking about. It is exactly the point I am making: there used to be much more proactive management of people's careers, with a view to having the right people in the right places to pick up the difficult and demanding jobs.

Q1065 Chair: But the system of revolving people around the top of the Civil Service, giving them opportunities, promoting equality and making sure that the top of the Civil Service is more representative, are all new pressures on the system that 20 or 30 years ago we did not regard as important pressures to respond to. Would you agree with that?

Mr Maude: Yes, I would. Over a period the eye has been taken off the ball of ensuring that you had the very best prepared people poised to take over the most demanding jobs.

Q1066 Chair: So you finish up with the east coast main line franchising fiasco, partly because we were churning around with the top civil servants. Too much was delegated to an inexperienced team, who were left with too much responsibility, and mistakes were made that even the Cabinet Secretary, in his very pressured job, failed to spot. That is not a good advertisement for the Civil Service, is it?

Mr Maude: Well, as I said before, no one claims that this is a perfectly functioning system.

Q1067 Chair: Understatement of the day. Given that this reflects a whole lot of new external pressures, where is the Government document that says this is the new context in which we are having to run a very complex Civil Service and a very complex system of Government and whole public administration system? It is not just the pressures that I have already mentioned. In your Civil Service capabilities plan, you do not address this at all.

Mr Maude: That plan was very much drawn up around four specific, immediate, staring us in the face needs. Building up a deep talent pool of people being prepared for the most demanding jobs will take longer. It is not in that plan. I do not have the final—

Q1068 Chair: But you will appreciate that what I am building to is that the system will not fix itself. In the normal course of a Government being run by Ministers and senior civil servants, there is more and more happening that is not right, and this needs an external look for the first time since the Fulton Committee in 1967.

Mr Maude: I am not averse to there being an external look at it for the future. What we cannot do is put everything on hold while that happens, because there

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are immediate needs; the country needs the Civil Service to function better, so we have to get on with that.

Chair: I appreciate that.

Mr Maude: I think Jeremy Heywood put it well when he gave evidence here. He said that we know a lot of the things that need to be done, and we need to be better at getting on and doing it, because too little of what we set out 11 months ago has actually been executed.

Q1069 Chair: Sir Jeremy Heywood told us that it would take five or 10 years to see the full effect of many parts of the Civil Service reform plan. Do you think that is fast enough?

Mr Maude: Some of the effects we will see delivered—

Q1070 Chair: But you are frustrated by the pace of change?

Mr Maude: Oh, yes, absolutely—as I think he is as well.

Q1071 Chair: What have been the main obstacles to a much faster pace of change?

Mr Maude: I think some of it is that exactly the things that need reform make it difficult to reform. There is a culture that has a bias to inertia and is resistant to change. There are capability deficiencies. It is not as skilled at developing and executing implementation plans. Policy development is much better than execution. This is all about execution—all about doing it. For some of it, there is departmental resistance—shared services, for example, where there is a real cost gain and quality improvement to be had. Peter Gershon first recommended that in 2004. It took until 2012 to have a breakthrough.

Q1072 Chair: This is absolutely no criticism of you personally, but it is an awful lot to ask a Minister of State to drive the reform of such an enormous and complex machine as our system of public administration across Whitehall and all its Departments and agencies.

Mr Maude: I do not feel particularly inhibited in seeking to do that.

Chair: I have never thought you were inhibited.

Mr Maude: I carry these responsibilities for the Prime Minister.

Q1073 Chair: Do you think the system can fix itself? In the normal course of running the country, do you think Ministers and civil servants can fix all these problems?

Mr Maude: Well, it does not happen spontaneously.

Q1074 Chair: But five or 10 years seems to be too long to me.

Mr Maude: Yes, but Jeremy was not saying that you will not see any change for five or 10 years. That is absolutely not what he was saying.

Q1075 Chair: Each challenge that I mentioned to him, he just said, “We deal with these things as they come up.” But more and more things are coming up.

Mr Maude: True. Tell me about it.

Q1076 Chair: And there seems to be a systemic problem that more problems are arising and the problems are arising faster than they are being resolved.

Mr Maude: We are driving change as best we can. Bob Kerslake, as head of the Civil Service, obviously undertook responsibility for implementation of the plan. There has been some progress, but not nearly enough, as he would be the first to accept. We don’t have to wait five or 10 years to see some results from this. The results of much more active talent management across the piece will take time to come through.

Q1077 Mr Reed: My other concern around that is something that was said to us by Katherine Kerswell, who agreed that the Civil Service reform plan was more of an efficiency programme than a transformational agenda, but I know from hearing you in other forums talking about mutuals, social value and the rest of it that you understand the need for transformation across Government to meet changing citizen demand to harness advances in new technology to focus on outcomes instead of always being stuck in silos and processes. All that is understood, but it does not feature in the Civil Service reform plan, which just talks about efficiency in a relatively pedestrian way, if I might say so, and over a time scale that is totally inadequate to the challenge that faces us as a country. So why are we not trying to be more ambitious, given that you understand what the challenges are?

Mr Maude: I am always willing to be encouraged to go further and faster. It is not all about efficiency. Some of it is—I make absolutely no apology for that—or a lot of it is, but some of it that may look as if it is just about efficiency is about much more than that. Take the digital piece, for example. If we are successful—I am hopeful that we will be—in driving a big channel shift from post, face-to-face and phone transaction to online transaction, there will be a big efficiency gain, but it also forces a cultural change within the organisation because we have typically delivered public services in a way in which the citizen has to adapt to the needs of the public sector organisation, rather than the public sector organisation configuring its service around the needs of the citizen. The whole point about digital is that it is absolutely crucial that we do not just automate the existing processes, and that we design the digital offering around what the citizen wants so as to make it compelling. It is a common feature in the commercial world that, if you can get 20% of users using the online offering, you can get to 80%. For Government services, it is very rare for them to get above 40% or 50%.

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Q1078 Chair: I am terribly sorry. This is all fascinating, but we will do digital government another day because it is very important, but we need to move on.

Mr Maude: I was only seeking to answer the question.

Chair: Quite right.

Mr Reed: It was just getting exciting.

Q1079 Paul Flynn: The behavioural insight team, known as the nudge unit, was lavishly praised on 1 May in an announcement saying that the first step has been taken to find a partner, presumably with a view to its becoming a privatised unit on its own. Isn't there a danger that that could repeat the errors of QinetiQ, when a vast amount of valuable intellectual property was sold by the Government for a song, and later the taxpayer had to buy back that expertise through the private company? Isn't there a danger that if what seems to be a good idea, because all the reports on the nudge unit are good and it seems to have huge potential, is moved out of the public sector, perhaps for doctrinaire reasons—the Government believe that everything private is good and everything public is bad—and it becomes successful, it might then decide to sell its advice abroad or back to the country at a huge profit? Wouldn't it be better, if it is so successful and has such promise, to keep it in the public sector so that taxpayers can benefit from their investment?

Mr Maude: It is absolutely our intention that, first, they will sell their services abroad—they are already being sought after because they do have something rather special, and we want them to be free to do that and to build a successful operation free from the constraints that come with operating within the Civil Service—and secondly, if they are very successful, which we obviously hope that they will be, we absolutely want the taxpayer to benefit from that. That is why the absolute intention is that this should be a joint venture, where there would be a partner from outside Government, which might be a social enterprise or a private sector company, but where the Government would retain a very significant stake in the operation so that if it does turn into an amazing success, the taxpayer is along for the ride.

Q1080 Paul Flynn: What sort of stake would you guarantee would be retained by the public interest in it?

Mr Maude: A significant stake. Not a few percentage points—a significant, chunky stake.

Chair: Mr Reed: relationship with the Cabinet Office.

Q1081 Mr Reed: This is something Sir Jeremy told us when he appeared before the Committee. There is a SWAT team—it is called the Cabinet Office implementation unit—which goes out to Departments to try to understand what the blockages are in delivering policy implementation. What has the reaction of Departments been to this team?

Mr Maude: I do not have all that much to do with, to be honest. It is based in the Cabinet Office, and it

works very much more to Oliver Letwin and to the chief secretary. I think they kind of sit over it. They are from head office; they are there to help.

Q1082 Mr Reed: What does the fact that they see it being required tell us about the relationship between the centre and the Departments, and any power relationship between the two?

Mr Maude: Nothing very novel, really. Tony Blair had his Delivery Unit, which was a slightly different name but a comparable type of operation.

Q1083 Mr Reed: He did, and actually we had Jonathan Powell here talking about that. He described the need for it as being based on the fact that “There is a problem: we still have a feudal system in our Government structure...No. 10 does not have civil servants and does not have budgets. The only way it can get a Secretary of State to do something is by a threat to his future in the job.” Is there too little power in the centre?

Mr Maude: I think it is possible to confuse size with strength. We should have a strong centre, but it does not need to be a big centre. The main problem the centre has is visibility, of seeing what is happening and knowing what is happening. Data in Government are still very poor. Management information is still very poor. It is one of the key building blocks in the platform on which everything needs to be built. Our management information is better than it was, but it is still very poor indeed. Part of the problem for the centre is knowing whether things are getting implemented. That is what Tony Blair's Delivery Unit was all about: ensuring that decisions that had been made by Ministers were actually being implemented on the ground, and helping to drive that.

Q1084 Mr Reed: Could you expand scrutiny on that performance by making more data publicly available? Inadequate though they may be, at least if they were out there and more accessible, you would have loads of other people who are interested in how services are performing helping you to put pressure on those areas to improve.

Mr Maude: Yes, yes and yes, completely, and we do already. We put out much more data than have ever been put out before. That is not always welcome, because with transparency comes accountability. I sometimes say that all Oppositions favour transparency and Governments do for their first 12 months, when all they are exposing is what their predecessors have done, but then it gets less comfortable. We have stuck with it. We are the world leader in open data. No Government have done more to promote open data than this one.

Q1085 Chair: Shall we press on? We have very few minutes left. We know that much more policy is done in No. 10. On the effect of putting an implementation unit in No. 10, what does that feel like in a Government Department, if the Department is no longer responsible for measuring the effectiveness of implementation? If it were going really badly, the Cabinet Office would intervene. You have a conundrum here, haven't you? It makes civil servants

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in Departments feel undervalued. They no longer do their policy. They no longer oversee their own implementation.

Mr Maude: Who says they do not do their policy?

Q1086 Chair: There are innumerable policy people in No. 10 now.

Mr Maude: There are significantly more than there have ever been.

Q1087 Chair: We have one senior academic quoting a senior civil servant as saying, “Departments are emasculated. Policy is driven from the centre.”

Mr Maude: I think that that is just one of those things that people say periodically. I do not think that there is any evidence for that. I see very vigorous policy Departments. Is there interaction with the centre? Yes, of course there is. There always has been. Is policy driven from the centre? No, there is what is called “a discussion”.

Q1088 Chair: But isn’t “It’s No. 10 on the phone; they want to help.” the most dreaded phone call in a Whitehall Department?

Mr Maude: It is one of the old jokes—“I’m from head office and I’m here to help.” I do not think that this is any different from how it has always been, which is that the centre and No. 10 obviously have a keen interest in policy development and they expect there to be a discussion on central and strategic things.

Q1089 Chair: Can we skip over the appointment of permanent secretaries? That matter has been resolved, hasn’t it?

Mr Maude: There has been some movement, but, no, I would not say that it was resolved for all time.

Q1090 Chair: Could you describe to us what is unresolved?

Mr Maude: We said in the Civil Service reform plan that we wanted to strengthen the role of Ministers in the appointment of permanent secretaries. There have been modest changes in that direction made by the Civil Service Commission. It does not go as far as Ministers have sought—not only current Ministers, but Ministers in the previous Government—and that is that the selection panel, which will obviously include the First Civil Service Commissioner, should be able to submit to the Secretary of State a choice of candidates and leave the final choice to the Secretary of State. You will have heard Jack Straw talk about how when he was a Cabinet Minister he personally appointed three permanent secretaries. In one case, he chaired the selection panel himself, which is not at all how the current Civil Service Commission does things.

We think that it is a very important relationship. When the panel has done its proper job of ensuring that the candidates from whom the Secretary of State can make his or her choice are all politically neutral, capable of doing the job, will fit and can do what is needed, there does not seem to me, or any of us, to be any problem in letting the final choice be the Secretary of State’s.

Q1091 Chair: But in the end, the Prime Minister can veto an appointment.

Mr Maude: He can, and if he does that, it goes back and the whole process starts again.

Q1092 Chair: Yes, but nobody wants that to happen. When it happens, there has clearly been a failure in the system.

Mr Maude: Yes.

Q1093 Chair: Surely we need some classic, British fudge, because we do not want to go back to what Lord Wilson of Dinton described as “patronage”.

Mr Maude: It is certainly not about patronage; it is about having much more honesty in the system. I think what David Normington has done has introduced more honesty, because we have got rid of this ridiculous fiction that Ministers were not allowed to interview the candidates.

Q1094 Chair: That did sound ridiculous to me.

Mr Maude: It was nonsense. It was a complete fiction and it led to—

Q1095 Chair: It was a fiction believed by Secretaries of State.

Mr Maude: Yes. Poor Caroline Spelman was told by Gus O’Donnell that when she met the candidates, she was not allowed to ask them any questions. She was there only to answer their questions, which is bizarre and was not true. When Caroline said that in public, a former Cabinet Secretary said that it simply was not true. But the reality was that it was intended to be a proper interview—the ability for the Secretary of State to interview the candidates. What David Normington and the Civil Service Commission have now done is make that honest. They have not changed it, but they have made it, at least, open and honest.

Chair: Moving briefly to accountability—Mr Cairns.

Q1096 Alun Cairns: The IPPR report into different accountability systems was due to be received in the autumn last year, but Sir Bob Kerslake said to the Committee that he had not received it. Has it been received yet? Why was it late? And how much did it cost?

Mr Maude: It cost very little. It’s a public figure—I think it is £50,000. We have not received it yet; we are expecting it very shortly.

Q1097 Alun Cairns: It still has not been received.

Mr Maude: No. What they thought it useful to do, with our encouragement, is to look rather more widely than we envisaged at different systems in different places, really to see what the experience is. I think they have visited several of them, because what happens in reality is often a bit different from the description in the textbook.

Q1098 Chair: I had an exchange with the Prime Minister in the Liaison Committee about the Osmotherly rules and the Armstrong memorandum, and you very helpfully provided a written answer, which suggested a mindedness to revise the Armstrong memorandum, because the language is so

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outdated in this era of transparency. But you do not have any problem with the basic view that Select Committees can invite who they like to give evidence, and there is an obligation on the Government to provide the witnesses that Select Committees ask for.

Mr Maude: Yes, I guess that's right.

Q1099 Chair: And that it should be perfectly acceptable for a civil servant to say, "I'm sorry. I have been asked by my Minister not to answer that question," because that is the reality, isn't it? Civil servants are trained with the line to take, aren't they?

Mr Maude: I thought they were trained to provide the line to take.

Q1100 Chair: They are actually trained to give the line to take, aren't they? That is what the Armstrong memorandum says they must do: they are the alter ego of their Minister. It is completely out of date, isn't it?

Mr Maude: There is something valuable there, which is that they are not independent public figures.

Q1101 Chair: No, but if they are asked about matters of fact, or matters of administration—this is slightly "Yes Minister"-ish of course—

Mr Maude: Matters of administration can easily merge into matters of policy.

Q1102 Chair: It is the confusion between the policy of administration and the administration of policy, if I remember correctly from "Yes Minister", but the point is where they are being asked about matters of fact and plain matters of administration, they are under an obligation to give information to Select Committees.

Mr Maude: Yes, I guess so.

Q1103 Chair: And if they feel constrained from answering, it would be much better if they just said, "That is a matter you must put to the Minister."

Mr Maude: I don't think it is all that hard, actually.

Q1104 Chair: I don't think it is rocket science at all, but it would be helpful if the guidance to civil servants said, "If you feel uncomfortable answering a question, just say that you must refer the matter to the Minister." Suggesting that there are not answers, or that obscure answers must be given in order to divert the Committee from the truth, would seem to be the wrong thing for a civil servant to do, but it seems sometimes that they find it convenient to do so—shall I put it that way?

Mr Maude: You might say that; I could not possibly comment.

Q1105 Chair: Are there any problems with the system of ministerial accountability that in your view need to be addressed?

Mr Maude: Not that I am aware of. I feel extremely accountable. I think I have been pretty accountable for the last two hours.

Q1106 Chair: I am very grateful to you. You have actually given us some really interesting background and evidence for our inquiry.

Mr Maude: That is the most alarming thing you have said all afternoon.

Q1107 Chair: You will look very closely at the transcript to remind yourself what on earth you said. You are aware that we have discussed the possibility of concluding that we need something like the Tyrie review of banking to give the same kind of dispassionate, detached and accountable overview of the future of the Civil Service. Given that so much has happened to the Civil Service over the last 55 years, since the Fulton Committee; given that there used to be a Royal Commission on the Civil Service about every 15 years, but that we have had nothing since 1967; and given that we now have 24/7 media, freedom of information, globalisation of problems, globalisation of decision making, devolution and decentralisation, is it not time that we gave the whole context of the future of the Civil Service that comprehensive look? I think you have agreed that your Civil Service Reform Plan has not done that, and that your skills and capability review has been unable to do it, and you have more or less agreed that problems seem to be accumulating faster than they can be resolved.

Mr Maude: If it is the case that there is a regular pattern of one every 15 years, we are probably due four now—there is nearly a 60-year gap. The dangers, of course, are that Royal Commissions take minutes and last years, and that they act as a pretext for not doing stuff that needs to be addressed urgently. That we cannot allow: the demands of the situation today mean that we need urgent change, invested with energy and purpose. We are not seeing that quickly enough. The last thing that I would want to see is all of the urgent things that we have identified, but not sufficiently executed, being put on hold or on the back burner while a sage and wise Royal Commission scratches its head about this for the next two years.

Q1108 Chair: We hear what you say about Royal Commissions. Would you accept that a parliamentary commission would be lighter and more nimble?

Mr Maude: I think it could have many attractive features.

Q1109 Chair: If it were clear that this parliamentary commission should not interfere with the programme of reform that is already under way, that would seem to resolve your concern on that score.

Mr Maude: The danger is that, with the best will in the world, it does, because you then have a whole lot of possibilities being raised by the commission for direction in the future, and so nothing happens in the mean time. It is difficult enough to get anything to happen at all.

Q1110 Chair: If the situation had been getting better over the past 10 or 15 years, you would be in a stronger position. The consensus on the relationship between Ministers, the degree of trust and the organisation's morale is that, as you yourself have said, there are confused ideas about where responsibility lies—the Civil Service is full of able and talented people who feel incapable or unwilling

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to deliver what Ministers want. Isn't that a strong enough case for a different way of looking at the future of the Civil Service, rather than the way we have looked at it for the past 50 years?

Mr Maude: I don't think it is getting worse. In plenty of ways, it is getting better. I wouldn't be quite as pessimistic as you are, although pessimism is my default setting. I think we are making progress. It is painful, and it is grinding, hard work, but we are

making progress. What I wouldn't want is a sense that, somehow, all of this is in vain and we should put it all on one side while we examine our navel for a period.

Chair: Thank you very much, Minister. You have been extremely helpful this afternoon. You have stayed an extra 10 minutes, for which I am very grateful.

Monday 24 June 2013

Members present:

Mr Bernard Jenkin (Chair)

Robert Halfon
Kelvin Hopkins

Priti Patel
Mr Steve Reed

Examination of Witness

Witness: **Rt Hon Francis Maude MP**, Minister for the Cabinet Office and Paymaster General, gave evidence.

Q1111 Chair: May I welcome our witness back to this extra evidence session on the subject of Civil Service reform? By way of introduction, perhaps I can just invite you to identify yourself for the record.

Mr Maude: I am Francis Maude. I am Minister for the Cabinet Office.

Q1112 Chair: The reason we have asked you back for this extra session—and I am extremely grateful for your coming—is that since our last evidence session you have made a very significant speech, which may not signify a change in Government policy, as yet, but clearly signals some further thinking. We wanted to use this opportunity to continue the conversation that we were enjoying at our last session. Also, you have very kindly published, at our request, the IPPR report on *Accountability and Responsiveness in the Senior Civil Service: Lessons from Overseas*, and we wanted to ask you a little bit about that too. Is there anything you want to add about that?

Mr Maude: No, I do not think so.

Q1113 Chair: Thank you very much. We are implementing a new policy; we are going to ask very short questions, in the hope that you will give short and crisp answers and in order that we can get through in the hour. In your speech at Policy Exchange, you said, “Too little of what we set out nearly 12 months ago has been fully executed”, “Too many things that should have been done haven’t happened”, “The things that need reform are exactly the things that make reform difficult.” You aired a number of new ideas, which we will be coming to. In all this, what do you think is the fundamental problem that the Civil Service Reform Plan seeks to address in the Civil Service?

Mr Maude: I do not think there is a single fundamental problem. I do not think there is a fundamental problem, actually. I think there are number of problems, all of which are soluble, and what we sought to do in the Plan was to isolate them, identify them and address them.

Q1114 Chair: What do you feel is the problem that a new iteration of the Civil Service Reform Plan seeks to address, which the original Plan does not address?

Mr Maude: What do you mean: the one-year-on report?

Chair: I appreciate that you are not making any announcements today, but in your speech you said you were going to bring forward a refresh of the Civil Service Reform Plan.

Mr Maude: Yes, we always said we would do that; we would report one year on, on progress.

Q1115 Chair: You aired these new ideas. Why do you think these new ideas are necessary today, when you did not feel they were necessary a year ago?

Mr Maude: I did not air new ideas; I asked questions. These are questions that have been raised by others, in some cases by yourself—they have been raised in this Committee—in other cases by the Institute for Government reports, various different reports. There was nothing terribly new in any of the questions that I asked in my speech at Policy Exchange. The appointment of permanent secretaries is not a new question; we flagged that in the original Civil Service Reform Plan. The issue of tenure for permanent secretaries was raised by Tony Blair nine years ago in 2004. In fact, he announced policy on it; he announced a change. The issue of support for Ministers is one that has been raised in repeated studies, going back actually to the Fulton Commission and beyond, so that is not a new issue. The issue of functional leadership was one that we raised in the Civil Service Reform Plan.

Q1116 Chair: Functional leadership?

Mr Maude: Yes, the cross-cutting functions, such as finance, HR, IT and digital, commercial and procurement, communications and legal services. We raised those issues in a rather indefinite way in the Civil Service Reform Plan—shared services. Obviously we set out rather a specific programme there, but again there is nothing new in that. That goes back to what Sir Peter Gershon recommended in 2004, so there is nothing new in it.

Q1117 Chair: There is nothing fundamentally wrong with the Civil Service, even though the fact remains that too many things that should have been done have not happened. Is that not something pretty fundamental?

Mr Maude: No, there is no single fundamental thing that is wrong. There are a number of weaknesses that need to be addressed, and we think we are addressing them.

Q1118 Chair: Okay, but what has given rise to all these separate weaknesses? Why have these separate weaknesses arisen? What is the thing in common that all these fundamental weaknesses have?

Mr Maude: I do not think there is necessarily anything specific in common behind them all.

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Q1119 Chair: If a number of different things were going wrong in an organisation for which I was responsible, I would want to look at the leadership of that organisation.

Mr Maude: Yes, that is a point of view.

Q1120 Chair: What is therefore wrong with the leadership of the Civil Service?

Mr Maude: It has lacked dedicated leadership in the past, and that is why we have decided to split the role and create the role of Head of the Civil Service, distinct from that of the Cabinet Secretary.

Q1121 Chair: As an institution, the splitting of the role of the Cabinet Secretary and the Head of the Civil Service has resolved the leadership problem in the Civil Service.

Mr Maude: It has certainly improved matters, yes.

Q1122 Chair: There is nothing else wrong with the leadership of the Civil Service?

Mr Maude: Would anyone say that the leadership of any organisation, at any stage, is perfect? No, I doubt it.

Q1123 Chair: What analysis have you got that these problems have arisen simply because the Cabinet Secretary and the Head of the Civil Service were the same person?

Mr Maude: I did not say that. You suggested that it was all about leadership and I do not think it is. The deficiencies in capability that we identified, which are very clear, or civil servants themselves have identified them and the need for improvement there: is that all about leadership? These are problems that have emerged over years, if not decades.

Q1124 Chair: How will the reforms that you have already announced and the other ones that you are thinking about address those fundamental problems?

Mr Maude: You have to take them in turn. We set out in the Reform Plan a year ago some specific remedies, and some of them have progressed better than others. That has not been particularly surprising.

Q1125 Priti Patel: I would like to add really. The Chairman has mentioned leadership and you yourself have referred to dedicated leadership. Would you say that it is more cultural, in terms of the way of working of the organisation and the institution of the Civil Service, rather than just the style of leadership?

Mr Maude: The Civil Service became quite siloed over many years. A lot of the sense of it being a unified Civil Service, a unified ethos across the Civil Service, a unified culture, that existed to a greater extent when I was around in Government before. Some of that has been lost, it has become much more separate and that is a problem, one which we set out last year in the Civil Service Reform Plan. We have made some changes and developed some other changes yet to be implemented, which will start to address that.

Q1126 Chair: Why do you think there has been so much public friction—briefing against permanent

secretaries—about the changes in the Civil Service that you want to bring about, if there is not something fundamental going on about the nature of the Civil Service? Why do you think all of that has occurred?

Mr Maude: When you have an institution that has existed for many years in times of relative plenty and you have the urgent need for the public to deliver public services for considerably less money with considerably fewer people, that is bound to lead to tensions. One of the things that we too seldom celebrate is that the Civil Service today is 15% or so smaller than it was in 2010, when the Coalition Government was formed, after a sustained period of growth in the size of the Civil Service, and yet few people would say that it is doing less. There has been a marked improvement in productivity in that time. That kind of change imposes stresses on any system, so it is to the very great credit of lots of civil servants that they continue to provide important public services to people who depend on them but are doing so at significantly less cost and with fewer people.

Q1127 Chair: Why do you think some people complain of the inertia in their Departments and in the Civil Service?

Mr Maude: As I set out in my speech—and people inside the Civil Service will say this as well—there is a bias to inertia in the system, and that is a cultural and behavioural thing. It is very hierarchical. Change tends to be subjected to endless scrutiny, while the status quo is often left unchallenged. These are deep-seated issues that many will refer to, many civil servants as well as Ministers and outsiders. Other stakeholders will talk about it.

Chair: I think everyone agrees that we need change and the question is how we can bring about that change—

Mr Maude: Pretty much everyone agrees on what the change is as well.

Q1128 Chair: The question is whether these reforms are actually going to address the inertia in the system to make it more agile and more responsive. That was presumably why you commissioned this report.

Mr Maude: Yes.

Q1129 Kelvin Hopkins: Very briefly, I am still not clear what is actually wrong. I spent 23 years of my life working in two bureaucracies. You could see what was wrong: lack of intellectual capability, dilatory—delivering things late—not doing what they are asked, doing things that they are not asked and all sorts of very specific things that were wrong and could be addressed. Can you give a list like that?

Mr Maude: You have described a lot of the things we identified in the Civil Service Reform Plan. For a lack of capability, we identified four particular areas that need to be addressed. We have now published a capability plan. It is fairly high-level and it needs a lot more work and implementation behind it, but it is a start. We are being honest about the issues now. Dilatory delivery; a lack of implementation planning; a lack of accountability; a focus on process, not outcomes: these are all things that were actually identified. Not doing things that were asked and doing

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things that were not asked—we have a specific issue in the Plan about ensuring that resources are matched to ministerial priorities, because that is something again that Ministers, over the years, have raised. They do not always find it easy to get done what they have asked to be done, and yet they find things being done that they have not asked to be done.

Q1130 Chair: This list of problems and things going wrong in the Civil Service: what does that say to you about the quality of leadership of the Civil Service?

Mr Maude: The leadership needs to do what Bob Kerslake and Jeremy Heywood have done, which is, with Ministers, to identify these weaknesses and start to address them.

Q1131 Chair: Why do you think the Civil Service was not addressing them before? That is what they are paid for, is it not?

Mr Maude: You would have to ask them rather than me.

Q1132 Chair: Previously the leadership of the Civil Service was quite a fundamental problem.

Mr Maude: I think it was very dispersed. You had a Head of the Civil Service who was also the Cabinet Secretary. You had Departments that were operating in a very separate and compartmentalised way, and so the leadership was very dispersed and operating in a very consensual way. There is nothing wrong with being consensual, but quite often it can settle at the lowest common denominator, rather than opting for the high-octane, driving, energetic change.

Q1133 Chair: A more centralised system is required.

Mr Maude: Not necessarily more centralised.

Chair: Less dispersed?

Mr Maude: Maybe less dispersed, yes.

Q1134 Robert Halfon: Could I just ask if you have had a chance to look at the Committee's digital engagement report?

Mr Maude: On public participation?

Robert Halfon: Yes.

Mr Maude: I have, yes.

Q1135 Robert Halfon: Are you able just to give a brief thought on your early thoughts on it?

Mr Maude: Not at this stage really, no. We will respond in due course. Opening up policymaking is one of the things we set out in the Civil Service Reform Plan, and I would say we are making reasonable progress on that front.

Q1136 Robert Halfon: You used the IPPR as an example of contestable policymaking. How did you decide, of all the things to have contestable policymaking on, you would choose Civil Service reform, and how did you select the IPPR?

Mr Maude: We were very keen to, having set up the Contestable Policy Fund—which was widely welcomed—to use it and put it into operation early on. Since then, there have been a number of bids to

use it. I do not administer it, so I would not be able to say how many, although we can let you know.

Q1137 Robert Halfon: Contestable policymaking: how is it decided which policy areas are going to be opened out?

Mr Maude: It is for Ministers to bid.

Robert Halfon: Through you, through the Cabinet Office?

Mr Maude: I would need to check, but I think the mechanism we set up was that there is a small group who decide on the bids, which I think is Oliver Letwin and Danny Alexander. That is my recollection, but I would need to check that. It is a very modest fund; these are very small numbers, expressly designed to pay out at think tank rates, not massive consultancy rates. Why did we choose this? What you want is to use it in areas where there is a particular premium on getting outside thinking. When you are talking about the Civil Service reform, one of the things that struck me was that we did not get very much when we were doing the work preparing the Civil Service Reform Plan. We did not get very much insight into other systems, other jurisdictions, how they work and the comparative studies. We did not get very much insight into the history. For example, no one drew my attention to the Tony Blair speech in 2004, where he announced various things about Civil Service reform. We thought it would be valuable to get an outside perspective and some much more detailed research.

Q1138 Robert Halfon: What do you say to the possible criticism that some might say going to the IPPR, for example, for this is very much still an insider-ish, Westminster-ish type of view, rather than really making it accessible and going outside to the non-Westminster village?

Mr Maude: It is a balance really. They have done some very interesting work in this area. They had a high level of expertise and knowledge, a very open approach and a reputable record for doing evidence-based work. To be honest, we did not have all that many bids.

Q1139 Robert Halfon: The second critique is that, if you were going to go to an insider think tank, and you went to them and said, "Will you help us?" they would probably have done it for nothing, because of the prestige and so on working for a Government project. How do you answer that?

Mr Maude: If we want a particular piece of work done, it is reasonable to pay them. What we paid was peanuts in the scheme of things.

Q1140 Robert Halfon: What did you pay the IPPR?

Mr Maude: I cannot remember the exact amount, but it was well below £100,000 for a very substantive piece of work. You say it was "insider-ish"; it is a very reputable think tank. For a piece of work commissioned by a Conservative and Lib Dem coalition, it did not feel that insider-ish to commission the work from a think tank whose director was Gordon Brown's head of policy.

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Robert Halfon: That may not be Conservative insider-ish, but it can be perceived by some as very Westminster insider-ish.

Mr Maude: I see that, but actually the reality is there were academic outfits that might have been interested in doing this, but none of them bid for the work and some of them, I think, wanted not to be in a position where it looked like they were working for the Government.

Q1141 Robert Halfon: How did you advertise that the work was available?

Mr Maude: My recollection is that we made public what the scope of the work was. It is a long time ago now, but my recollection is that we had somewhere between 15 and 20 expressions of interest from a variety of organisations, some think tanks, some academic, some university units.

Q1142 Robert Halfon: When you say “public”, do you mean on the internet or was it traditional procurement?

Mr Maude: I cannot remember, to be honest. I can give you the detail. We got a lot of expressions of interest, which was the key thing, from a wide range.

Q1143 Robert Halfon: You set the terms of reference, did you?

Mr Maude: Yes, absolutely. That is very much in the nature of it. We set out in the Civil Service Reform Plan how open policymaking was meant to work. In the chart—

Chair: Can we take that as read, for brevity’s sake?

Mr Maude: Perhaps I could just finish answering the question, which is that part of the column that was about what is good about open policy making was something that said “unmediated access to Ministers”. This was very much meant to be for Ministers to commission work very directly, which was what we did.

Q1144 Chair: Thank you. Sorry to interrupt you. You originally commissioned that report in autumn last year, and you got a first draft in early this year. What was the reason for the delay in the publication?

Mr Maude: They wanted to do some more research, to widen the research. They felt that that would be valuable. I am not sure that I did see a draft report. They came in at various stages, as you would expect with any policy development; with civil servants developing policy in house, you would expect them to come in at regular intervals, expose their thinking and expose the findings.

Chair: You were able to discuss it with them and have an iterative conversation.

Mr Maude: Yes, absolutely.

Chair: To some extent, the output is directed by the Ministers, as any policy development would be.

Mr Maude: Yes. You are setting out what are the problems you are seeking to solve and you are asking for help in solving them. That is what policy development is about.

Q1145 Chair: You helped draft bits of the report.

Mr Maude: No.

Chair: You did not suggest any words or phrases in any of the report.

Mr Maude: I do not think so, not that I can recollect. This is a very iterative process, as it would be with any policy development.

Chair: It is more like the way any of us MPs would work with a think tank on the draft of a policy pamphlet.

Mr Maude: Yes.

Q1146 Chair: The IfG suggested, Jill Rutter suggested, that in fact if you are going to do contestable policymaking like this, you should commission the same work from inside the Civil Service as a comparator. Did you do that?

Mr Maude: No, we did not.

Q1147 Chair: Do you think it would be useful if you did that?

Mr Maude: Not fantastically, to be honest, because the reality is, when you get a piece of work like this, the first thing you do with it is, when you form your conclusions about what are the sorts of parts of it you want to take up and what are the parts you do not, you are going to ask your civil servants to develop it. It would be a bit redundant, particularly when this was very much about getting the evidence and doing research. It would be pretty pointless to get a whole lot of civil servants to exactly replicate that.

Chair: It might be the same; it might be different. It is one thing to ask for your civil servants’ private advice on policy, which is not published, on this paper. It would be quite another thing to ask your civil servants to publish another paper publicly, so that the public can be engaged in the debate between, perhaps, two different views about these matters.

Mr Maude: We could do that, but it would be—

Q1148 Chair: What is the objection to that?

Mr Maude: Because civil servants’ time is scarce and we decided that this is the way we wanted to explore this, which will happen in other areas with other aspects of policy development. Quite outside this particular process of having contestable policy created in this way, it is not at all uncommon to get outside bodies to do work for Government. Would you automatically get civil servants to replicate that? No, you generally do it because you want the outside expertise.

Q1149 Chair: What is contestable about contestable policy making if the only policy you put into the public domain was the one you personally commissioned and agree with?

Mr Maude: To be honest, the contestable part in this context came about because the work that was done by civil servants in preparing the Civil Service Reform Plan—although some of these issues were flagged in that—was not done.

Q1150 Kelvin Hopkins: It sounds to me very much like you have a conflict of ideas between yourselves and the Civil Service, and you want to get people who think like you outside to tell the civil servants, “This

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is what we want,” and to marginalise the civil servants. Is that fair?

Mr Maude: No, it is not at all fair. Why do you say there is a conflict between what I want and what civil servants want?

Q1151 Kelvin Hopkins: I have raised this question many times. Over the last 30 years, there has been a very substantial shift in the ideology of the political class, if you like—something I disagree with. Personally, if I was a civil servant, I would feel very uncomfortable about it.

Mr Maude: The Civil Service is not meant to be ideological; it is meant to be politically impartial.

Q1152 Kelvin Hopkins: Indeed, but if they think something is wrong and mistaken and they say to a Minister, “I think this won’t work,” they can either be considered to be wise and knowing or awkward and difficult.

Mr Maude: It has always been the case that, if civil servants think that a policy is wrong and will not work, and will thus be a bad use of taxpayers’ money, then the accounting officer is under an obligation to ask the Minister for a written direction, which then does become public and rightly so. That is something that is too often regarded as a kind of nuclear device that can never be used. It is a perfectly proper thing. Confident Ministers should have no difficulty in justifying going ahead with something if they think it is right, even if the accounting officer takes a more cautious view.

Q1153 Kelvin Hopkins: Very quickly, some years ago, under the previous Government, I met a civil servant who is now no longer working in the Civil Service, who said that, “If you come up with evidence-based policy and the Ministers don’t like the policy, they say, ‘Get rid of the evidence.’” Is that kind of thing not a typical extension?

Mr Maude: That would be very wrong. I am in favour of moving to an approach where, as a matter of course, the default setting is that Ministers publish the evidence on which decisions are based. We increasingly do publish data, as a matter of course. The British Government is regarded as the world leader in open data. Others are catching up and it is a constantly moving scene. Obviously you want to protect the policy discussions, debate and policy advice that is given to Ministers from public scrutiny, otherwise there is a danger that it stops being candid, challenging and open. I personally think the default setting should be that we publish the evidence on which policy is decided, so the people can see what the factual evidence upon which you are taking decisions is.

Q1154 Priti Patel: I would like to move on to have a discussion about your thoughts and insight into permanent secretary appointments, contracts and, in particular, performance and performance management issues. To start off the conversation, in your view, do you think there is currently a difficulty within the system with removing permanent secretaries who are underperforming or who should raise their game,

think more innovatively, embrace a different style and particularly a different style of leadership as well?

Mr Maude: Permanent secretaries are appointed with tenure. The way Tony Blair’s announcement in 2004 was implemented was simply to insert a line into the appointment letter of permanent secretaries to say that the norm will be four years in the post, and there will be some sort of conversation about it some time before the four years. I do not think that anyone has felt that that amounted to a fixed tenure. Britain is an outlier in that field.

Q1155 Priti Patel: I will come back to the whole issue of performance management, in particular. Do you think the systems that are in place right now are effective enough to performance manage permanent secretaries? You mentioned very clear leadership earlier on, based on objectives and also outputs, in terms of Government outputs and departmental objectives and outputs as well.

Mr Maude: It is absolutely common ground, both in the political world and in the Civil Service, that performance management in the Civil Service has far too long not been rigorous enough. In the People Surveys that Gus O’Donnell very sensibly introduced, it constantly comes up that people in the Civil Service feel performance management has been inadequate, that outstanding performance has not been sufficiently recognised and under-performance rigorously enough addressed. I think that is improving; it is one of the areas in which there has been marked improvement. Bob Kerlake published recently in April the competency framework, which is a single Civil Service-wide framework of the behaviours and competencies that are expected. It is a very good document; I warmly commend it. As we have all said, the proof is the extent to which it is used rigorously, in every performance appraisal, in every promotion board, in every recruitment. If that happens, it will start to instil much more rigorous and uniform standards across the Civil Service.

As far as permanent secretaries are concerned, one of the very good steps that have been taken is to publish permanent secretaries’ objectives. We did it for the first time last year, albeit well into the year. In future it will be much earlier. What that does begin to give—they are sometimes a bit redacted for public purposes, but they set out quite a lot of granular detail as to what the objectives are; they enable performance management to be very much more transparent than it has been in the past.

Q1156 Priti Patel: Do you think four-year fixed-term contracts for permanent secretaries would improve performance?

Mr Maude: It is hard to know for certain, but other jurisdictions have moved to fixed contracts. It is not clear to me that fixed contracts are possible in our employment law situation, but Tony Blair thought he had moved to fixed tenure, where you had a fixed tenure in the role that could be extended, but you should not expect necessarily to stay beyond that period. What the right period is, I think, is very much open to debate.

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Q1157 Priti Patel: This does relate to permanent secretaries' appointments. On what grounds what a Prime Minister choose not to renew an appointment of a permanent secretary? Would it be performance, management, competency, skills? What are the framework and the criteria for that assessment?

Mr Maude: If we moved to this system you would expect it to be on the basis of a rigorous assessment of performance and suitability. Often needs change; the demands of the role change. It would be after very considerable discussion with the Head of the Civil Service and, no doubt, the Secretary of State and the Department. These are not decisions to be made lightly.

Q1158 Chair: Can I just follow up? We know that there is some serious bad performance in parts of the Civil Service. What evidence is there that it is simply a lack of ability at performance management is the principal problem? What evidence is there of that? Is there no evidence of other problems?

Mr Maude: I do not think I have said it is only about that. Have I?

Q1159 Chair: Your thesis seems to be that if you can appoint senior officials and you can performance manage them these other fundamental problems that we have discussed can be dealt with more effectively. Have I not understood correctly?

Mr Maude: I have been at absolute pains throughout the whole of this process to stress that there is not one single thing that solves all problems. There has been a concern that the Prime Minister has expressed, and former Prime Ministers as well—Tony Blair in very strong terms—about accountability of the Civil Service, so we are looking for ways to strengthen accountability.

Q1160 Chair: We will come on to accountability. Can you give any examples of where a Prime Minister or a Secretary of State has had a problem removing an underperforming permanent secretary?

Mr Maude: I am absolutely not going to get into that territory.

Chair: You believe that those examples exist.

Mr Maude: I am simply not going to get into that territory. It would be wrong to do so.

Q1161 Chair: How can we judge the need for a policy that would enable Ministers to appoint and get rid of permanent secretaries if we cannot see any evidence that this would actually make a difference to the public service?

Mr Maude: This is one of the difficulties about all of this being very public, and I am not willing to go into all of that in public.

Chair: That makes policymaking quite difficult.

Mr Maude: Not really, but it does make discussion of some of it in public quite difficult.

Q1162 Chair: Why have you decided not to wait until you have trialled the new system—which seemed to have been agreed earlier this year, for the new arrangements that were set out in December by the

Civil Service Commission for the appointment of permanent secretaries?

Mr Maude: We are waiting.

Chair: You are waiting.

Mr Maude: Yes.

Q1163 Chair: How do you view the objections to the policy you put out in the Civil Service reform speech that the Prime Minister chooses from a list? How do you view the objections raised by the Civil Service Commission?

Mr Maude: I am sorry; I am not following you.

Chair: How do you view the objections raised by the First Civil Service Commissioner to the original proposals you had in the Civil Service Reform Plan, which you reiterated in the Policy Exchange speech, to choosing from a list of proposed candidates?

Mr Maude: For the Secretary of State or the Minister in charge of the Department to select from a panel of approved appointable candidates?

Chair: Yes.

Mr Maude: I have said and the Prime Minister has said that we think it is a mistaken view. It is their decision. They have made some moves to strengthen—or at least formalise and be more open about—the involvement of Ministers in the appointment of permanent secretaries, moves that we welcome. As we said, we will see how it works in practice.

Q1164 Chair: You will leave it until the end of the year before you make any changes.

Mr Maude: We said that we will see how it works in the first year or so. I cannot remember exactly when they changed the guidance. I think it was in November/December last year.

Q1165 Chair: Sir Bob Kerslake told us in evidence, “We have now agreed a process, which we are going to try out over the current year to see whether it addresses Ministers' concerns and meets the views of the commissioner.” Finally on this subject, what assessment have you made about the impact of fixed-term contracts on the culture of the senior Civil Service?

Mr Maude: What, here?

Chair: If you are proposed this as an idea, what impact is it going to have on the senior Civil Service and what assessment have you made of that?

Mr Maude: We have looked at the studies of what has been done elsewhere, which the IfG has done and IPPR has done. There have been a number of studies, and certainly those in Australia, New Zealand and Canada have very similar systems to ours. I have not talked to people in Canada; I have talked to them in Australia and New Zealand, and they say that it is strengthened accountability.

Q1166 Chair: One of the things that has been raised persistently with us is churn at the top of the Civil Service, which suggests that tenure of permanent secretaries is too short rather than too long, the West Coast Main Line being an example. How would your fixed-term contracts address that problem?

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Mr Maude: No one is talking about fixed-term contracts, because that is very difficult to do. We are talking about fixed tenure in the British system. If you were to go down that path, one of the effects might easily be to lengthen average tenure.

Chair: That might be one of the objectives: to lengthen tenure rather than shorten it.

Mr Maude: It might be one of the effects of it.

Q1167 Chair: It might be more difficult to get rid of an under-performing civil servant.

Mr Maude: The effect might be to lengthen tenure.

Chair: I remember Derek Lewis, the Director General of the Prison Service, was on a fixed-term contract.

Mr Maude: Yes, but he was appointed from outside. He was not a permanent civil servant.

Chair: But he was on a fixed-term contract and, of course, one of the results of terminating his contract early is that it was very expensive to remove him.

Mr Maude: Yes, indeed. That is one of the reasons why moving on to fixed-term contracts is not necessarily the right thing to do.

Q1168 Chair: Why do you think Tony Blair's proposal was not implemented?

Mr Maude: I do not know.

Chair: You must have asked.

Mr Maude: The people who would have been responsible for implementing it are long gone.

Chair: There must be some institutional memory about it.

Mr Maude: You are much better equipped to ask them than I am. Who would have been the Cabinet Secretary at the time? I guess Andrew Turnbull and Gus O'Donnell would have been.

Kelvin Hopkins: We have Lord Butler down the corridor and he was there at the start.

Mr Maude: Not in 2004 he was not.

Chair: We will find the culprit.

Mr Maude: Tell me when you find out what the answer was.

Q1169 Mr Reed: Minister, in your speech to the Policy Exchange, you stated that Ministers in this country are less well supported than in any comparable country. What is the evidence you were thinking of?

Mr Maude: The evidence is it was clear from the work that we had already looked at. The IfG had done some work and conversations with others in other jurisdictions, but the evidence is amply adduced in the IPPR report.

Q1170 Mr Reed: Which pieces of that evidence stick in your mind most strongly?

Mr Maude: On any comparative view, Ministers' offices here are smaller and staffed almost exclusively by career civil servants whose next job is in the gift of the permanent secretary, rather than the Minister. There is no other similar system to ours where that is the case, either of those factors.

Q1171 Mr Reed: What are the most important effects of that lack of support on Ministers? I might

put that differently: in what areas is the support lacking most significantly?

Mr Maude: How does it manifest itself? Simply a lack of firepower to get things done: people to do progress tracing, people whose overwhelming loyalty is to the Minister. A lot of it is about progress tracing.

Q1172 Mr Reed: In your view, are there any particular skills that Ministers need more support to develop or exercise?

Mr Maude: Probably lots; skills for Ministers themselves?

Mr Reed: Yes.

Mr Maude: I am sure lots. All Ministers come to being a Minister from a massive variety of different backgrounds with massively different skill sets. Civil servants will say that the best thing that a Minister coming to office can do is be self-aware about what his or her working style is. The fact is everyone thinks their working style is completely normal. In fact, all of our working styles are completely idiosyncratic. Mine is completely normal, of course.

Q1173 Mr Reed: Colleagues have been alluding directly and indirectly to leadership skills and the need for those in leading change in Departments. Do Ministers need additional support to develop and exhibit leadership skills to lead change in their Departments?

Mr Maude: That is a very general question and it is not really easy to give a general answer. You generally do not get to be a Minister without some kind of leadership ability, but in general Ministers are not necessarily encouraged to exercise leadership—other than political leadership—in the Department. Maybe they should be encouraged to do so more. I do not know; it is a very good question, actually.

Q1174 Mr Reed: A lot of the proposals that you have announced more recently seem to relate to the Minister and the team immediately around them, rather than the leadership skills that they would need to lead change in the entire organisation. I wondered to what extent you had thought of that wider issue in coming to these proposals.

Mr Maude: It is in the essence of our system that you have dual leadership of a Department. You have Ministers and officials, and it only works well when they are completely aligned: when everything the civil servants in the Department hear is exactly the same from both sides. That is then very powerful, which is why everyone has always said—Jeremy Heywood had said this here, Bob Kerslake, the Prime Minister said it at the Liaison Committee—the most important relationship is that between a Secretary of State and a permanent secretary.

Q1175 Mr Reed: That would not be the only relationship that was important in delivering change of the kind you would hope a Minister might be ambitious to achieve in a Department. How do these proposals strengthen leadership at all levels in the Civil Service or a Department?

Mr Maude: In our system, it should not be for Ministers to lead managerial, operational change in

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their Department. That is emphatically, in our system, reserved to the permanent secretary to lead that. What Ministers will want to do is to be part of leading the culture and behaviour change. For example, the fantastic work that Iain Duncan Smith is leading in DWP in introducing Universal Credit requires frontline staff in DWP to do things very differently. That will only happen with a very strong sense of leadership, both within the official part of the Department and from Ministers. In a way, they have and it is rather inspiring to listen to front-line staff who have been going through this process to understand what it is that the Minister is trying to achieve. They are the ones who actually have to, day by day and hour by hour, put it into effect on the ground.

Q1176 Mr Reed: Sure, and what effect does it have on delivering change if, from time to time, as Ministers sometimes do, they stand up and denounce the Department or the team that they are working with?

Mr Maude: I said this before here and I will say it again: I am not aware of anyone who stands up and says, "It's all terrible. I hate it all." I can make a speech where I say nine positive things and one critical thing, but the critical thing is the only thing that gets reported. That is one of the frustrating things, but we have to be honest. To try to pretend that everything is fine when it is not is as demoralising to civil servants, who can see that things are not right, as to hear the criticisms. What they do not want to hear is criticism for the sake of criticism: criticism without solutions. I find, when I talk to large groups of civil servants, which I fairly frequently do, about Civil Service reform, and when I talk about the way the Civil Service can be and needs to be for the future, I get a very positive response. You can see people nodding and responding very warmly, because people want to be part of an organisation that is performing at the top of its game.

Q1177 Mr Reed: One of the concerns that you and other Ministers have made is that the Civil Service can be insufficiently responsive. To what extent can that be blamed on Ministers?

Mr Maude: If Ministers are not clear about what they want a response to that could be the fault of Ministers, but where Ministers are quite clear what it is they want, then I would absolve Ministers.

Q1178 Mr Reed: Thinking about the expanded teams that you envisage supporting Ministers, what questions did you ask about possible conflicts with Northcote-Trevelyan before proposing that?

Mr Maude: I have not proposed it. I have simply asked the question. It has been proposed by the IfG, which explicitly says that it is completely consistent with Northcote-Trevelyan and would not lead to politicisation. IPPR proposes something similar, again clear that it does not lead to politicisation. If you talk to the leaders of the civil service in Australia, New Zealand and Canada, where they have moved in the direction, they will be very clear that it does not lead to politicisation. In Australia, they were very clear

that, actually, having extremely political offices there has enhanced the impartiality of the civil service. I do not think we could contemplate going down that path but, if there was any suggestion of doing anything that imperilled having a properly politically impartial Civil Service, then we would not want to go anywhere near it.

Q1179 Mr Reed: May I ask, in conclusion, you sounded like you were somewhat taking on trust what the IPPR and others have said with you? I am sure before making a proposal you would want to reassure yourself that there are no conflicts with Northcote-Trevelyan. If I could ask, in conclusion, what questions will you ask to provide that reassurance?

Mr Maude: We would want to test the proposition very carefully. What are the questions? The questions are absolutely: does this, at the end of it, feel like a Civil Service where appointments are made other than on the basis of merit and political impartiality? That is what is at the core of Northcote-Trevelyan.

Q1180 Kelvin Hopkins: I am very pleased that you seem to have accepted the wisdom of Northcote-Trevelyan in a way that was not quite the tone of what you were saying some months ago, I may say, but that is my impression and I am pleased about that.

Mr Maude: I do not think I have ever questioned that seriously.

Kelvin Hopkins: I think you were leaning towards politicisation of some senior civil servants.

Mr Maude: No, never. I have always said, when we have canvassed the possibility of giving Ministers a choice of candidate for permanent secretary, we have always been at pains to stress that that would only be after the same process has been gone through as is the case at present, where all that is presented to the Minister would be candidates who have been deemed to be appointable on merit, competent to do the job and political impartial. There would not have been a danger of politicisation, from that point of view.

Q1181 Kelvin Hopkins: Going back, when I was a student in the 1960s, the plum job was getting into the administrative parts of the Civil Service, and only the best minds got in there: rigorous training, rigorous selection exams and whatever; they were the best minds. It was very elitist, but I accepted that and I think that was the right way forward. Do you think the fact that we have moved away from that rather—we do not have that kind of approach quite anymore—has been a problem for the Civil Service?

Mr Maude: It still is very attractive. I seem to have in my mind that I have somewhere—but I cannot find them—the numbers of people applying for the Fast Stream graduate entry for the Civil Service. I seem to think it is either 70 or 700 applicants for every place, but it is big. It is hugely in demand.

Q1182 Kelvin Hopkins: Within that, the range of views? They are not politicised in a sense, but I was told in confidence some 30 years ago that there are those who read *The Guardian* and those who read the

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Telegraph amongst civil servants. There are those who read the *New Statesman* and those who read *The Spectator*. There is a range of views.

Mr Maude: There may be some who read them all.

Kelvin Hopkins: Indeed, yes. I certainly read the *Telegraph* a lot. That kind of intellectual drive and intellectual capability strike me as being absolutely vital in a bureaucracy. As I say, I spent 23 years working in bureaucracies, and it is the bright ones who got it right.

Mr Maude: I completely agree with that. One of the things I concluded is that we should stop telling ourselves that the age of the generalist has gone. One of the Fulton things was that we should not have generalists; everyone should be a specialist and an expert. Actually, you need both. Any organisation needs people who are generalists, and one of the maligned effects of our constantly saying we should not have generalists is to deny to very good, able generalists, who bring a huge amount—and for exactly the reasons you have set out—to this organisation, we deny them the ability to say, “I don’t know how to do this.” Actually, what does this brilliant generalist do? They know what they can do and they know what they cannot do. They are very good at mobilising skills and knowledge from somewhere else to complement what they do not have. By saying we do not have generalists anymore, which has been a mantra—it only occurred to me that actually every iteration of Civil Service reform and change has said, “We should not have generalists”—the result has been—not that we do not have generalists; we do and have some very good ones—to make it much more difficult for them to be effective, because they all feel they are obliged to be a specialist and an expert. Not everybody either needs to be or should be.

Q1183 Kelvin Hopkins: I agree absolutely. You can buy in experts. You can get your scientists and your lawyers as advisers at a senior level, but having people who have an understanding of geography, history, philosophy and economics as well is very important.

Mr Maude: You also need to have, within the administrative Civil Service, people who do become real experts and have deep specialist knowledge. You need the combination of them. They may then go on to fulfil a more generalist role at a very senior level, but we should not assume that people are not of high value unless they have deep, specialist, expert knowledge. That is one of the very seductive blind alleys down which we have been drawn; I fell victim to it myself. One of the things we can do for the Civil Service is to say not that we want everybody to be an amateur, because that is never what it has been about, but there is a real and vital role for the highly intelligent, well-informed generalist, who brings knife-sharp analytical skills, the ability to understand data, to use data, to bring in expertise to exploit it, to synthesise and to bring creative idea-generation. Those are absolutely invaluable skills. At its best, we still have those, but we do not celebrate that enough.

Q1184 Kelvin Hopkins: Just one more question. Those generalists can develop real abilities in things like economics. Economics is intrinsically not quite as demanding as mathematics; I have done both, so I know. Over time, and particularly with training, they can become experts, particularly in economics and to an extent in some scientific areas as well. I agree with you. My question is: are we trying to change something that worked 40 years ago quite well, and we have been running around in circles trying to reform ever since when we actually had something that worked quite well?

Mr Maude: There is a lot in that. Some of the things have been lost that we need to find. Some of it is that sense of a much more unified Civil Service. It has become much more splintered; we have some ways of starting to address that, which are beginning to work, but there is a lot more to do.

Q1185 Chair: In all this discussion about support for Ministers, on this question of generalists, it is about having more people around the Minister who the Minister can directly relate to, rather than having to directly relate to someone who is an expert in something. Have I got that right? Having generalists around the Minister would make the Minister feel more comfortable and able to relate to the people around him.

Mr Maude: Not necessarily. Some of the people you might want to bring in might well be specialists. There are plenty of Departments around Whitehall where specialist policy advisors have been brought in. Not special advisers; not people who are politically free, but people who are subject to the Civil Service code and are proper civil servants, but who are on short-term appointments as specialist advisors. That can be very valuable. That has been able to be done for quite some time but I do not think it has been done all that much.

Q1186 Chair: We do need to understand better how hard and lonely it feels for a Minister to be surrounded by very few people, apart from his special advisers, who he has directly appointed. That must feel disempowering for a Minister.

Mr Maude: All the evidence is that, by comparison with other similar systems to ours—we have brilliant private officers, who do a great job, and some superb people. However, in terms of the quantity of resource and the way in which they are appointed, British Ministers are under-resourced compared to their comparators.

Q1187 Chair: What do you understand by the IPPR distinction between politicisation and personalisation?

Mr Maude: It is a question of who they are accountable to.

Q1188 Chair: Your speech was very clear: it is the person they are accountable to and appointed by. However, you maintain that is not a big change and does not transgress the Northcote-Trevelyan principles.

Mr Maude: No, it absolutely does not. The reality is that it has always been the case that if a private

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secretary or office is not working, Ministers have always been able to call for an individual to be replaced.

Q1189 Chair: If a Minister spends more and more time with people he has personally appointed and less and less time with the full-time officials—because if there are more people in the Department who he has appointed, it is inevitable those are the people he is going to be interfacing more with—how do you prevent a ‘them and us’ attitude developing between those who are appointed personally by the Minister and those who are not?

Mr Maude: You have to guard against it. It is a good question.

Q1190 Chair: How do you guard against it?

Mr Maude: In Australia what they have done is to establish a rule. In Australia it is much more acute, because Ministers operate from the parliament building, so they very rarely—literally only a couple of times a year—visit their Department.

Chair: Mr Boles put himself in that category.

Mr Maude: I could not possibly comment. They are physically remote and have offices that are entirely composed of people who are politically unrestricted. They may be permanent civil servants, but they are politically unrestricted while they are there. What they have introduced there, which I think is a very sensible thing, is an obligation that advice that comes from the Department, from the mainstream permanent civil servants, must be presented to the Minister. It can be presented with a covering note, but it must be presented to the Minister. I would expect, if we were to go down this path, there to be just the same amount of interaction of civil servants coming into meetings on a very continuous basis; it could be intermediated.

Q1191 Chair: What we do not want is a picket fence of appointees around the Minister, because in the end it is the full time and permanent civil servants upon whom the Minister relies for the implementation, so it is his relationship with them that matters as much as anything else.

Mr Maude: I totally agree with that. One of the learnings from New Zealand was when they introduced their system of chief executives of departments being appointed with a contract—which was quite explicit and detailed about what was to be delivered—they started with a view that there was policy, which the Minister does, and implementation that the chief executive does. We know from all experience—and they now know this—the boundary between the two is never as simple as that. If you are going to devise policy in a way that is capable of being implemented effectively you have to have constant iteration with those who are going to be responsible for delivery and iteration. If we were to go down this path, we would need to be at very considerable pains to ensure that you do not end up separate from the Department itself.

Q1192 Chair: Moving on to the question of accountability—we will be as quick as we can, but you seem to enjoy your answers. They are being very

useful, so if we can keep you longer I would be very grateful. The IPPR Report is as much about accountability as anything else, is it not? What do you want a senior civil servant or an executive officer in the Civil Service or an agency to feel when he or she is told by the Minister, “You are accountable”? What is the feeling we want that official to have?

Mr Maude: The same feeling I have when I appear at the despatch box in the House of Commons of being held to account. “Have I done what I said I was going to do? Can I justify what I have decided to do?”

Q1193 Chair: It should be an empowering feeling, should it not?

Mr Maude: Or the same feeling I have now, at this very moment.

Chair: It is about feeling that you are accountable and therefore responsible, and therefore empowered to get an outcome.

Mr Maude: Yes, absolutely. It is about being really clear of what is the output or outcome you are expected to deliver, and being very clear about the freedom and power you have to do it. It is the space within which you can make decisions and put your energy, intelligence, knowledge and skills to work to deliver that output.

Q1194 Chair: To what extent is that based on a positive relationship between the Minister and the official?

Mr Maude: It is based on a professional, respectful relationship between the two.

Q1195 Chair: A trusting relationship?

Mr Maude: Yes.

Chair: If the Minister takes on more power to hire and fire, and to scold and performance manage, to instruct—

Mr Maude: You are wrapping a whole lot of different things into one sentence there.

Chair: I am, because I am asking to what extent we are getting trapped into a negative kind of accountability, which actually drives out trust, because you are going to measure that person’s performance, publish their performance criteria, hold them accountable and then fire them if they do not perform.

Mr Maude: What is your point?

Q1196 Chair: One environment sounds quite a nice and very motivated place to work. The other sounds the sort of place where officials do not want to be accountable or to take responsibility. They would rather push their difficulties onto someone else, so when the hiring and firing gun comes around it is not pointed at them. We do recognise that that is happening to an extent in the public service. The business of naming and shaming: how positive is that for motivation of public service?

Mr Maude: I am sorry; I do not know what you are talking about.

Q1197 Chair: We all know that when officials’ names finish up in the public domain and they are scolded and held accountable in the negative sense for what has gone wrong, that is quite a bad feeling to

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have if you think that can happen to you in the public service, is it not?

Mr Maude: It is not a very agreeable feeling anywhere.

Q1198 Chair: No. What kind of accountability are you trying to achieve?

Mr Maude: The accountability where people know what is expected of them, are judged on whether they have done it and how well they have done it. It seems really simply to me.

Chair: You do not see a conflict between these two types of accountability.

Mr Maude: There is only one kind of accountability I am interested in, which is people knowing what is expected of them and then being judged on how well they have done it.

Q1199 Chair: How do you make people responsible for obtaining positive outcomes and motivated to achieve positive outcomes?

Mr Maude: That is what performance management is all about; it is about recognising exceptional performance and celebrating it. Where there is underperformance, it is about addressing it.

Q1200 Chair: Do you think exposing senior responsible owners of long-term projects to Select Committees is going to increase their motivation? How is that going to increase their motivation—apart from in the negative sense?

Mr Maude: It is a good question. There have been recommendations made, I think by your own Committee but certainly other Committees, that more senior civil servants should be able to be held accountable directly by Select Committees. My starting point is that the principal accountability for a Department should be the Minister being held accountable in Select Committees and on the floor of Parliament. That has been the longstanding approach going back a long time; I think you probably know better than I do exactly how long. You would need to have a pressing case for extending it. It is worth looking at whether, for senior responsible owners of big projects, that is an exception or an extension.

Q1201 Chair: In the same way as accounting officers?

Mr Maude: Yes.

Q1202 Chair: For that kind of accountability to work, you would have to empower the SRO to tell the truth, even if that is not the line to take.

Mr Maude: Yes, I think that is absolutely right. I hope they would tell the truth anyway, but—

Chair: They sometimes withhold the truth.

Mr Maude: Absolutely. It would put a very desirable onus on those who are responsible for starting a project or a programme to be really clear about what is expected. Lord Browne's recent report highlighted correctly that too often Government drifts into a project without a really rigorous initiation process. In a business you would have a big moment before you pressed the button to start a project, and we are not so good at that. Being much clearer at an early stage

about what is expected and what the programme is would be a very good discipline on Government as a whole. If you were in a position where SROs were able to be held to account by Select Committees, SROs would then be properly encouraged and empowered to say, "If I am going to be held accountable in public by Select Committees, I need to have much greater clarity about what is expected, proper implementation planning and so on." I can see how it would lead to the benign upside in terms of accountability.

Chair: The empowering of responsibility.

Mr Maude: Yes, absolutely. I think that is very good insight.

Q1203 Chair: Thank you very much. Moving on briefly to the idea in the IPPR report for the Head of the Civil Service: the Government split the Cabinet Secretary from the Head of the Civil Service, and we asked in our inquiry report on the leadership of the Civil Service how this was going to be assessed. We asked for an urgent assessment; we were told it was going to take a year. Here we are a year on: are you in a position to give an assessment?

Mr Maude: I cannot remember when your report was, but I do not think it was—

Chair: More than a year ago. 18 months ago, I am told—time flies.

Mr Maude: Absolutely. It is a continuing process, but I do not think anyone has any doubt at all that it was right to decide to divide—

Chair: The IPPR recommendation says—and it is suggested in your speech as well—that the Head of the Civil Service should be the Permanent Secretary in the Cabinet Office.

Mr Maude: No, I did not say that.

Chair: You have not said that, I beg your pardon—but the IPPR report said that.

Mr Maude: I do not think they said that as such.

Chair: There was discussion about a full-time Head of the Civil Service.

Mr Maude: Yes, and as far as I am aware there has only been one period where there was a full-time dedicated Head of the Civil Service. It is one of things that came out of the Fulton Commission and Report, and it lasted for about 10 years or so. There have been all sorts of different configurations: it has been combined with head of the Treasury, and then was separate for a short period, then combined with the Cabinet Secretary. This has been done in all sorts of different ways over the decades.

Q1204 Chair: Lord Butler was very clear in his evidence to us about this subject: that the Cabinet Secretary would always be top dog, to put it in that rather emotive way. Would the Head of the Civil Service report to the Cabinet Secretary under this arrangement?

Mr Maude: What arrangement?

Chair: The arrangement proposed by IPPR for a full-time Head of the Civil Service.

Mr Maude: I do not know. I have not looked at that very carefully.

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Q1205 Chair: Is there not a need for one individual to have overall responsibility for the Civil Service?

Mr Maude: You can make that case. As I say, there is no hard and fast way of doing this. It has been done in loads of different way. It is very rare actually; the aberration has been for the last 30 years or so, when there was a single combined Cabinet Secretary and Head of the Civil Service.

Chair: If you are proposing a unified Civil Service—and I fully accept that is not an announcement you have made, it is a musing of an idea, but if there was to be—

Mr Maude: We have absolutely said we want it to be more unified than it is.

Q1206 Chair: But if there is going to be a more unified structure, should all the Departments not report to a single individual?

Mr Maude: You can make that case; I think that is broadly what the IPPR say. You can do this a lot of different ways. There never has been any magic one way of doing it.

Q1207 Mr Reed: Minister, what discussions have you had with Lord Browne about his call for a parliamentary commission on the Civil Service?

Mr Maude: Only very briefly, where he reiterated what I think he said separately, that if there were to be any study done of that nature, it absolutely must not be allowed to get in the way of implementing the changes that are urgently needed, about which everyone, as far as I can see, agrees. That is the conversation I have had with him.

Q1208 Mr Reed: I understand you rejected that call for an inquiry of that kind?

Mr Maude: No.

Mr Reed: You have not.

Mr Maude: No.

Q1209 Mr Reed: Okay. What concerns would be in your mind about an inquiry of that kind?

Mr Maude: Exactly what I just said: if you institute a major inquiry, whether that leads to it being a reason to slow down agreed change. One of the things Peter Riddell said bore that out, where he explicitly raised the danger of it being used to undermine existing reform efforts. He said it in his blog, “These are proper issues for an inquiry, running alongside but in no way undermining existing reform efforts.” Then he said, “The doubters about an inquiry are right to be worried about its potential distracting impact and about the risks of weakening the current reform drive.” That is the concern. I certainly have not ruled it out; it would not be for me to rule it out anyway. However, what I have said is that I would need to be convinced it did not have that effect of, as it were, displacing the current reform efforts, which are urgently needed and very broadly agreed.

Q1210 Mr Reed: Thank you. Since you have mentioned him, have you had any conversations with Peter Riddell or the Institute for Government about such an inquiry might be put together?

Mr Maude: Not that I can recollect. I do not think I’ve talked to Peter Riddell for a few weeks now.

Q1211 Mr Reed: What case do you see for a commission or inquiry being shaped in such a way that it could help speed up the implementation of law reforms by helping, for instance, to identify blockages?

Mr Maude: That would be very welcome.

Mr Reed: You do not rule it out.

Mr Maude: No I do not, but I would need some convincing that that could be its effect.

Q1212 Mr Reed: Right, okay. The proposals that you and the IPPR are making have some constitutional effect. I guess it is a contested view as to the degree of significance of its effect on the constitution, but given that, what role do you think Parliament should have in scrutinising your proposals?

Mr Maude: It is possible to get a bit overexcited about the constitutional effects of anything in the IPPR Report. They are very modest, incremental proposals they are making. It is the same with the IFG, which very much go with the grain of the current settlement. Of course, Parliament is at liberty to debate what it chooses to, and if Parliament chose to have a debate about these arrangements then I would be very happy to take part in it.

Q1213 Mr Reed: Given that there is a view in some quarters that the changes may be more profound on the Northcote-Trevelyan settlement, would you wish to invite Parliament to take a clearer view in scrutinising the proposals?

Mr Maude: If we do make any proposals for further changes, I would announce them to Parliament in the usual way. It would really be for Parliament to decide how it wanted to scrutinise them.

Q1214 Mr Reed: I think you have already said this, but I cannot quite remember: you do not rule out some kind of joint commission?

Mr Maude: No. There would be two questions in my mind. We have already identified a very broad degree of consensus, both within the Civil Service and outside in the political arena, that there are some very specific changes that are needed, which urgently need to be implemented. I would need some persuading that there is value in having a look at the whole of the plant, as it were. The second concern would be exactly the Peter Riddell point about whether it distracts attention away from getting the stuff that we have identified done, which is, in all conscience, difficult enough already.

Q1215 Chair: Minister, I think you said to Policy Exchange in the Q&A that you did not anticipate requiring any change to the Constitutional Reform and Governance Act in any way. You think your changes are all in conformity with the existing legislation.

Mr Maude: The only context in which that has ever arisen was if we concluded that the arrangements the Civil Service Commission put in place for appointing Permanent Secretaries were not working in the way

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that was envisaged—and the Civil Service Commission absolutely held fast to its current position—then the only way you could possibly change that would be by changing the primary legislation. That is not something that is keeping me awake at night.

Q1216 Chair: That Act is called the Constitutional Reform and Governance Act, and it is regarded as cementing the independence of the Civil Service in place. That would be quite a big change.

Mr Maude: I was the opposition spokesman when that part of the Bill was going through.

Chair: I confess I have not read all your speeches; perhaps I should.

Mr Maude: I do not particularly recommend them. It is of significance that the Minister who introduced the Bill was Jack Straw and the Opposition spokesman on that part of it was myself. We both believed there was nothing in that Act that prevented Ministers from having a choice of candidates for Permanent Secretary. Indeed, Jack has often said he did exactly that when he was a Cabinet Minister.

Q1217 Chair: The distinction is in the margins, and we will look carefully at that. Are you concerned at all there have been a number of iterations of reform, some of which you have referred to, that do not seem to stick? The waters of the Civil Service close over the stone as it tumbles into the pond and calm is restored. Would some kind of cross-party body sticking its stamp of approval on a reform programme not give your reform programme more permanence? When I look at the achievements of the Efficiency and Reform Group, they depend upon outstanding individuals, one or two of which you have personally appointed, which rather strengthens your case. However, will the changes that they are implementing be sustained after they have gone unless there is a more concerted cross-party determination to implement this kind of reform?

Mr Maude: The difference this time is that the Civil Service is shrinking in size and continuing to do so. The demands made on it are greater, and there is a

much greater acceptance within the Civil Service itself that change has to be made to stick this time.

Q1218 Chair: How will you make sure your reforms stick?

Mr Maude: All organisations when they change have a tendency to default back to the pre-existing comfort zone.

Chair: One of the great strengths of our Civil Service.

Mr Maude: Possibly, but actually it is not just the Civil Service. All organisations, including private sector organisations, when the pressure is removed will always tend to default back, and it requires constant vigilance to make sure they do not.

Q1219 Kelvin Hopkins: You have talked as though reducing the size of the Civil Service is a good thing, but at the same time you have said often support for Ministers is not sufficient. At a level, at this highest level, maybe there are not enough civil servants and staff to give you the advice you need. I have certainly heard it from civil servants that with the cutting away of staff they have often found themselves overloaded, for example, five people being replaced by three. There is too much work for three people; it should be done by five.

Mr Maude: Yes, which is one of the reasons why we made a point in the Civil Service Reform Plan of identifying a need for a good procedure in all Departments to ensure that administrative resources are properly aligned with ministerial priorities. This has not always been the case and you will find lots of Ministers in the last Government complaining about that, even in times of relative plenty when there were many more civil servants. I have it in my mind, I was told that there are 18,000 policy-oriented civil servants in Whitehall—or Whitehall taken broadly—even after the reductions, so there should be enough to go round.

Chair: It is the first thing Sir Humphrey always cuts, is it not? I am afraid the cuts will have to fall on your private office. Minister, you have been extremely helpful and we have learned a good deal more from you today, and we are very grateful for that.

Written evidence

Written evidence submitted by The Universities of Birmingham and Sheffield The “Shrinking the State” ESRC Research Project¹ (CSR 1)

1. Executive summary:

- (a) The hub model of government proposed by the Civil Service Reform Plan potentially involves five types of reform: delegation, floating-off, contracting-out/joint ventures, offloading, and shared services.
- (b) Few of the more radical options were taken during the Public Bodies reform review.
- (c) The five types of reform present feasibility challenges for government.
- (d) There is a tension between the centrifugal forces underlying the civil service reform plan’s ambition for improved and more efficient delivery, and the centripetal forces of improved accountability that in part motivated the public bodies review.
- (e) Careful consideration of the sponsorship relationship linking ministers and delivery bodies is necessary to ensure that reform does not lead to an increasingly opaque and fragmented institutional architecture of ever more sophisticated delivery structures.

2. The *Civil Service Reform Plan* (June 2012) represents the latest stage of a number of reforms that have, since the early 1980s, sought to streamline the civil service and increase the professional skills of officials. It is, however, a potentially far-reaching document that raises a host of questions not just about the future of the civil service but also about the future of the state, the public’s expectations and the delivery of accountable public services.

3. The implicit direction of travel suggested by the *Civil Service Reform Plan* is towards a “*hub-model of government*” in which a number of small core departments design and approve policies that are then implemented by a range of public, private or hybrid bodies in the most effective and efficient manner possible. This plan would appear to dovetail with the Coalition government’s *Public Bodies Reform Programme* and its rapid shift towards a more streamlined institutional landscape. This memorandum seeks to draw the committee’s attention to three inter-linked issues—institutional complexity, fuzzy accountability and collective capacity.

4. The reshaping of the delivery landscape appears to involve five possibilities: *delegation* to public bodies (executive agencies and non-departmental public bodies); *floating-off* existing units within central government as social enterprises or mutuals; *contracting-out to or joint ventures with* business, not-for-profit organisations, or other parts of the public sector; *off-loading* activities to new or existing not-for-profit organisations, as in the creation of the Canals and Waterways Trust (a charity) to replace British Waterways (a public enterprise); and *shared services* between government departments and/or executive agencies.

5. Two issues remain less clear: firstly, what are the conditions under which different service delivery models might be feasible (either technically, politically or in efficiency and effectiveness terms); and (secondly) what are the implications for effective public governance of those functions or services in terms of transparency and accountability to ministers, parliament and the public?

6. On the question of feasibility, it is clearly possible to delegate functions to NDPBs and Executive Agencies—this is a well-established mechanism, demonstrated by the substantial transfer of functions to such bodies during the 1980s, 1990s and 2000s. However it is unlikely that the current government will be well disposed to the creation of new NDPBs, since the Public Bodies Reform programme was designed to reduce their number, although executive agencies are regarded as acceptable because they are perceived to be “closer-in” to government and thus more acceptable in terms of ministerial accountability.

7. Floating-off is a popular option currently, with a £19 million programme recently announced by the Department of Health and the Cabinet Office. Social enterprises, however, are likely to experience the same problems as any new business start-up, and failure remains a distinct possibility. Dependence on government funding is likely to be the key issue, and continued provision of the service could require longer-term funding guarantees. Specialists on the social enterprise sector will be better able to offer advice on this issue.²

8. The government’s track record with contracting-out and joint ventures is mixed. Large schemes have proved particularly problematic. However there is now considerable experience—built up over the past 30 years—in local government, and also in the NHS. These are not without their own problems, but a substantial volume of public services are delivered through these mechanisms and may provide models that can be adapted for use within central government.

9. Off-loading activities to charities and similar bodies has traditionally been based on contracts with government; however the extent to which such bodies are able and willing to take over public functions without such financial guarantees is yet to be determined.

¹ This project is directed by Professors Chris Skelcher (University of Birmingham), Matthew Flinders (University of Sheffield), and Anthony M. Bertelli (University of Southern California) with Drs. Katharine Dommett (Sheffield) and Katherine Tonkiss (Birmingham) as Post-Doctoral Research Fellows and Marc Geddes (Sheffield) as a doctoral research student. We would like to acknowledge the financial support of the ESRC research award ES/J010553/1.

² For example: ESRC Third Sector Research Centre <http://www.tsrc.ac.uk/>.

10. Finally, shared services provide a model whereby back-office functions and some public-facing functions (eg customer contact) can be combined. Although appearing to offer efficiency gains, in practice there are complexities in integrating different organisational systems and organisational cultures that may result in reductions in service quality (as is also the case where private sector organisations have taken similar steps).

11. It is notable that the recent review of 900+ non-departmental public bodies resulted in relatively few functions being relocated into the more innovative of these delivery models. In only 22 cases were functions transferred to other bodies, including newly created charities and the private sector. However in the light of the Public Bodies Review, and the wider context of financial constraint and civil service reform, departments are now beginning to consider such alternative options.

12. However it is also important to point out that the *Public Bodies Reform Programme* was in part centripetal with transfer of functions back into departments—often to new or existing executive agencies—forming a major element of the initiative. The functions of almost 70 public bodies (with a total expenditure value of £20.5 billion) are therefore not being abolished as such but are being absorbed within departmental structures.³ In contrast, the *Civil Service Reform Plan* clearly has a centrifugal logic that is based around pushing functions away from Whitehall and traditional bureaucratic structures.

13. This centripetal logic is in part explained by our second theme—accountability. The *Public Bodies Reform Programme* was justified in part in terms of the need to *strengthen accountability* to democratically elected representatives. As Minister for the Cabinet Office Francis Maude explained in 2010, “people have been fed up with the old way of doing business, where the Ministers they voted for could often avoid taking responsibility for difficult and tough decisions by creating or hiding behind one of these quangos”. Although the *Civil Service Reform Plan* contains a strong emphasis on strengthening accountability, it provides less detail on how the adoption of alternative service delivery models can really be reconciled with a constitutional emphasis on ministerial departments. The risk is that fuzzy governance structures will produce even fuzzier accountability systems at a time when clear lines of accountability (and therefore leadership) are required.

14. The public bodies reform process has stimulated an active debate across Whitehall about the sponsorship process—the way in which departments manage their relationship with various forms of delivery body, and thus ensure appropriate and effective direction by and accountability to ministers. To date, the approach to and codification of the sponsorship relationship has varied between (and sometimes *within*) departments. There has also been a lack of awareness of the skills and expertise necessary by those undertaking this function. Now, however, this is much higher on departmental agendas and there is a clearer understanding of the centrality of sponsorship as a key skill if the government is to successfully manage an increasingly varied range of delivery models.

15. In conclusion, the delivery landscape has recently been streamlined and to some extent clarified as a result of the far-reaching *Public Bodies Reform Programme*. However—careful attention to the feasibility and governance implications of the various models, and especially the development of the sponsorship role within departments, is necessary in order to minimise the risk that the *Civil Service Reform Plan* might lead to an opaque and fragmented institutional architecture that simply replaces non-departmental public bodies with a new wave of ever more sophisticated delivery bodies.

November 2012

Written evidence submitted by Public and Commercial Services Union (CSR 4)

Introduction and Summary

1. The Public and Commercial Services Union (PCS), the largest civil service trade union, represents over 270,000 members in government departments, non-departmental public bodies, agencies and privatised areas.

2. We welcome the opportunity to comment on the civil service reform plan, which was drawn up without any consultation with the civil service trade unions. We would also welcome the opportunity to provide oral evidence to the committee as we are in a unique position to comment.

3. We note that a formal report on the reform plan was published only after parliamentary pressure was brought to bear. The detail on many of the topics remains sketchy and the impacts are obscured by vague language. Announcements of other proposals separately makes tracking which changes relate to the reform plan difficult.

4. The civil service reform plan presented an opportunity for the government to inspire civil servants, restate guiding principles and set a course for change to meet the demands of the 21st century. It should have set a course for a new era of rational change whilst upholding the traditions of independence, probity and professional standards that have gained citizens’ trust and international respect.

5. It could have broken with the political culture of attacking and blaming the civil service that has prevailed over recent years, which has caused demoralisation across the workforce—as the civil service people survey

³ National Audit Office (2012) *Reorganising Central Government Bodies*. London: The Stationery Office.

demonstrates.⁴ The plan should have clearly stated the important role played by the professional central administration and individual civil servants in implementing democratically decided policies and in creating a secure and prosperous UK.

6. There should have been more emphasis on being a good employer; emphasis on equality, diversity and the positive advantages of maintaining and advancing policies to support this; and greater prominence of the work carried out by civil servants in helping communities to create a prosperous economy. It failed to do this and has largely presented a series of negative messages.

7. The introduction highlights the strengths of the civil service, including its values and its diversity. These have not been easily achieved: much of the strength now apparent is the result of consultation and joint working with trade unions over many years. Cuts in staff and resources undermine these strengths, and jeopardize the diversity of the workforce.

8. The plan contains statements by the minister and the head of the civil service about the civil service's "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". The civil service is "open, diverse and professional". They say that we must keep and build on what is good and there is a welcome focus on skills development and enabling civil servants to do their jobs better. PCS shares the government's commitment to the vision of a civil service "trusted and respected by the public, the government of the day and future governments as an efficient, effective organisation building on [its] reputation for integrity and impartiality".

9. However, there are also reiterations of unhelpful stereotypes, comparisons with the supposedly more effective private sector and ideological assumptions about the type of change that is needed and what it will deliver. There is no demonstration that what is proposed in the Plan really reflects the type of change which the public and civil servants themselves are asking for, or that it will achieve the modern public services it wants.

10. Areas of particular concern to PCS members as government employees—skills, deployment, organisational performance and the employment offer—are outlined in chapters 4 and 5 of the plan. These sections include commitments to learning and skills but also outline changes to terms and conditions which will undermine the unity of the civil service and break up the total rewards of the "civil service offer".

11. The select committee's questions do not focus on this aspect of the plan, but we wish to draw the committee's attention to the absence of national consultation with the trade unions which has contributed to proposals that will not help to create a productive and engaged workforce.

12. The National Trade Union Committee (NTUC), and its predecessor the Council of Civil Service Unions (CCSU), have for many years pursued a positive agenda on productivity, engagement and reward based on the Whitehall II research carried out by Sir Michael Marmot and his team.⁵ PCS would have expected that the government would have sought to make use of trade unions' expertise and insight.

13. The NTUC has sent a formal response to the head of the civil service and continues to seek discussions with him on this matter.

14. The select committee asks specific questions and we offer PCS's views on these questions below.

Is the civil service in need of radical reform?

15. Generally PCS is critical of the constant radical change that governments have imposed on the civil service in recent years. "Reform" is positioned as being a solution to a perceived "problem". We reject this perception. As recognised by the minister and the head of the civil service in the reform plan document, the UK civil service is much admired as a model. This would not be the case if it was failing to the extent that the government seems to wish to portray

16. PCS also challenges the manner in which "reform" and "modernisation" are used to imply that the structure and ways of working of the civil service are inappropriate and out of date. An unhelpful tradition has grown up of believing that the civil service must do things in the same way as the private sector (which in itself varies greatly depending on the goods or services provided).

17. "Radical" reform is not helpful when services have to be maintained. Changing everything constantly, especially during a period of reduced resources, is a recipe for chaos. Recent difficulties such as those in the UK border agency and the department for transport reflect the pressure that cuts in resources and changes to procedures can cause.

18. The government proposes to review the delivery landscape and arms length bodies every three years to identify innovation and different delivery opportunities. Such bodies have been subjected to constant change over many years, often to the detriment of consistent policy and service delivery—this has been of particular

⁴ <http://www.civilservice.gov.uk/about/improving/employee-engagement-in-the-civil-service/people-survey-2011>

⁵ J Ferrie (ed), *Work, stress and health: the Whitehall II study*, CCSU/Cabinet Office, 2004

concern in the education sector. Innovation needs to be balanced with stability in order to ensure that effective services are maintained.

19. The plan advocates “different delivery models” but the only example given is that of MyCSP, which has not been a success and was undertaken without the support of the staff of the organisation. Public ownership is a mutual model in itself and maintains the accountability that can be lost in other models. No evidence is presented of other innovative governance ideas.

20. The path of outsourcing, shared services and privatisation is not the correct way to take civil and public services into the future. Democratic accountability can only be guaranteed if there is a direct reporting line between citizens and those carrying out publicly funded work.

Are the government’s plans for reform, as outlined in the civil service reform plan and related documents, likely to lead to beneficial changes?

21. The plan lists factors that affect the environment in which the civil service operates as evidence of the need for change. Greater consideration is needed of whether the proposals really do address the problems raised by these factors.

22. The plan neither sets a coherent vision nor addresses immediate concerns about job cuts, redundancies, pay and pensions. It summarises a number of worrying trends and initiatives already in train and presents further changes as low-key when they could lead, without proper debate, to radical shifts in the role of the civil service. Time is not being allowed for proper consideration of the effects.

23. PCS does not accept that cuts to the public sector are the right way to tackle economic problems caused by bad practices in the finance sector. The answer does not lie with reducing the civil service to such an extent that it cannot deliver the infrastructure that the public rightly demands its government provides, such as collecting taxes.

24. PCS has concerns arising from our experience of attempts to establish mutuals out of services currently delivered by civil servants. There has been little evaluation of whether the steps taken are really resulting in the benefits predicted. There is significant evidence that these initiatives are not appropriate in the public sector. The government nonetheless continues to instigate further initiatives.

25. The themes listed by the minister in his Foreword do need attention: *“To strengthen accountability. To build capabilities where they are 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”*. PCS does not believe that the changes that are needed have either been identified correctly or *“set out with sharp clarity”* as he claims.

26. There is no evidence that *“opening up”* policy making to external providers will lead to better policy or implementation. Any improvements required can be more cost-effectively achieved by retaining this function within the civil service. PCS strongly believes that good policy making depends on:

- making it easy for a wide range of stakeholders to make their views known;
- allowing sufficient time for submissions to be gathered, discussed and considered; and
- those making proposals being willing to adjust their own thinking in responding and deciding how to move forward.

27. Involvement of those with specialist knowledge and delivery expertise is important, but this is best encouraged by a system where all interest groups submit views rather than the policy making itself being contracted special interest groups. Analysing responses and drawing up policy documents is best done (or at least controlled) by neutral civil servants whose terms of reference include considering long term public interest and are set by Parliament or by ministers accountable to Parliament.

28. Many policies that prove not to be implementable actually originate from ministers or lobby groups. Part of civil service role is to examine barriers and expectations and provide objective and practical advice. Ministers are likely to encounter greater difficulty in understanding the practical implications of policy proposals if this step is removed from the process.

29. PCS is concerned about the trend in the reform plan and related documents to move the civil service towards a more commercial model—for example the emphasis on shared services, commercial skills and the narrow pool from which non-executive members of departmental boards are drawn. Will this really benefit the general public, citizens and users of services or simply the suppliers and contractors who seek to make profits from the public purse?

30. In terms of benefits to civil servants themselves and the ability of the civil service to attract highly skilled and committed employees, PCS supports some aspects of the learning package that is being proposed—particularly the accreditation of qualifications. Other proposals will undermine the reward package and hinder the recruitment, diversity and effective deployment of civil servants.

31. PCS rejects the proposal to introduce local pay rates. Such a system will prove divisive, inequitable and inefficient. Most large, multi-site private sector companies have national pay structures. HR professionals in

companies with branches throughout the country state that national pay structures and national pay determination provide simplicity and efficiency. To pay civil servants less in the poorer parts of the country is unjust. The jobs they do require the same level of skills and qualifications as in wealthier areas and there are often factors in low income areas which make the demands faced more challenging.

32. The employment offer should encompass a clear vision for the role, responsibilities, rights, rewards and recognition for all civil servants, with a sustainable balance between innovation and stability that allows them to understand what is required, acquire skills and expertise and perform well against objective criteria.

33. Public service should be encouraged, celebrated, and fairly rewarded. The civil service should be a good employer. Civil servants need to feel valued and given the necessary resources to provide excellent public services. Promoting equality and diversity through inclusive workplaces, flexible working and excellent learning opportunities is an essential element of this approach.

34. National bargaining and pay rates would support a coherent national civil service where employees can develop their careers across departments and different localities without unnecessary financial constraints or barriers.

35. A modern employment offer should recognise the right to join and participate in a trade union and put in place proper consultation and negotiation channels to inform how change is managed. Attacking trade union and facility time agreements at the same time as cutting jobs, reducing HR resources and changing terms and conditions is asking for further confusion and resentment as the changes required under the plan are implemented.

What is the best approach for achieving consensus on the future size, shape and functions of the Civil Service?

36. The core values of the civil service—integrity, honesty, objectivity and impartiality—are set out in the civil service code and are generally accepted as the basis of good governance. Adherence to these values should be central to any reform or change that is proposed.

37. The civil service has a constitutional role in providing governance as part of the fabric of a civilised society. Size, shape and functions should follow the needs of the democratic structures that it has to service and its responsibility for delivering its ongoing operational role including collecting taxes, delivering benefits, laws and justice and ensuring national safety and security.

38. The civil service carries out on-going functions on behalf of the state and its citizens, as well as working for the government of the day. Its size and shape should be based on a full assessment of what resources are required to fulfil those responsibilities.

39. Creating a smaller civil service is an ideological commitment of the current government. It has already backfired, for instance in the Border agency, DWP and HMRC, where job cuts have been followed by large recruitment exercises when a reduced workforce was found to be unable to deliver the government's programme.

40. "Reducing bureaucracy" raises a number of governance issues. Accountability and democratic control rely on reporting and recording mechanisms, which give rise to a certain level of administration. This creates tension between speed, efficiency, accountability and effectiveness. The plan's proposals on accountability could change the nature of the constitutional role of civil servants and should be subject to much more detailed and thoughtful consideration.

41. PCS believes that it is time for governments to recognise that the role played by the civil service and the functions it carries out demand a different approach than simply importing business and management techniques from the private sector. Many who have moved between different sectors are quoted as being highly impressed by the way that civil servants deal with the political and financial constraints and the stricter accountability regime that they operate within.

42. The public expects civil servants to use their expertise in the longer term and wider interests of the state and its citizens, and to continue to deliver such services regardless of changes of government. The thrust of the reform plan is to improve the way that the civil service delivers the specific policies of the current government and fails to take sufficient account of its longer term, impartial and constitutional functions.

43. PCS accepts that updating is needed to take account of changes in structures, demands and technology, and that allocations of resources will vary as governments decide on different priorities. Such change should be incremental and put in place through consultation with appropriate parties—not simply driven by political ideology and media caricatures.

44. PCS has sought to address change through working with management to improve services and employee engagement whilst supporting the wellbeing and skills. Joint initiatives on learning, flexible working and green issues have demonstrated that serving the needs of citizens and taxpayers does not have to be done at the expense of the health, security and fair reward of civil servants themselves.

45. The lack of consultation with trade unions and other appropriate stakeholders has undoubtedly contributed to the weaknesses in the plan. Better consultation should be built into processes for future change.

46. It is PCS's view that radical change should not be based on party political decisions without wider parliamentary and public consideration of its impact. The reform plan intends to change significant aspects of the civil service's functions, size and shape. There should be much broader consideration of whether this really is the direction that citizens wish to follow.

Conclusion

47. The reform plan notes that "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". This demonstrates that accusations that civil servants are barriers to change are unfounded. The other side of this coin is that the civil service has retained core values that protect its constitutional role. Some of those values are threatened by proposals in the reform plan.

48. The "reform" agenda and the transfer work and responsibilities to the private sector followed by this government and previous governments is based on a perception that public sector bodies can and should behave in the same way as private sector companies and that competition drives better outcomes in policy and performance. This view makes no allowance for democratic constraints and public accountability. It gives rise to an erroneous view that private companies can deliver services more efficiently.

49. It is driven by a lobby of companies that stand to gain from outsourcing and privatisation rather than by demand from the public who use and currently own the services. The case for cutting public sector services, outsourcing delivery and adopting private sector methods has not been proven: in many cases this approach has resulted in failure.

50. Civil servants, demoralised by constant unwarranted criticism and attacks on their terms and conditions, are unlikely to be inspired by a plan that continues along this path. The plan undermines rather than builds on the factors that are central to the success and good reputation of the civil service.

51. The civil service people survey provides robust information about the experiences and engagement of civil servants which tallies with our members' views. This evidence should be used to address the issues that matter to civil servants and create a basis for the renewed commitment, improved performance and ability to fully embrace the digital age that the government seeks.

52. PCS does not resist good change. Our members want to use their skills to benefit citizens, to improve the services they deliver and the way they carry out their work and to make sure that systems operate effectively. They have the expertise and experience to identify problems and come up with solutions. Many have gained these skills in the public sector, but equally many have worked in a variety of sectors—their knowledge and expertise is far wider than crude media perceptions. They should be fully included in shaping the future civil service.

53. The reform plan addresses the concerns of politicians, media commentators and companies that wish to benefit from outsourcing, not the concerns of civil servants, public service users and citizens.

November 2012

Written evidence submitted by FDA (CSR 6)

Introduction

The FDA is an independent trade union for the UK's senior public servants and professionals. It has more than 18,000 members across government and the NHS; they largely work as senior managers, policy advisers, diplomats, tax professionals, economists, solicitors, prosecutors and other professionals.

The FDA is grateful for the opportunity to give written evidence to PASC's inquiry into the Government's plans for Civil Service Reform.

The FDA believes that the UK has one of the most—if not the most—effective civil services in the world, underpinned by high ethical standards and political impartiality. We recognise, however, that a search for continuing improvement must be embedded in any organisation if it is to maintain a capability to address the forces of external change. This is more critical than ever, given the immense economic—and consequent political and social—upheavals that the UK faces.

We broadly welcome the Civil Service Reform Plan although we have concerns, some of them significant, about aspects of the range of initiatives being proposed. These concerns are highlighted below.

It is important that the Government sets out quickly how the initiatives in the Reform Plan are to be taken forward, including timetables and the identification of senior responsible officers (SROs). The FDA looks forward to engaging constructively both at the "centre" and with departments, as appropriate.

Executive Summary

- The FDA will welcome the opportunity to enter a dialogue with the Government on the future functions and therefore size of the civil service;
- The FDA is concerned that open policy-making should not be seen as policy-making “on the cheap”;
- The FDA is fundamentally committed to civil service impartiality and will robustly defend this principle;
- The FDA fully supports the Government’s commitment that staff should have the skills and expertise they need. We welcome the opportunity to work with the Government on this agenda;
- The FDA welcomes the provision of training through the Major Projects Leadership Academy;
- The FDA considers that further Government consultation on its proposals that ministers should have a greater role in the appointment of permanent secretaries is necessary. We believe that any evidence that there is a problem to address is essential;
- The FDA believes that the use of time-limited appointments should be infrequent and exceptional;
- The FDA is concerned that civil service diversity is not addressed in the Reform Plan;
- The FDA believes the commitment to strengthen the civil service professions is most welcome;
- The FDA welcomes the proposals to further improve the Fast Stream, an area where we have been closely engaged;
- The FDA recognises that more exchange between the public and private sectors can be beneficial. However, civil servants require more assurance concerning proper deployment on return. We also believe that pay levels for those coming in must relate fairly to those already in the civil service;
- The FDA will scrutinise closely any proposals that could impact on the impartiality of permanent secretaries, including the role ministers and others play in their appointment;
- The FDA welcomes the commitment that the Government will provide a good employment offer for staff, but if the Government is serious, then this has to include reform of the pay system—including consideration of wider comparability. Pay systems for the vast majority of civil servants have seen no meaningful reforms for nearly 20 years. We believe that work should be undertaken to design pay systems for the civil service that could be implemented from (say) 2015 and underpin more effectively the wider changes being proposed in the Reform Plan;
- Any review must look at the total package, including pay. If the Government seeks to exclude critical elements of the package for dialogue and consideration, then this will simply be seen as another attack on the package that civil servants receive, and talk of modernisation will simply be seen as a code word for cuts;
- The FDA believes the changes to the Civil Service Pension Scheme have only widened the discrepancy between the reward package for senior managers and professionals in the civil service and the wider public and private sectors;
- The FDA has consistently rejected the idea of an “earn back” scheme for Senior Civil Servants. This appears to be a crude way of introducing performance-related pay at zero cost.

Chapter 1—*Clarifying the future size and shape of the civil service*

1.1 The Reform Plan highlights the reduction in staff numbers over the period from 2010 to 2015, which will see the civil service shrink by around 23%. And it must not be forgotten that these reductions in staffing levels follow many years of efficiency savings leading up to 2010. In HM Revenue and Customs, for example, staffing levels will have fallen from around 100,000 in 2006 to around 55,000 in 2015.

1.2 The FDA accepts the argument of the Reform Plan that “there is no right size for the civil service”. However, cuts on this scale place enormous pressures on those who remain in the civil service. Too often, staffing cuts translate into longer working hours as civil servants seek to cover work previously carried out by former colleagues. The last FDA survey of its Senior Civil Service (SCS) members, conducted in autumn 2012, found that 37.4% worked between 6 and 10 hours more than their contracted hours per week and 29.9% regularly working 11 or more hours beyond their contracted hours each week.

1.3 The challenge by 2015 of matching resources to workload will be profound, given the many problems facing the country. FDA members will work hard to meet that challenge and we will engage constructively on reforms that facilitate delivery. But that cannot be a matter of simply adopting all that is being proposed in the Civil Service Reform Plan. We need to establish a meaningful dialogue on the enablers that will facilitate a reduction of resources on the scale set out in the Plan.

1.4 We welcome the statement that there are no further headcount reduction targets. Too often, headline targets for reduced headcount are not matched by reduction in the work that the civil service is expected to deliver. And where there are enablers to achieve headcount reductions, the staff savings are often realised before the means to deliver those savings are delivered. It is, of course, a matter for the elected Government to decide what it wants its civil servants to deliver and this will dictate the size of the civil service. But there needs to be a realistic appraisal of what the Government wants the civil service to deliver and the resources

required to achieve those ends. The FDA will welcome the opportunity to enter a dialogue with the Government on the future functions, and therefore size, of the civil service.

Action 1: Identify some further examples of changes in delivery models

1.5 This has been an objective of successive governments, and the record of achievement has been mixed. It will be important to learn from that experience and where the intention is to “transfer power and control away from Whitehall” for ministers to recognise and accept the political consequences of such a transfer.

1.6 The FDA has no *a priori* view of initiatives such as mutuals, and will monitor closely experiments such as MyCSP. However, any extension of new partnerships with either the private sector or civil society must be matched by an investment in the capability of the civil service to draw up, and effectively monitor and manage, medium- to long-term contractual arrangements.

Action 2: Publish plans for digital by default

1.7 The FDA will consider the Cross Government Digital Strategy being published in the autumn.

Actions 3 and 4: Shared services

1.8 The Reform Plan lays great store on the savings that can be generated through the provision of shared services. One of the most significant examples to date of the shared services concept is Next Generation HR. Our experience of Next Generation HR/Civil Service Employment Policy has been one of frustration and delay in implementation. Not all departments have appeared bound by centrally negotiated HR policies, negating the benefits of centralisation, and it is important that relevant CSEP policies are subject to full and meaningful consultation with the FDA before being finalised. Government needs to learn the lessons from implementation of NGHR. We welcome the opportunity to engage in meaningful discussions on the shared services agenda.

1.9 The delivery timetables set out in the Plan are challenging. FDA members will be interested in each of these actions and we call for early engagement so that we can help shape these plans.

Chapter 2—*Improving policy-making capability*

2.1 The Reform Plan sets out three key actions to improve policy-making capability, with the aim of increasing the consistency of quality of policy-making across Government and ensuring that policy is developed with implementation in mind. The FDA shares those aims, and we believe that there has already been significant investment across the civil service in the process of designing and delivering policy initiatives.

Action 5: Open policy making will become the default

2.2 The Plan states that open policy making will become the norm and proposes a contestable policy-making pilot. Many departments already use external expertise within the policy-making process, through both stakeholder consultation and engagement and through the procurement of research. High-quality and impartial evidence is very important in ensuring that government policy is based on the best possible advice.

2.3 However, the FDA is concerned that open policy making should not be seen as policymaking “on the cheap”; the experience of our members is that robust and effective use of external input into the policy process can be very resource-intensive.

2.4 At the heart of the civil service and of good government is the principle of impartiality. External advice may not be impartial, being based on the personal biases and assumptions of those contributing it, but the partiality of that advice may be less apparent because of the patina of academic expertise and independence. Moreover, think tanks are often clearly politically orientated. And both academic centres and think tanks can often rely on funding from organisations that may have a commercial interest in the outcome of any research and policy options. It should also be noted that charities and other third sector bodies, held out as possible sources of policy advice, also have their own agendas, and in recent years the third sector has, as a consequence of funding changes, developed into being more like the small business private sector than a form of the public sector. The FDA is fundamentally committed to the impartiality of the civil service and will robustly defend this principle.

2.5 The Government must also not lose sight of the point emphasised in Chapter 3 that “implementing policy should never be separate from making it”. It is not obvious from the Reform Plan how a concerted programme of open policy-making will draw together the other two elements of policy making, that is, implementation and the legislative process.

Action 6: Ensure administrative resources match Government policy priorities

2.6 The Plan sets out proposals to ensure that administrative resources match government priorities. This is nothing new: departments constantly prioritise resources to respond to the swingeing cuts in departmental running cost budgets and FDA members daily make decisions on how to use scarce resources to deliver the Government’s objectives.

2.7 The Reform Plan gives no examples of where there has been a mis-allocation of resources or where there is “fat on the bone”. Many FDA members, however, can give examples of resources being diverted on ministerial whim to lower priority activity or to “pet projects”. Effective use of resources requires clear priorities for action to be set and maintained; frequent changes of policy direction or priority result in inefficient resource use. The FDA therefore welcomes action to reduce internal bureaucracy and unnecessary activity, but urges the Government to follow its own rhetoric by setting clear and consistent priorities.

Action 7: Ensure that staff have the skills and expertise needed to develop and implement policy

2.8 The Reform Plan also sets out the Government’s commitment to ensure that staff should have the skills and expertise that they need. The FDA fully supports this commitment and welcomes the opportunity to work with the Government on the civil service skills agenda, including through the FDA Learn project funded by the Union Learning Fund. The UK civil service is rightly highly respected internationally for its professionalism and expertise, and we are committed to ensuring that the Government continues to invest in the skills base of the civil service.

Chapter 3—*Implementing policy and sharpening accountability*

3.1 This section of the Reform Plan touches on important matters about the constitutional role of the civil service. The current position set out by the Armstrong Doctrine is that “the civil service as such has no constitutional personality or responsibility separate from the duly elected Government of the day”. This principle is important in protecting the ability of the government of the day to demand fearless and impartial advice from their civil servants without the political risk of that advice being used against ministers out of context by their political opponents. This impartiality is at the heart of the strength of the UK civil service and any reform must be very cautious not to damage it.

Action 8: Substantially improve the deliver of major projects

3.2 There is already a substantial body of evidence on the reasons for success and failure of Government policies from the National Audit Office (NAO), and the Government should make sure it takes account of this evidence base. One of the major risks to project delivery does not seem to be discussed in the Plan, that is, of changing short-term ministerial priorities during the development of the project. Whilst this cannot account for all problems with Government project delivery, it cannot be discounted. If the Government wishes to have greater scrutiny and accountability for policy development, ministers must be ready for those reviews to identify this as a problem in some cases.

3.3 The FDA welcomes the provision of training through the Major Projects Leadership Academy. Indeed, a drying up of training opportunities across the civil service has been reported by many of our members as a consequence of the current “austerity” policy agenda. This acknowledgement by the Government of the importance of investing in its staff is welcomed.

3.4 The FDA has for several years argued that the current policy of rotating Senior Civil Servants (with a typical SCS appointment expected to be four years and in practice often less) is inefficient and counter-productive. The Government’s commitment to reduce the turnover of senior responsible officers (SROs) is welcomed, and we would encourage them to extend this aspiration to other senior roles as well. Of course, in current circumstances—with a pay freeze and a significant reduction in the generosity of the pension scheme—the overall reduction in the reward package, particularly of the more senior grades in the civil service, will make this retention much more difficult. The Government may find it interesting to explore with the non-executive directors on departmental boards the level of remuneration provided to private sector leaders of projects of a similar scope and significance to those in government.

Action 9: Management information

3.5 The FDA endorses the proposal to implement “a robust cross-government management information system”.

Action 10: Sharpen and make more transparent the responsibility of Accounting Officers

3.6 The FDA is pleased that the Government acknowledges that the current model underpins the effective working of government. It is clear therefore that any changes to it must be approached with great care after much deliberation if ineffective government is to be avoided.

3.7 In principle, there is no FDA objection to previous accounting officers giving evidence to Parliament; they may well have relevant information and, particularly where the evidence involves detail of implementation, they may be better placed to advise upon it. However, the rules around this must be carefully worked out to avoid confusing accountability (rather than clarifying it, as the Government wishes). The FDA looks forward to consultation on the detailed proposals. Our greater concern is about the apparent party politicisation of the Public Accounts Committee (PAC), which will—if not addressed—undermine both the constitutional role of the PAC and the effectiveness of the NAO.

Action 11: Strengthen the Ministerial role in departmental and Permanent Secretary appointments

3.8 The impartiality of the civil service, and the ability of an incoming Government of a different political persuasion to trust senior appointees to act in a politically impartial fashion, is clearly of great constitutional significance. The current system of appointments is designed to protect that impartiality and the FDA is not aware of any evidence that it is not working.

3.9 The FDA considers that further consultation by the Government on its proposals, and clear evidence that there is a problem to address, is essential before this policy is implemented, with a full evaluation of the potential impact. We would be particularly concerned about any comparison with the US model. The US system is personal not political, and arises out of the fundamental difference in the US Constitution from that of the UK regarding the relationship between the Executive and Legislature. In the US, senior officials change with a new President—whether or not they are of the same party as their predecessor. Appointments are subject to confirmation by Congress, which can take up to a year to achieve with obvious harmful effects.

3.10 The length of a ministerial (or even Government) tenure is typically shorter than the typical appointment of a permanent secretary or other senior appointee. Any change to the involvement of ministers in the appointment process must be carefully balanced to ensure that the short-term political—or simply personal interests—of a particular minister do not outweigh the larger constitutional importance of the appointment.

3.11 The Reform Plan does not detail how this ministerial involvement will take place. However, wider comments by Government spokespeople have indicated that it is likely to mean something like the minister choosing from a short list of “suitable” candidates, as opposed to the current process where the minister is offered one best candidate on a “take-it-or-leave it” basis. The FDA would be eager to see a full and considered consultation on any such process. We would recommend that, in any circumstance where the minister deviates from a recommendation of the Civil Service Commissioners as to the appointment, a full account be provided to the Civil Service Commissioners of the justification for that deviation. We would also recommend that the Civil Service Commissioners be able to override the minister’s preference if, in their view, the reasoning violates the principle of open competition on the basis of merit.

3.12 Any consultation should also examine the potential consequences of the permanent secretary changing with each change of Cabinet minister and of such a change also opening the possibility of an incoming permanent secretary then wanting to re-appoint a new team of director generals and even directors. Such an approach would take the UK civil service much nearer to the US model with profound constitutional, but also HR, consequences.

3.13 Moreover, it is hard to square this overall approach being proposed by the Government with the stated intention of ensuring that SROs stay in place for a much longer period to ensure delivery of important initiatives.

3.14 The Reform Plan also suggests the use of more time-limited appointments in limited circumstances. The FDA can see merits in this proposal (the alternative, used with depressing frequency in government, is the appointment of consultants). However, it is clear that such appointments should be infrequent and exceptional. We would therefore recommend that the Government reports annually to Parliament on the number of such appointments made, and the justification for them, to help provide reassurance that this process is not being used to get around the long established merit-based appointment of civil servants.

3.15 In both of these circumstances, which involve changes to current recruitment practices, it is important that the diversity implications of the policy be monitored and reported.

Chapter 4—*Building capability*

4.1 The FDA believes that the civil service needs to be broadly representative of the population it serves and that this will increase the service’s openness to new ideas and improve decision making at all levels. The FDA is concerned that, barring one reference by Sir Bob Kerslake, the diversity of the civil service is not addressed in this Reform Plan. Statistics show that women and people from a BME background are under-represented at the most senior levels of the civil service. The Reform Plan was an opportunity for the Government to address this issue.

4.2 It is also disappointing that diversity issues are not addressed in the discussions on development schemes. We feel that this is a particular area of concern as people from certain communities lack experience and knowledge of the techniques to pass the assessment centres that are often used for entry to such schemes. The FDA urges the Government to invest further, possibly using some of the £90m saved from Civil Service Learning, in schemes such as the Public Sector Mentoring Scheme (a joint FDA-Cabinet Office project) to encourage people from all backgrounds to reach for the top of the civil service.

Action 12: Produce a five-year capabilities plan

4.3 The FDA endorses the view that skills and talent are the bedrock of civil service capability. The most finely honed skills and outstanding talent are not enough: resources and tools are also needed. But the FDA’s first concern here is that in describing the aspiration for change, the Plan risks painting a picture of a poorly

skilled, mediocre civil service. This is simply not the case, and does a disservice to the very many hard-working, dedicated public servants who daily tackle the problems that beset us.

4.4 That said, the FDA welcomes the commitment to put skills, learning and development onto a stronger footing through five-year plans. The first years of austerity have sadly shown that spending on skills development is amongst the first casualties of the squeeze on discretionary spend. The FDA will support the work to ensure we have a strong, clear and relevant Competency Framework. But this has to address properly the actual skills people need and the things they are able to do, rather than placing emphasis on how people behave. The FDA is already working closely and well with Civil Service Learning, notably through our work on Union Learning, and we look forward to building on this. The FDA represents many of the key professions in the civil service and works closely with heads of professions in departments and nationally. The commitment to strengthen the professions is most welcome.

Action 13: Actively manage the fast stream, other high performers and the SCS

4.5 Leadership and its quality are key to the future of the civil service. The FDA welcomes the proposals to further improve the Fast Stream, an area where we have been closely engaged. The FDA will be concerned to see that the promise of the Fast Stream is delivered, and that there are indeed opportunities for those completing their Fast Stream programme to move on to more challenging senior roles.

Action 14: Make it easier for staff to move between the civil service and private sector

4.6 The FDA recognises that more exchange between public and private sectors can be beneficial and we will work constructively with Government to develop this. Exchange would be better facilitated if civil servants were given more assurance concerning proper deployment on return, and recognition within their home department's pay systems of achievements on secondment or loan. But the FDA also believes that the pay levels for those coming in must relate fairly to those already in the Service. We have drawn attention to the wide disparity in the starting pay on appointment of those being brought in when compared to civil servants, no less skilled and talented, promoted to the same levels. Indeed, this is something the Civil Service Commissioners and Senior Salaries Review Body have expressed views on for the past several years.

Action 15: Permanent secretaries

4.7 The cadre of permanent secretaries we have is first class. They provide clear, impartial advice to ministers and assure the political independence of the civil service. The FDA believes this political independence is at the heart of the standing of the civil service. The FDA will therefore scrutinise closely any proposals that could impact on the impartiality of permanent secretaries, including the role ministers and others play in their appointment.

Action 16: Replace existing capability reviews with departmental improvement plans

4.8 The FDA fully supported the development and rolling out of the Capability Reviews, and welcomes the embedding of a clear process for monitoring the performance and capability of departments.

Chapter 5—*Creating a modern employment policy*

Action 17: Creating a positive offer for staff

Action 18: Drive the culture and behaviours being sought through the new competency framework

5.1 The FDA welcomes the commitment that the Government will provide a good employment offer for staff. We do not accept, however, that there has been “significant recent change on pay” other than to implement what is for most of our members a two- or even three-year pay freeze, and slash the overall SCS paybill. The pay systems for the vast majority of civil servants have seen no meaningful reforms for nearly 20 years. We believe that in the interregnum of the current pay restraint across the public sector, work should be undertaken to design pay systems for the civil service that could be implemented from (say) 2015 and underpin more effectively the wider changes being proposed in the Reform Plan.

5.2 The changes to the civil service pension scheme have only widened the discrepancy between the reward package for senior managers and professionals in the civil service and the wider public and private sector. We share the goal that a “new offer” should be created for staff, but if the Government is serious, then this has to include reform of the pay system—including consideration of wider comparability.

5.3 The FDA made a strong case during the negotiations on the new pension scheme that any reform had to consider the impact on the total reward package. This was rejected by the Government. We recognise that any review has to include many terms and conditions that civil servants have accepted as part of their package over many years. But any review must look at that total package, including pay. If the Government seeks to exclude critical elements of the package for dialogue and consideration, then this will simply be seen as another attack on the package that civil servants receive, and talk of modernisation will simply be seen as a code word for cuts.

5.4 Governments over many years have made statements about strengthening the link between performance and pay. The last Conservative Government introduced non-consolidated performance-related pay to both the Senior Civil Service and the delegated grades. These have been revised and reviewed many times over the years, increasingly becoming a replacement for fair consolidated cost-of-living increases. Much of this money has in turn being summarily removed from pay systems after public and media outcries about “bonuses”, even though such performance-related payments bear no relation to the “bonuses”—particularly in the private sector—that caused so much concern.

5.5 The FDA has always argued that a reward package has to be looked at in the round. One element cannot be isolated from another. Pay levels, progression, cost-of-living increases and any link to performance are part of that package and need to be considered together.

5.6 The FDA has consistently rejected the idea of an “earn back scheme” for Senior Civil Servants. This appears a crude way of introducing performance-related pay at zero cost. It is an ill-thought through concept, poorly argued and evidenced, which fails to recognise the roles that Senior Civil Servants play in the modern workforce. Crude measurements of performance, with such dramatic consequences for pay for those roles, are nothing more than a gimmick to avoid the real issue of pay reform. The willingness of any individual to risk such a large proportion of their pay will be determined by any number of factors including their age, family commitments, relationship with their manager and role in the organisation. Moreover, there is likely to be considerable scepticism that any deferred salary will actually be paid if specific targets are met (rather than being withheld because circumstances dictate or in the light of media pressure, or because other staff have done “better”.)

5.7 We believe that its introduction would be significant step backwards when what is needed is real pay reform, and would have a demoralising impact upon the SCS. We would urge the Government to re-think this proposal and will argue strongly in our evidence to the Senior Salaries Review Body against its introduction.

5.8 As with many elements of the Reform Plan, meaningful engagement with staff and their representatives will be vital in ensuring that change can happen effectively and with the consent of those that deliver vital public services.

5.9 The FDA has over many years cooperated with the development of competency frameworks and whilst we welcome the broad approach, the current CSEP competency framework still requires further discussion.

5.10 We welcome the commitment to at least five days a year investment in targeted learning, as this has been one of the casualties of the increased pressure on departmental budgets. Inevitably, the question of funding will arise and further clarification and commitment will be needed on how this will be achieved.

5.11 Many civil servants experience frustration in the quality of IT and burdensome bureaucracy, and commitments to improvement are welcome. Simple measures such as civil service (rather than departmental) email addresses and building passes for at least members of the SCS are long overdue. That said, there are still multiple email addresses being used in some departments as a consequence of machinery of government changes, which is a genuine barrier to efficiency. We welcome the recognition in the Reform Plan that the perfectionist approach to IT security makes flexible working difficult for many people.

November 2012

Written evidence submitted by Cabinet Office (CSR 9)

The Government welcomes the continued interest of the Public Administration Select Committee in Civil Service Reform.

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. Staff Surveys show civil servants want better performance management, more active development of careers, and stronger leadership of change. Many civil servants are themselves frustrated by a culture that can seem slow-moving and hierarchical; and where exceptional performance is too rarely recognised and underperformance not rigorously addressed.

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, although the economy is now healing, 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 a third.

In June the Government published a Civil Service Reform plan, developed jointly by Ministers and Permanent Secretaries. The Plan set out a series of specific and practical actions which will tackle long-standing

weaknesses, build on existing strengths, and address the frustrations of civil servants. The Government has been clear that the Reform Plan outlines its first steps in an on-going programme of reform.

The Civil Service has begun to implement the actions from the plan but there is still a long way to go to embed lasting change. If the actions are implemented, the Civil Service of the future will be smaller, flatter, faster, more unified, more digital, more accountable for delivery, more capable, better managed, and—ultimately—more enjoyable to work for.

Although there is much about the British Civil Service of which we are rightly proud it would be arrogant to assume that there's nothing we could learn from other countries. That's why I commissioned the IPPR to review the structure and operation of governments including those of Australia, Singapore, the United States, France and Sweden—and the balance between impartial bureaucracies and administrations appointed by democratically accountable Ministers. IPPR will specifically consider the New Zealand model of Civil Service accountability where there is a contractual relationship between Ministers, who set clear outcomes, and Heads of Departments, who are accountable for delivering them. I have asked the IPPR to come up with specific recommendations that could be applied to the British Civil Service.

Change will not be an easy process. We have only recently appointed a Director-General for Civil Service Reform. She is now assembling a new team to drive implementation of the actions in the Plan. Meanwhile the Major Projects Authority has assessed the reform plans and progress to date. Their recommendations and analysis will be carefully studied by the team.

I attach a copy of the Civil Service Reform plan and will be happy to appear before your Committee to update you on any aspect of the reform programme.

November 2012

Supplementary written evidence submitted by FDA (CSR 22)

Introduction

The FDA welcomes the opportunity to provide further evidence to the Public Administration Select Committee's enquiry into the Government's plans for Civil Service Reform.

Summary of Supplementary Evidence

The FDA is supportive of reform but is concerned about areas of the Government's agenda. This supplementary evidence incorporates further discussion and illustration of issues of paucity of reform debate, uncompetitive reward, inadequate resourcing and the dangers of civil service politicisation.

Chapter 1—*Question 1*

1.1 We reject the notion and tenor of some of the debate on Civil Service Reform that somehow the civil service is “broken” and needs to be “fixed”. The civil service is a large, multi-faceted organisation delivering public services, supporting the Government of the day and developing policy. It deals with issues and complexities that are beyond the experience or knowledge of most private sector organisations.

1.2 Added to this are the demands that change of Government and ministers bring. Policies and priorities change on what can seem like a whim, or in response to unpredictable external events. The political environment and often unrelated influences can result in changes of ministers and priorities overnight. This can have a profound effect on the functioning of a large organisation but this volatility is something the civil service is uniquely capable of, and experienced in, accommodating.

1.3 Like most large organisations, the civil service is constantly evolving in response to the changing operational environment. Ministers are right when they say that civil servants also want reform. Most civil servants can identify where they would want to see change or improvement; are exasperated by what seems like pointless bureaucracy; and have frustrations at long-term cultural problems such as a failure to address areas of under-performance. This is no different from any other large organisation, but in the politicized world of civil service reform it often becomes a stick to beat a previous administration, or a convenient vehicle to pursue a political ideology. The result is that those who could best inform a debate on civil service reform are often marginalised.

1.4 In this environment, championing the civil service can appear defensive and indicative of a failure to accept that reform is needed. That is not the case. However, for many civil servants, the public debate on reform feels neither balanced nor informed. Seldom do ministers praise the civil service or champion its successes, and when they do there is little press interest—conflict makes good column inches, harmony does not. The debate then becomes further distorted, as civil servants are restricted from responding publicly to the criticism levelled at them and it is difficult to justify spending scarce resource simply to respond to criticism or publicise successes.

1.5 It is in this context that civil servants feel let down by ministers when they are seen to criticise them in public. In our evidence to the Senior Salaries Review Body in October 2012 (Appendix 1), we quote senior civil servant (SCS) members' comments from our annual survey:

“I am sick to death of Government Ministers publically saying or implying we are useless but privately being very grateful for all the work we do.”

“...with constant public statements that we're not doing a good enough job; you have to take with a pinch of salt and statement of gratitude for what we do.”

1.6 Two-thirds of respondents to our survey indicated they have considered leaving the SCS in the last 12 months, and a similar number indicated they were more inclined to look for a job outside the civil service than 12 months ago.

1.7 There are a number of factors, most notably deficiencies of reward, recognition and resources that have contributed to this, and we will expand upon this elsewhere in the evidence.

Chapter 2—*Question 2*

2.1 As stated above, seen in the context of ongoing reform the FDA has welcomed a number of the proposals in the Civil Service Reform Plan. In particular, we welcomed the proposals to further improve the fast stream, commitments on strengthening the professions and the Major Projects Leadership Academy. We have provided detail of this in our evidence submitted in December 2012.

2.2 A major concern for the FDA however arose from elements of Chapter 5—the modern employment offer for staff. In reality this has simply been an exercise in worsening, not modernising the “offer” to civil servants. The Government and departments have so far failed to meaningfully engage in a genuine dialogue of what a modern employer would offer, ignoring their own substantial evidence on how far the current total reward package is behind market comparators for FDA members.

2.3 Many civil servants enjoy a rewarding, fulfilling and challenging job. These factors, together with a strong commitment to public service, are vital in minimising staff attrition in the civil service. That is now under threat as the reward element of the employment package continues to decline. There is growing evidence (including the FDA survey of SCS members referred to above) that increasing numbers of senior civil servants are considering alternative employment possibilities and that this has the potential to drain the civil service of skills and experience it needs to ensure that Government functions effectively. It is becoming increasingly likely that a combination of poor comparable pay levels, lack of recognition and inadequate resources resulting in long working hours will result in an exodus of talent once the economy starts to improve. This should be a concern for this and any future Government, but there is little recognition of this growing risk from ministers fixated with reducing staffing Levels.

Chapter 3—*Question 3*

3.1 The role of non-executive directors has been broadly welcomed and the experience of their contribution to the governance and management of departments has generally been positive. Too often, criticism of performance in the civil service comes from ill-informed observers with little or no experience of the realities of delivering complex public services. There is a real opportunity with non-executive directors to tap in to a broad spectrum of experience covering all sectors and management disciplines.

3.2 Greater consideration should be given to how the experience of non-executives across departments can be harnessed to inform the process of on-going reform.

Chapter 4—*Questions 4 and 5*

4.1 Opinion seems starkly divided on whether elements of the Government's Civil Service Reform Plan undermine the very principles that underpin an impartial and permanent civil service, or if they are simply further evolutionary reforms in the operation of the civil service.

4.2 Each of the relevant reforms on their own is a response to a particular set of circumstances and each has the potential to change the nature of the civil service. The question is—taken together, do these reforms fundamentally change the nature of the civil service as we understand it? If they do, what then are the consequences? Change in itself should not be resisted, but the full ramifications of those changes should first be considered.

Strengthened ministerial role in appointments

4.3 The first—and probably most contentious—proposal relates to the strengthened role of a minister in permanent secretary appointments. We recognise that, faced with an important agenda and significant public scrutiny, any minister would see the appointment of the lead civil servant in their department as a decision they would want to influence. As noted above, the priorities of departments can alter with changes of Government, minister or outside events. The adaptability of particular candidates and their skills is therefore critical to responding to these challenges.

4.4 It is vital that a minister has confidence in their permanent secretary, a key relationship for effective Leadership of what may be an organisation with a budget measured in the billions and staff in the tens of thousands. It is vital therefore that ministers have an input in to the skills and competencies required for the role and are able to meaningfully input to the selection of candidates. It is folly to argue otherwise.

4.5 How this is achieved, however, is critical to the longer term consequences. Are we confident that ministers have the necessary capability and experience to make an enduring decision such as the appointment of a permanent secretary? Many ministers have almost no experience of management or business. Some have managed only a handful of staff in a private office. It would be naïve to suggest that ministers would always be immune from being influenced more by an appointee who supported a particular agenda than one who did not, but had the requisite skills.

4.6 There are risks that particular appointments will be closely associated with particular ministers and once re-shuffled to another department the minister would want to take their permanent secretary with them, creating further instability in the civil service.

4.7 Whether overt or covert, the risk is that permanent secretary appointments would be made on the basis of what a candidate believes rather than what they can do. This would overturn a fundamental principle of a non-partisan civil service. This would then permeate below the ranks of permanent secretary, as this would be seen as the path to promotion.

4.8 Reconciling these issues, the legitimate aspiration for a greater ministerial role in appointments with the equally legitimate concerns over the politicisation of appointments, is, we believe, both possible and necessary.

Open policy making

4.9 We await with interest the outcome of the first open policy making initiative. Any civil servant involved in the policy making field will emphasize the importance of external expertise in evidenced based policy making. External research is often commissioned and consultation of stakeholders is routine.

4.10 It is imperative for good Government that policy making remains evidence based. The maintenance of that approach is vital, particularly where many think tanks, research institutes and third sector organisations are rarely free from political or financial influence. There may well be areas of policy development given that it will be difficult to find a truly impartial organisation with expertise in the field. Good policy-making takes time and resource to consult and research; open policy-making should not be seen as a cheap alternative.

4.11 The Government also recognises that “implementing policy should never be separate from making it” in Chapter 3 of the Reform Plan. We have yet to see how this can be reconciled with the objective of effectively outsourcing the majority of policy advice.

Political appointments

4.12 The FDA recognises that as with any large organisation, there needs to be a balance between promoting internal talent and bringing in expertise and experience from outside. The principles of recruitment on merit are at the core of a political impartial civil service. If expertise is sought and not available internally, then recruitment through open and fair selection should follow. We remain skeptical around the requirement to suspend this for particular appointments.

4.13 Recruitment processes can be accelerated whilst still satisfying the requirements of the Civil Service Commission. If individuals are truly outstanding candidates, then they would succeed in any competition. The concern is that these effectively become political appointments, brought in at the behest of ministers. There needs to be clarity over whether an individual is brought in through merit or political sympathies: essentially, the difference between those who can and those who believe.

4.14 There is a clear role for special advisors and in the main they play a vital role in the working of Government, but their role is clear and governed by guidance. It is in the nature of Government that tensions can arise between political priorities and the business of Government. These should be expected in any modern democracy. There needs therefore to be clarity over the nature of a civil servant’s role as distinct from the nature of a political role.

4.15 A permanent and politically impartial civil service is capable of serving and retaining the trust of Governments of any political persuasion. This fundamental principle that underpins the civil service has served many Governments well, including in the creation of the current coalition Government. There is always scope for improvement, but we are not aware of any evidence that the current system is not working.

4.16 Good ministers welcome robust evidence-based challenge, whilst retaining the ultimate power to make decisions on policy. This makes for better Government and better policy development. Effective use of the expertise and experience of a permanent civil service is critical to the success of any minister or Government.

4.17 Ministers come from very different backgrounds and have very different Levels of expertise. The result is that this challenge of “speaking truth unto power” as it is often characterised, can be more or less welcome. Ministers used to operating on a political basis can assume that robust challenge amounts to “blocking” of particular policies. Delivering effective and coherent Government is a complex and difficult task and robust

challenge and testing of policy ideas is essential to its success. It is not a fair reflection of reality to represent this as blocking.

4.18 Creating a broader cadre of politically-appointed civil servants may ensure that ministers hear the word “yes” more often, but we remain to be convinced that this would ultimately lead to better Government. It would also require the senior leadership of a department to change with every new Government and potentially with every new ministerial appointment. The Civil Service Reform Plan has commented on the turnover of senior appointments and the need for stability in key appointments and we would support this ambition. Any initiative which undermined this for the most senior roles in a department we believe would be counterproductive.

Chapter 5—Question 6

5.1 Attached is our evidence to the Senior Salaries Review Body from October 2012 (Appendix 1). In this evidence we highlight our major concern that the current system of reward for senior posts—recognised as not being fit for purpose over five years ago—not only remains unreformed, but that the current Government has made clear that it sees no pressing need to address in any meaningful way.

5.2 Comparative pay levels for the grades that FDA represent in the civil service have consistently been behind the market by a significant but varying degree over many years. That gap continues to widen, as data the Government recently supplied to SSRB shows.

		<i>Pay band 1</i>		<i>Pay band 2</i>		<i>Pay band 3</i>	
		£	% of SCS median	£	% of SCS median	£	% of SCS median
SCS median	2009	£73,699	-	£102,005	-	£135,150	-
	2010	£73,421	-	£100,000	-	£133,000	-
	2011	£72,649	-	£99,959	-	£133,000	-
	2012	£72,964	-	£97,900	-	£131,296	-
National wider public sector median*	2009	£78,507	106.5%	£125,827	123.4%	-	-
	2010	£83,419	113.6%	£133,896	133.9%	-	-
	2011	£82,425	113.5%	£146,343	146.4%	-	-
	2012	£83,052	113.8%	£136,000	138.9%	-	-
National private sector median*	2009	£87,447	118.7%	£167,324	164.0%	-	-
	2010	£90,953	123.9%	£170,500	170.0%	£267,000	200.8%
	2011	£93,019	128.0%	£168,318	168.4%	£299,250	225.0%
	2012	£96,134	131.8%	£171,644	175.3%	£298,920	227.7%

*Source: The Hay Group Reward Benchmarking reports dated 2009, 2010, 2011 and 2012

5.3 The gap between the total reward package (including pensions and other benefits) has also been growing over many years. Most civil servants recognise that reward is only one element of the package that motivates them in their daily working life and it would be impossible, both practically and politically, to expect that the civil service would match the pay levels of the most senior roles in the private sector.

5.4 Reward does, however, play an important part in the package that attracts and retains talent. If pay Levels are seen to fall significantly behind the market, then not only does this create a risk of losing key members of staff, but it demotivates the remaining workforce who feel undervalued.

5.5 Civil servants have endured a two-year pay freeze, (three years in the senior civil service) and a cumulative increase in pension contributions resulting for most in net pay falling over a number of years. Further changes to the pension scheme are in the pipeline from 2015, which will further erode the value of the package. Taken together with staff cuts, longer working hours, planned cuts to terms and conditions under the Civil Service Reform Plan and an undermining of their value by public statements from ministers, many feel that their motivation for remaining in the civil service is waning.

5.6 In response to our annual survey members stated:

“My job is rewarding but the increasing hours and responsibility without sufficient pay...coupled with the very negative comments about the inadequacy/incompetence of the SCS in general make me Less motivated to continue working in the public sector...I will have to look elsewhere.”

“The salary gap on ‘like for like’ jobs has to be believed—probably in the range of 40% or higher.... As a result the brain drain is gathering pace. I am regarded as a high performer who should be looking for promotion to SCS2: but the pay rewards for that would be minimal and the sacrifices in terms of family life significant—the SCS pay system provides no incentives to get on, and every incentive to get out!”

5.7 The result is pay disparities that Lead to resentment, de-motivation and a Long term dual market between internal staff and external hires.

5.8 These issues are not simply confined to the senior civil service, as is evidenced by recent research commissioned by the Government on market-facing pay and published in December 2012.

5.9 The Government cannot simply talk about a world-class civil service, greater accountability, productivity, transparency and risk taking without recognising that the current pay arrangements are completely out of kilter with any market analysis.

Chapter 6—*Question 7*

6.1 Leadership, good or bad, is often hard to quantify or define. In the civil service this is also complicated by the relationship with ministers and their role in providing Leadership from the Government of the day and determining the resource and priorities for the civil service.

6.2 Ministers often talk of a Lack of bold Leadership and risk taking, yet create an environment which restricts the ability of the most senior managers to demonstrate these skills. Ministers need the political courage to allow their most senior leaders to genuinely manage their organisations with the fear of constant micro-management and bureaucratic restriction placed on them.

6.3 No-one would contest that the civil service needs a strong talent pool of senior Leaders capable of addressing the ever changing demands of Government. The question is how this talent pool is identified, nurtured and deployed. The civil service has a rich pool of talent but does not effectively manage that talent across departmental boundaries.

6.4 Too often in the senior ranks of the civil service individuals are left to their own devices to manage careers. This can lead to behaviours which may benefit individuals, but are not in the longer term interests of the service. Matching of skills to jobs beyond existing departmental boundaries and incentivising genuine cross departmental working are all too rare in the service.

6.5 A genuine commitment to manage the senior civil service as a corporate resource is required to ensure that there are no perverse incentives in progressing an individual's career. The plans on managing the fast stream are a welcome development in this field and demonstrate that cross departmental talent management can be a reality. The proposals for greater corporate management of the SCS are welcome but as ever these need to be matched with resources and commitment, both politically and within the civil service.

6.6 Senior civil servants are already successful and talented individuals capable of identifying the most effective way to progress their careers. Incentivising corporate behaviours will be critical to the success of any initiative.

Chapter 7—*Question 8*

7.1 In many parts of the civil service, operational delivery stands alone and departments, agencies and NDPBs operate successfully in isolation.

7.2 At more senior levels, and where there are cross cutting policy or delivery objectives, the operation of delegated departments in a cohesive way can be difficult to manage. Management structures and performance objectives need to reflect the priorities of the Government and policy objective.

7.3 Delegated pay arrangements add complexity to machinery of Government changes, career paths and add very little tangible benefit

Chapter 8—*Question 9*

8.1 The process of reform in the civil service is, to a great extent, independent of the direction of ministers or Government agenda. This ongoing process needs to be properly considered, managed and

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directed and involve a genuine dialogue with those affected. This, rather than what appears to be a reactive review, is the appropriate option for the civil service, Government and the public.

January 2013

Written evidence submitted by Mr Patrick Diamond, Professor David Richards and Professor Martin Smith⁷ (CSR 11)

Is the Civil Service in need of radical reform?

1. From Fulton onwards, the history of Civil Service reform can be characterised as being somewhat janus-faced. Why? Overtime, various governments have adopted a common default setting in their approach to this subject: on the one hand, a tendency to caricature the Whitehall machine as something akin to a “Rolls Royce”; while on the other, deriding its culture and organisational practises for constraining effective policy making, in terms of formulation, implementation, or both. The current Coalition’s *Civil Service Reform Plan* [June 2012] appears little different. It is not clear whether reform is pitched at Whitehall as a monolithic organisation requiring wholesale change or something targeted more at specific parts of the service. The language invoked throughout proclaims a programme of “radical” reform, resurrecting the “TINA” aphorism of the 1980s that “this time there is no choice” (Francis Maude p.4). Yet the substance of the plan appears to go little beyond that of a series of rather piecemeal, often unrelated proposals.

2. Part of the reason for this ambiguity is an unwillingness to clarify either what the role of the bureaucracy should be in the modern world or a realistic appraisal of its capabilities. On a daily basis, different parts of the civil service engage in a wide variety of often contrasting functions: there is the private office providing day-to-day support to a minister; officials involved in the detail of policy advice and policy making; those involved in policy delivery (which often occurs outside of the civil service); and those responsible for providing services (largely carried out by agencies or private bodies). The point here is that it is difficult to establish the case for reform when there is a lack of an over-arching vision of what the civil service is and does.

3. In the light of this, a key issue running throughout this reform plan stems from a failure to disaggregate between for example, the “top 200” group, the Senior Civil Service [about 1% of civil servants], Whitehall more generally [about 9% of civil servants] and the wider civil service largely composed of operational units and “arms-length” agencies beyond SW1. The main thrust of the plan rarely distinguishes between a senior civil servant and a front-line agency staff, or the various and multiple roles they undertake. Instead, it infers that all civil servants need to develop a combination of professional, technical and specialist skills, suggesting that the rather meaningless adage of “unified but not uniform” still holds sway.

4. Underpinning this issue is the unresolved tension, first enunciated in the 1968 Fulton Report, between “generalist” and “specialist” administrators. For example, the reform plan argues that permanent secretaries should have operational management competencies, but also experience outside the civil service, emphasising the importance of recruiting “outsiders” to senior posts. Yet elsewhere, Oliver Letwin, currently Minister of State at the Cabinet Office in a recent address to the Institute of Government (17 September 2012), praised the “inner-core” of university educated civil service generalists, as a discrete profession at the heart of a well functioning liberal democracy. Letwin argued that the administrative cadre of the civil service should remain largely as it is, built around particular core functions: overseeing due process in policy-making; clarifying and promulgating ministerial decisions; advising ministers on how well particular objectives can be met through specific policies; and finally, safeguarding constitutional propriety and ethical standards. Such a view appears to contradict the view presented at the outset of the reform plan that avers that the whole of the Civil Service should be subject to fundamental reform, due to ineffectual policy-making and weak project management capability.

5. From this perspective one can argue that, as with previous waves of reform, for too long the focus on the civil service has been predominately on its central activities of supporting ministers and making policy. The civil service is very effective at its small political role of enabling ministers to work the pathways of Whitehall and Westminster. This is why ministers often have a good working relationship with their senior officials in the department. They are there to support ministers and loyalty to the minister is a key principle for civil servants. However, as has often been acknowledged, officials are much less effective at implementing and delivering policy. The existing culture, if one can talk in such generic terms, places little emphasis on developing the knowledge and know how to turn policy into practice. It does however remain a moot point as to whether the inability to focus on delivery is the result of a lack of skills in the civil service, the wrong incentive structures, or unrealistic expectations by ministers.

6. Wholesale reform of the civil service is then very much a live issue, but the point here is that emphasis should be less on what civil servants already do well, managing upwards, and more on what is often overlooked, including within this plan, *the ability to effectively manage downwards in delivering policy*.

⁷ Mr Patrick Diamond is a research fellow in Politics at the University of Manchester. He is a former special adviser to the Policy Unit, the Cabinet Office and the Northern Ireland Office. David Richards is Professor of Public Policy at the University of Manchester and Martin Smith is Professor of Politics at the University of York.

Are the Government's plans for reform, as outlined in the Civil Service Reform Plan and related documents, likely to lead to beneficial changes?

7. There are evidently points of good sense in the plan, notably a commitment to upgrading training and development, improving information management and introducing a coherent digital strategy for UK government. There is some acknowledgement in the plan that a considerable amount of Whitehall policy-making is presently weak and ineffectual. The proposals to make departmental permanent secretaries more accountable for the quality of policy advice, while introducing a "contestable policy fund" to draw on new sources of policy-making expertise and insight might be viable solutions if located within a coherent overarching framework. Although the latter, if not managed effectively, does of course raise the spectre of the potential for pluralistic stagnation. There are though, a number of areas where the proposals may not lead to beneficial changes and, indeed, could result in negative, unintended consequences.

8. First, there is no overall vision about what the future role of the state should look like. The data published to support the reform plan emphasises the long-term challenge of fiscal sustainability, and the need for significant cuts in departmental expenditure up to 2015–16 to achieve the government's commitments on deficit reduction. There is also a recognition that the civil service will have to respond to complex social and environmental challenges, in particular an ageing society and climate change. The current government has a number of other strategic ambitions, including an "activist" industrial policy and the promulgation of "the big society" as a means of reviving civic association and social capital in Britain. Yet the plan fails to articulate what sort of role and capacity the government should provide to help meet these challenges. It approvingly notes that civil service employment now constitutes less than 2% of total UK employment, the lowest level since 1945. The reduction in civil service employment since 2010 is greater in two years than that achieved between 1979–90. But it also raises fundamental questions about the long-term capacity and sustainability of the civil service, both in relation to policy-making as well as policy implementation. The recent policy "fiasco" over the West Coast mainline franchise process draws such questions into sharp focus. For example, it highlights wider concerns surrounding the policy-making capability within the Department of Transport (DfT) following a series of departures among senior staff. Similarly, the former Chancellor of the Exchequer, Alistair Darling (2010), alludes in his recent memoirs to the lack of experience and expertise in the Treasury which compromised the quality of support and advice he received in navigating a pathway through the 2008 financial crisis. This is a process of "slimming-down" which has accelerated across Whitehall since 2010. None of these debates about the role and function of the state are properly aired within the civil service reform plan.

9. Second, the reform plan alights on particular national models without exploring the underlying tensions and ambiguities entailed by exporting reforms from one country to another. Indeed, the Cabinet Office minister Francis Maude has gone on record in announcing that the government is particularly interested in the "New Zealand" model based on a contractual relationship between ministers and departmental chief executives. The Institute for Public Policy Research has since been commissioned to carry out an in-depth survey of the New Zealand reforms, alongside a number of other OECD countries.⁸ The advantages of the New Zealand system are that senior officials are publicly accountable for performance, seemingly resolving the underlying tension in many "Westminster-based" democracies about whether ministers or civil servants are responsible for operational decisions and delivery. The process is overseen by an independent State Services Commission which appoints, monitors, and assesses departmental heads on behalf of the elected government of the day. There are however, a series of ambiguities that emerge in the UK context. For example, such a model might entrench the artificial distinction between "policy-making" and "implementation". The policy development process and policy implementation process cannot be neatly separated; there is a constant "feedback loop" between setting overarching objectives, selecting specific policy instruments, and implementing policy on the ground. There is no evidence that the New Zealand model fundamentally resolves this ambiguity. In seeking to clarify ministerial and civil service accountability, there is a risk that policy-making and implementation will be prised even further apart.

10 Third, the plans consider the role of the civil service as an entity in its own right, without considering its wider relationship to public services as a whole. This is a point of fundamental importance: as the wide-ranging literature on "governance" testifies, the modern day civil service does not operate in isolation, delivering policy in a simply ordered, hierarchical, top-down fashion. Instead, policy-making and delivery evolves through a myriad of institutions and actors outside the direct authority of the central state (Bell & Hindmoor, 2009; Bevir & Rhodes, 2006). While we do not concur with more extreme interpretations inferring the "hollowing-out" of the state (Rhodes, 1994), it is clear that policy implementation is undertaken by a wider public service rather than the civil service per se. As such, the relationship between Whitehall and front-line service delivery is complex, mediated by a series of exchange relations and bargaining games where policy goals are constantly redefined and interpreted by actors (Smith, Geddes, Richards & Mathers, 2010). The civil service reform plan acknowledges weaknesses inherent in the current architecture of Whitehall policy-making. However, there is still a tendency to treat policy formulation as a linear process of transmission from central government to local agencies and actors. Yet scores of ministers over the last thirty years have voiced their frustration at pulling what they regard as "rubber levers", compounded by the fact that their control over institutions beyond the central state is increasingly circumscribed. The reform plan does little to address the challenges of contemporary governance in the UK state.

⁸ <http://www.bbc.co.uk/news/uk-politics-19638256>

11. Fourth, despite the obvious imperatives of fiscal consolidation providing a clear window of opportunity for change, more radical options for Whitehall reform appear to be off the agenda. For example, a lack of “joined-up” government and departmentalism has been a perennial concern in Whitehall since the 1940s. There is a case for re-examining departmental boundaries and “silos” to reduce horizontal and vertical fragmentation, potentially reorganising Whitehall round a series of “outcomes” that weaken or even abolish departmental boundaries.

12. Similarly, the civil service could be absorbed within a single, unified public service with a strategic approach to public service delivery and social and economic reform. This would also seek to ensure greater integration and “joining-up” between central and local government. Despite the stark fiscal challenge ahead, the approach in this plan is more akin to grafting reform on to an existing, firmly entrenched model, rather than exploring the potential for genuine transformation in how the state is organised and run.

13. Elsewhere, the plan should be applauded for advocating a shift towards more open policy-making by drawing on more expert and non-expert, outsiders. It recognises the potential constraints on such a venture presented by the existing FOIA settlement, yet at the same time it is not willing to countenance challenging the holy grail of Whitehall’s *modus operandi*—the disclosure of minister-civil discussions. There is no evidence to suggest that such a move would curtail the willingness of officials to speak truth unto power. Indeed conversely, it might well have the opposite effect, enhancing the quality of officials’ critical engagement in the policy process, knowing the spotlight of public scrutiny can be shone down on it. Here again, one could flag the events of the West Coast Mainline and the short-circuiting that went on [as revealed in the Laidlaw Report], as a case in point.

14. In summary, the reform plan lacks any historical account of why previous reforms have often been less than successful; nor is much consideration given to the inherent tensions in the process of public administration reform. There is a danger that not only will the proposals fail to achieve beneficial change; if the wrong models are chosen to drive the process of reform, negative unintended outcomes may lead to long-term damage to the fabric of the British state.

15. A more radical approach to reform might include:

- first setting out what the role of the modern civil service should be in an increasingly complex governance and policy-making arena;
- second exploring alternatives to the existing firmly embedded approach to minister-civil service relations. For example, in our view, the problem of accountability in a more fragmented policy arena has never been resolved because of the continued secrecy underpinning the policy process. Ministers and officials cling on to the tenant that policy advice must be confidential. However, a more open process of policy making would mean that officials would have to defend their advice and ministers would have a process that is much more open to rigorous appraisal of the viability of policies. This in turn would go a long way to resolving the accountability issue, potentially leading to policies that are more robustly constructed prior to implementation; and
- third, and possibly most crucially, there should be a greater stress on effecting a fundamental cultural change. This could involve a shift if you like in Whitehall’s prevailing operating code that is currently heavily skewed towards rewarding those orientated to working upwards within their departmental setting. Instead, more emphasis should be placed on identifying better incentive structures to reward those engaged in the effective downloading of policy in relation to actual delivery.

What is the best approach for achieving consensus on the future size, shape and functions of the Civil Service?

16. As is consistent with the approach outlined above in this response to the Committee’s inquiry on the civil service reform plan, any proposals to redefine the relationship between civil servants and ministers ought to properly take into account the wider constitutional relationships that structure British government at the centre, including the doctrine of parliamentary and ministerial accountability. There is a persuasive case for a Royal Commission that would examine the constitutional fundamentals of Whitehall and civil service reform, before any decision is taken to adopt a particular model such as the New Zealand system, focused on making senior officials more publicly accountable for performance and delivery. There has to be much greater clarity about why reform is necessary, where reform is most needed within the service, and what outcomes reform is intended to achieve.

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November 2012

Written evidence submitted by Dr Suzy Walton (CSR 12)

Summary Statement

This paper, asserts that:

- The Civil Service needs reform of the capacity of Civil Servants for strategic thinking.
- Lessons can be learnt from a Cabinet Office programme of work entitled Strategic Futures that was engineered by Civil Servant Geoff Mulgan and led by this author when Tony Blair was Prime Minister.
- To deliver the business culture articulated in the reform plan, it may be wise to consider putting more Senior Civil Servants through the Chartered Director programme run by the Institute of Directors (IoD).
- There is no magic bullet for consensus building on the way forward. Heed must be paid to recent difficult attempts at widespread reform.

Question 1: *Is the Civil Service in need of radical reform?*

1. Reform—yes. Any organisation can benefit from refreshing both its strategy and its key enabling factors (such as people) for delivery of that strategy. But is the Civil Service in need of *radical* reform. I don't believe so.

2. The Civil Service is a business. The *vision* is a nation state that protects and provides for its citizens via public services that meet the needs of the population. The *mission* is the provision of protection and public services that are valued, affordable and flexible to changing needs. The *values* while not always articulated remain largely those of the inception of the Civil Service arising from the recommendations of the Northcote-Trevelyan Report of 1854.

3. But where the Civil Service fails as a business is in articulation of its *strategy*—the road map by which the mission is delivered and the vision is achieved. And it fails too in the lack of effective Key Performance Indicators by which to hold it to account for delivery. It fails not at the level of Departments where strategy and targets abound but at the HMG level.

4. Public problems are systemic problems. Issues such as obesity, teenage pregnancy, dangers of electronic information proliferation are not issues that sit within the clear boundaries of any one Department. The key strategic challenges that the Civil Service has to face as a business are largely inter-Departmental ones.

5. And reform is needed in order to better fit the Civil Service to respond to challenges that span Departments.

6. This is not new. And attempts to fix it have been made before. This is why this author asserts that reform is needed but it doesn't need to be radical. Useful techniques have been tried and have been partially successful.

7. Under the labour government, when Tony Blair was Prime Minister, a programme of work was created within the Cabinet Office. Called “Strategic Futures” and run by this author from within the Prime Minister's Strategy Unit this initiative attempted to make Whitehall more strategic. The architect was not—as many may believe, Tony Blair but Geoff Mulgan—a leading Senior Civil Servant, and it was delivered entirely by and to Civil Servants with very little interference of special advisors.

8. This programme ran for a number of years. It surveyed strategic capability of government Departments at the outset and finding room for improvement set about talking to all boards in Whitehall about the notion of big systemic challenges and how strategic planning and horizon scanning was needed to solve them. Strategic Futures advocated the creation of “futures” units within departments staffed by civil servants and outsiders, to engage in horizon scanning work and to inject the findings into policy—be it by way of more ambitious targets or articulation of risks.

9. Did Strategic Futures succeed and what can we learn from this programme for reform of the Civil Service?

10. Strategic Futures did largely succeed. Almost all Departments listened and at board level and almost all Departments created a futures unit. This author and Geoff Mulgan called the newly appointed strategy heads from Whitehall together every few weeks for information exchange—both in terms of *risks* that the Department was flagging up via its futures capacity and in terms of the *process* for deriving those risks and making policy-making more strategic.

11. Strategic Futures was able to change the way that strategy was viewed in government and brought about a much wider acceptance of the necessity to think long-term, think cross-Departmental and take calculated risks. It delivered not only direct challenge to Department but also had an educational role by debating specific

challenges via seminars with published papers. However, it was not really able to change how Whitehall acted. Only how it thought.

12. So reform of the Civil Service could usefully call upon the lessons learned from this programme of work by seeking further means to not only educate Civil Servants on the value of being strategic and taking a joined-up long term view that is risk aware but not risk averse, but also by helping Civil Servants use this doctrine in policy-making.

13. So, yes the business needs reform. Civil Servants need to be empowered to *act* strategically. Thinking strategically is not enough. But the business has the capability to do this for it so nearly did before. Reform therefore does not need to be radical. Through existing recruitment, training and development programmes Civil Servants need to be encouraged to *be* strategic so that policy is no less comprehensive or consulted on but takes account of wide systemic issues, articulates risk without being strangled by it to deliver optimal services and security to the nation.

Question 2: Are the Government's plans for reform, as outlined in the Civil Service Reform Plan and related documents, likely to lead to beneficial changes?

14. They are brave. The Prime Minister calls for more business like behaviour of Civil Servants—if so then training for business via business methodology must be the norm not the exception. There is a notable omission—the need to get more Senior Civil Servants accredited as Chartered Directors.

15. Chartered Director (this author became one immediately after leaving Whitehall) is considered to be the most significant business qualification at board level. It requires the director to demonstrate via examination and a portfolio of evidence, competence in around 40 areas of board level responsibility ranging from finance, strategy, risk, compliance, stakeholder management to HR, marketing and communications.

16. Approval was given in 1997 by Privy Council to the IoD to train and examine directors as Chartered Directors. While there is no *guarantee* that a qualification of this nature would allow the Civil Service to be the fast sleek entrepreneurial machine sought in the paper, this author by personal experience believes that the traditional offering of training for Senior Civil Servants does not, in the main, cover the same ground as the IoD's Chartered Director training. This author left Whitehall in order to embark on a non-exec portfolio career on boards in various sectors. This qualification not only greatly facilitated that but had it been embarked on earlier, would have been of enormous benefit in discharging Senior Civil Servant duties.

Question 3: What is the best approach for achieving consensus on the future size, shape and functions of the Civil Service

17. This is a bigger reform programme than even the health reforms and so lessons must be learnt from that.
November 2012

Written evidence submitted by Sir John Elvidge (CSR 13)

I am grateful to the Committee for the invitation to submit evidence.

I have a broad perspective on the issues being examined by the Committee from my period as part of the collective leadership of the Home Civil Service between 2003 and 2010 and my subsequent involvement both in work by the Institute for Government on the issues as they are perceived in Whitehall and in work in several other countries, partly under the auspices of OECD. One of my conclusions from my experience is that the current discussion suffers from an overconcentration on experience in Whitehall over the past two years and insufficient attention to the perspective which can be gained by examining experience elsewhere, including in the devolved administrations within the UK.

Against that background, I shall seek to assist the Committee by focusing on the evidence which can be drawn from post-devolution experience in Scotland, based on my involvement as Permanent Secretary for seven years and four years as Head of two of the former constituent Departments of the then Scottish Executive.

The first thing to say about relationships between Ministers and the Civil service in Scotland is that the evidence suggests that they have worked. This is true whether one chooses a political measure of what works, delivery measure or a structural/administrative measure.

Taking measures of political outcomes first, two coalition governments and one single party minority government (with only 36% of the Parliamentary seats) were all sustained for their full terms. The coalition government was re-elected once; and the single party minority government achieved an overall majority at the subsequent election, in the context of an electoral system widely believed to render such an outcome unachievable in practical terms.

Turning to delivery measures, both the coalition governments had formal coalition agreements and, in both cases, an audit of the extent to which the specific content of those agreements was delivered demonstrates that this was overwhelmingly the case in both instances. It is also the case that the numerous more detailed performance targets covering the main services were delivered. Since 2007, the two governments formed by

the Scottish National Party have used primarily an outcomes based approach to delivery, which deliberately incorporates more 'stretch'. I shall come back to discussion of this because it sits at the heart of the way in which the relationships between Ministers and the Civil Service operate but delivery performance is available for scrutiny through the Scotland Performs website.

Finally, in terms of structural/administrative measures, the Civil Service supporting the Scottish Executive/ Scottish Government has delivered two massive adjustments: the initial adjustment to a new framework of government and Parliament at the point of devolution in 1999 and the adjustment to the introduction of the 'Scottish model of government', which involved the abolition of a departmental structure as one of the key components, in 2007.

I have discussed the UK Government's civil service reform proposals with some former colleagues working for the Scottish Government. Their reaction is that the proposals appear to be attempts to answer a series of questions which are not being asked in Scotland. The sense is that, insofar as those questions were ever perceived as relevant in the post-devolution environment, they appear to have been answered to the satisfaction of Scottish Ministers.

I would like to be able to say that the record of success in Scotland can be attributed to the existence of a super breed of civil servants, who have abilities which their colleagues in Whitehall lack. Clearly, that is not so. They are recruited and developed in broadly similar ways to their Whitehall colleagues, although both those aspects are managed by the top civil service management within the Scottish Government and the ways in which they are done have some differences which I believe are beneficial. Their skills and experience are broadly comparable, including the introduction over the past couple of decades of an increasing proportion of skills and experience gained outside the Civil Service. The only sustainable conclusion which I think one can reach is that the quality of the partnership which has been established, from the point of devolution onwards, between the Civil Service and successive sets of Ministers, of varying political parties, has been better than has generally been the case in Whitehall; and that it is this which is the determining factor in the successes achieved. This quality of partnership is the product of a combination of supporting elements, combined with consistency of leadership commitment to establishing and strengthening it.

The essential starting point for a positive relationship between Ministers and civil servants is clarity about what Ministers are seeking to achieve. Since 2007, this has been expressed through the Scottish Government's framework of a single statement of Purpose, elaborated through seven high level Purpose Targets, and the 16 National Outcomes. Prior to 2007, similar clarity was provided, particularly between 2003–07, by the Partnership Agreements which formed the basis of the two coalition governments. It seems a common sense proposition that if one wants a Civil Service which exhibits speed and vigour in the pursuit of government objectives one needs to provide maximum clarity about the nature of those objectives. Constant readiness to apply the brakes or turn the steering wheel tends to inhibit vigorous use of the accelerator.

At UK level, my perception is that there is not the same degree of clarity as exists and has existed in Scotland. The potential clarity provided by the current UK Government's coalition agreement suffers from the frequency with which members of the Government distance themselves from elements of its content. Such indiscipline was not a feature of the coalition governments in Scotland, and Jack McConnell (now Lord McConnell of Glenscorrodale) and Jim Wallace (now Lord Wallace of Tankerness) learned from early experience of coalition government to assert increasingly strong discipline within the two coalitions in which they served as First Minister and Deputy First Minister. As a consequence, civil servants had clarity about the existence of collective Ministerial authority for the content of the Partnership agreements right from the initial stages of policy development and implementation planning.

In the absence of such clarity, civil servants are subject to the ambiguity which exists between the instructions of an individual Minister, or a departmental team of Ministers, and uncertainty about eventual collective endorsement of those instructions. This is not a new issue, nor one which is the product of coalition government rather than single party government. Single party governments using the traditional freedom to pick and choose from their pre-election manifesto, and to modify manifesto proposals in government, are prone to similar ambiguity. I recall from my experience of working at the heart of Whitehall in 1998 and 1999 the way in which policy instructions issued by those close to the Prime Minister to officials in Departments could change from one day to the next.

The key difference between the two approaches which have been applied in Scotland over the post—devolution period is in the transition from expressing government objectives in terms of specific policy actions to expressing them in terms of outcomes. The outcomes based approach has two advantages in relation to maximizing the effectiveness of civil servants, in addition to the basic function of giving clarity of direction. It leaves space for constructive dialogue between Ministers and civil servants (and special advisers) about how progress can most effectively be made towards the outcomes, building a sense of shared endeavour and providing scope for civil servants to deploy their professionalism and knowledge in a way which builds trust. It also lends itself to use as a common framework of purpose with those outside government whose cooperation is necessary or helpful in the delivery of outcomes—local authorities, public bodies, voluntary sector organisations. In Scotland, the same outcomes framework as is used for central government is the foundation of Ministerial guidance to all public bodies and was accepted by local government collectively, as part of the Concordat signed between the Scottish Government and the Convention of Scottish Local Authorities, in 2008.

The existence of a common framework assists civil servants to support Ministers by achieving the partnerships which are often essential to effective delivery, while also giving the opportunity to build trust and respect in the working relationships involved.

Experience in Scotland shows that the other approach, specifying policy measures, can work in terms of the ability to focus civil servants' delivery efforts. The risk is, as Nicholas Negroponte has said pithily, that "doing the wrong thing well gets you to the wrong place faster". It also casts the dialogue between Ministers and civil servants into what can feel like a negative process, in which, in order to advance a proposition which they believe would deliver Minister's objectives more effectively, civil servants have no alternative but to present a critique of the prior proposition which Ministers have started with. This need not be a problem where trust has already been developed but it is not conducive to establishing trust in a new relationship.

Another development in Scotland which seems to me to be relevant is the efforts made by successive administrations to develop a team to team relationship between Cabinets and the most senior group of civil servants. It was a feature of the coalition governments, pursued through formal joint meetings of Cabinet Ministers and me (or my predecessor) and Heads of the Departments comprising the then Scottish Executive, but there was a step change in 2007 when, at the start of the minority government, two separately planned but mutually reinforcing changes were made. The new First Minister reduced substantially the number of Cabinet Ministers (Cabinet Secretaries, as they were re-titled) and the new Cabinet made clear their intention to emphasise collective decision making over portfolio by portfolio autonomy. I (with the agreement of the First Minister and the Deputy First Minister and Cabinet Secretary for Finance and Sustainable Growth) abolished the Departmental structure within the Scottish Government and redefined the roles of the former Heads of Department as part of a more corporate approach to supporting Cabinet. The small number of the most senior civil servants (Directors General in grade terms but with responsibilities essentially the same in functional terms as Permanent Secretaries in Whitehall) became a sort of hinge between the Ministerial level of government and that part of the Civil Service responsible for policy and delivery within specific broad subject areas (eg energy policy, school education, local government). They needed to earn and retain the respect and trust of both sides of that relationship through the value they were able to add because it would have been easy in the new structure to bypass them. This is the antithesis of approaches which seek to improve the performance of civil servants by giving various senior figures more formal authority. Issuing instructions secures compliance; success requires more than compliance, it requires the discretionary commitment by civil servants which is so readily given in my experience.

The other issue on which I wish to draw from experience in Scotland is accountability. The nature of the accountability faced by Ministers is clearly much sharper than that faced by senior civil servants and that is, to a large degree, an inherent difference between political office and employment. The gap can be closed, however. The central place which the Committee system occupies in the working arrangements of the Scottish Parliament has rendered it fairly routine for civil servants at a variety of levels to appear without Ministers before the Committees. It is also the case that in Scotland financial accountability in respect of all government expenditure, in the sense of the personal accountability of an Accountable Officer (the equivalent in Scotland of an Accounting Officer) to the Parliament, comes together in one post. As a result, there can be no ambiguity of accountability, and towards the end of my period in that role the Parliament's Public Audit Committee took to examining me rather than the subordinate Accountable Officers to whom I had delegated responsibility for particular elements of the overall budget. Internally, Ministers understood that I had ultimate control over all decisions about the appointment, promotion and disposition of senior staff, partly by virtue of my ultimate accountability for all aspects of performance through my Principal Accountable Officer role. As a consequence, both they and I believed that I should be held accountable for the capacity of individual senior civil servants to perform what was expected of them and, therefore, for remedying the position when Ministers lost confidence in individual civil servants. The main underlying principle of all this, unifying accountability, is fundamental. Both it and the accompanying principle of translating civil service accountability to a reasonable degree into the public realm, seem to me to be at odds with some threads within the thinking about Civil Service Reform within the UK Government.

I am aware that the usual response to evidence about experience in Scotland is to question whether it is scalable. My view is that the essential elements are, even if some of the detail of the arrangements requires to be modified, and that the constructive approach is to ask how one might modify them to deal with any genuine issues of scale. A good starting point would be to avoid changes in Whitehall which head in the opposite direction to the arrangements which have proved successful in Scotland.

I conclude with a broad description of what I believe any set of arrangements for the Civil Service should seek to deliver and which I believe arrangements in Scotland have delivered. I believe that a system of government which holds the respect and trust of the citizens it serves requires as a vital component a Civil Service which 'makes things go right' (in contrast to just 'stops things going wrong') by: understanding strategic context, vigorously pursuing beneficial outcomes, using good processes; and managing risk intelligently and proportionately. I also believe that it is unrealistic to expect citizens to sustain their respect and trust in government if it is evident that respect and trust are lacking within government, between Ministers and civil servants.

Written evidence submitted by Professor Howard Elcock, AcSS (Professor (emeritus) of Government, Northumbria University) (CSR 15)

Summary

- The notion that public services can be improved by applying a generic management approach based on business management is a dangerous fallacy whose application has led to massive public disillusionment with government.
- The concept of citizenship has been attenuated, being reduced to that of a consumer.
- The promotion of the public interest is no longer acknowledged as a duty of both citizens and public administrators.
- Separate education and training must be provided for potential and serving civil servants both at initial and in-service levels, even if these courses are conducted by business schools.
- The search for higher virtues in public life must become the ambition of all civil servants, beyond merely earning the monthly salary cheque. Defences against corruption and other forms of malpractice must be strengthened.

1. The present public disillusion with politicians and public servants has been caused by the decline in the observance by Ministers, MPs, civil servants and other public servants of the ethical principles that formerly governed their behaviour. These ethical principles have been displaced by an overbearing concern with the promotion of business values, including the “Three Es”: economy, efficiency and effectiveness. There is in many quarters an unquestioning assumption that the public services are inherently inefficient and extravagant, so that they need to learn lessons in how to operate “leaner, fitter” organisations. Obviously, economy, efficiency and effectiveness are desirable goals from the point of view of the taxpayer but the predominance of business led values has resulted in a number of ethical deficiencies. At one level, the procedural values of accountability, legality and integrity have been lost sight of, although a fourth such value, responsiveness to public needs and wishes, has achieved greater currency (Elcock, 2011). However, the ruthless drive towards business values encapsulated in the “New Public Management” has resulted in more fundamental distortions of the true role of government and the ethical requirements that should dominate its conduct (Elcock, 2012).

2. In consequence, the Committee is not asking all the right questions, since the questions listed generally assume that the neo-liberal “New Public Management” model is the main or even the only basis upon which future civil service reform can be grounded (Question 1). However, reflections on political theories from Plato and Aristotle to the present day indicate that there are lessons taught by ancient and modern political philosophers that have been forgotten and need to be remembered anew. The principles and standards laid down in the past have been displaced by “New public management nostrums” that may improve the efficiency of the Service but will not offer any basis for the renewal of public trust in government. However, one question that must be addressed at once is the Committee’s Question 3: “can models of governance from the private sector be directly transferable to the public sector?” The answer to this question must be an emphatic “No”—indeed, attempts to do this are part cause of our present woes. The notion that management is a generic activity that can be applied in all contexts is a dangerous fallacy: management is highly context specific. Its conduct and development must be addressed in the specific public service context of the Civil Service. The public service management policies adopted since May 1979 have resulted in a series of major changes that have resulted in as potentially disastrous loss of legitimacy in the eyes of the citizenry.

3. The first of these mistakes has been the development of an attenuated view of citizenship in which the citizen is regarded as having no role or responsibility for his or her government beyond those of a customer selecting goods in a shop. True citizenship is much more than this: ever since Aristotle the role of a citizen has been defined as one who has the right and the duty to participate in the government of his or her community. This concept has become attenuated by commercial advertising and reliance by politicians in particular on “spin”, together with the denial of effective opportunities to participate in government decisions apart from the occasional act of voting for the politicians who will rule for the next four or five years. Voting is itself a citizen’s duty as well as a right but working to express the views of his or her community to elected representatives should occupy a significant portion of the citizen’s time and energy between elections if government is to be effectively democratic. Otherwise Rousseau’s contention that the British people are free only once every five years and then they are free only to sell themselves back into slavery, becomes too close to the truth. This problem was exposed by the announcement and development of the falsely named “Citizen’s Charter” in the early 1990s, which turned out neither to be a charter nor to define the proper rights and duties of citizenship. Instead, a commercial model has been mistakenly applied in many public service bodies, with the result that the public feels increasingly remote from the decisions that affect them and are reduced to the passive role of the consumer.

4. Second comes the loss of the obligation on both State and citizens to protect and promote a collective public interest beyond the sum of the interests of individuals. Such a collective public interest consists in part of the public non-exchangeable goods that it is the State’s responsibility to provide, including clean air and water, defence from internal and external enemies and the assurance through means of enforcing them that covenants made between citizens will be kept. Beyond these goods, which constitute the minimum requirements of the modern state come the collective gains to be made from high quality education of the young, the protection of the poor from undue hardship, the maintenance of good public health, the provision of adequate

housing and living environments and the maintenance of full employment. Citizens have the right and the duty to promote and protect this public interest, both to secure the general welfare of the state and to gain security for themselves and their families.

5. Thirdly, in the rush to apply business values to the public services, the ethical requirements of probity and equity that are central to the government's dealings with its citizens have been lost sight of. Accountability to legislators and the electorate has been attenuated by the creation of autonomous agencies responsible for providing public services with the intention of securing efficient and entrepreneurial service organisations. These objectives are laudable but they must not eliminate the accountability of all public servants to the citizenry via Parliament and local councillors. Other negative results have stemmed from the dispersal of the recruitment of public servants to private businesses and the removal of ethical and legal constraints on the ways in which politicians and senior officials deal with business interests. The spectacle of newly retired Ministers and senior civil servants joining company boards with whose affairs they were dealing with during their time in government is distasteful and does much to encourage current public cynicism and government. The former rules restricting the take up of such appointments until a suitable time following retirement has elapsed should be restored as a matter of urgency. This needs to be part of a restoration of the Northcote Trevelyan principles of the competitive recruitment of civil servants who must remain non-political and detached from business or other interests throughout their careers. In-service recruitment from the business community and elsewhere should be rare and regulated to ensure that corrupt liaisons do not develop. The answer to Question 4 is therefore that the Northcote-Trevelyan principles still have crucial value in minimising the corruption that inevitably develops in spoils systems (Question 9).

6. Senior Civil Servants should remain the strictly non-political advisers of Ministers but the latter should be enabled to use alternative sources of advice including special advisers and "think tanks" to prevent policies becoming stultified by the imposition of "Whitehall views" on Ministers. The recruitment of special advisers should be limited and subject to careful definition of their roles and powers. In particular they should not be given the right to issue instructions to civil servants.

7. As a result of the application of private sector methods and mores in the Civil Service and elsewhere in the public sector, the need for public servants to be educated and trained in the distinct practical and ethical demands of public service have been lost sight of as that education and training has been removed to institutions such as university Business Schools whose main function is the education and training of managers and executives for business organisations. The ethical demands imposed on public servants are not the same as those for businessmen and women but the University and other courses that used to provide the education and training that public servants should receive have been largely dismantled over the last three decades. Distinctive initial and in-service education and training courses specific to the ethical and procedural requirements for public service need to be restored as a matter of urgency. To this end, the Government and the Local Government Association should act urgently to bring about the development of distinct public management groups within Business Schools and insist that those students seeking public service careers or seeking to improve their qualifications to gain professional advancement during their careers must spend at least part of their course time on specific public sector studies. This is not to argue that business has nothing to teach civil servants; rather that the process of learning should be mutual but that the distinctive needs of the public servant must be fully acknowledged and inculcated.

8. Lastly, governments should be encouraging their citizens to strive for the higher ideals and goals referred to by the ancient Greeks as *areti*, meaning virtue or excellence. For Christians the Ten Commandments, the two Great Commandments and the Sermon on the Mount define the requirements for the leading of a good life and most other world religions contain similar principles which inspire their adherents to better performance in seeking to improve the common weal. Not every good and service can appropriately or fairly be distributed by markets and there are actions and things that should not be bought and sold even if doing so were possible: "In the end, the question is really a question about how we want to live together. Do we want a society where everything is up for sale? Or are there certain social goals that markets do not honour and money cannot buy?" (Sandel, 2012: 203.). The goal of the citizen, whether in business or public service, should be to improve the lot of Mankind, not only to make the most personal or corporate profit possible.

9. Hence the nature of public service, together with the education and training of the public servant, require urgent attention. The activity of management is largely defined by the context in which management is carried on—hence the fact that the values and objectives of public and business management are not the same must be acknowledged. The ethical and legal requirements of public service are very different from those imposed on business people and this means that the approach to management must be different. The obligations imposed on the public servant include the accountability of politicians and public servants to elected representatives requires procedures that to the business person may appear to be inefficient, including meticulous record keeping, the careful consideration of what responsibilities a particular public servant should and should not assume, the absolute requirement that the laws in force be observed meticulously at all times and the maintenance of high standards of fairness and integrity in their dealings with citizens.

10. The present situation is highly unsatisfactory because the result of a series of scandals has been that the citizenry have come to believe that politicians and public servants are concerned only to promote their own benefit—a depressing view that has been encouraged by the public choice economic theorists who argue that people, including politicians and public officials, cannot be other than selfish rational maximisers. By so

arguing, these theorists deny the possibility that public administrators can comply with their obligation to govern in the interests of the community without having regard to their own personal interests—a demand dating back to Plato and Aristotle and upheld by Rousseau’s demand that public administrators must behave “unnaturally” by ignoring their personal interests and predilections (see Chapman, 1988: 12). The consequences are a dangerous level of public cynicism and apathy reflected in low and declining electoral turnouts, an increasing disinclination among citizens to become involved in public affairs, as well as a shift towards supporting single purpose direct action and protest groups. Part of the solution has to lie in a reorientation of the education and training of public servants.

11. It would be unrealistic to seek the disengagement of public service education from Business Schools but the problem must be addressed by the creation of specialist public service education and training units within those Schools with a responsibility to develop appropriate courses for public service education and training. They will need to work with their colleagues in Law, Philosophy and Social Science (particularly Political Science) Departments to achieve this. The courses provided for public servants, both in their initial education to degree and postgraduate level and on in-service courses, must include at least the following:

- A thorough instruction in the institutions and machinery of government, especially the processes of representation, the mechanisms for drafting and passing legislation, policy formulation, determination, implementation and revision, together with the machinery for the provision of redress for aggrieved citizens.
- A grounding in the ethics of public service. This may include an element of the history of political ideas but it must focus mainly on the concepts central to the responsibilities of public servants. These include accountability, legality, integrity and responsiveness, as well as the need to recognise the importance of active citizen participation and the aspiration to high standards of conduct and the achievement of the higher values without which politics and government become merely the amphitheatre for the exercise of greed and selfishness.
- Other components of the course may be taught jointly with business students, including strategic management and marketing, although the different moral requirements for public servants must be recognised in teaching the latter, especially ensuring their awareness of the dangers of advertising and “spin” in creating public disillusionment. In accountancy training, the distinctive requirements of public sector accounting arising from accountability to Parliament and councillors must be built in to public sector training courses.

Unless these reforms are pursued and the public are able to see high ethical standards being observed in government, the present crisis of democracy can only deepen.

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January 2013

Written evidence submitted by Dr Chris Gibson-Smith (CSR 16)

NATIONAL AIR TRAFFIC CONTROL SERVICES LTD

THE POSITIVE IMPACT OF INTRODUCING PRIVATE SECTOR BUSINESS SKILLS AND LEADERSHIP

Introduction

This note provides a brief overview of National Air Traffic Control Services Ltd (NATS) and the benefits it gained from the input of private sector leadership under Dr Chris Gibson-Smith, who was NATS Chairman between 2001 and 2005. It covers:

1. What NATS is.
2. NATS’ Public Private Partnership.
3. The impact of 9/11.
4. NATS’ transformation into a financial and commercial success.

1. What is NATS?

- NATS Holdings Ltd (NHL) has been a Public Private Partnership (PPP) since 26 July 2001.

- It provides air traffic control services for UK airspace and the eastern part of the North Atlantic through its Civil Aviation Authority (CAA) regulated subsidiary, NATS (En Route) plc.
- It operates two air traffic control centres, at Swanwick in Hampshire and Prestwick in Ayrshire.
- NHL also provides air traffic services at 15 airports in the UK and at Gibraltar through NATS (Services) Ltd, a commercial business not subject to regulation and which also provides engineering, consultancy (including training), defence and aviation information management services to customers in the UK and more than 20 other countries.

NATS' Public Private Partnership

- At completion of the PPP on 26 July 2001 the Crown sold 46% of the company to a strategic partner, The Airline Group⁹ (AG), and transferred 5% to employees.¹⁰

To finance the PPP deal, NATS' indebtedness rose from £330 million to £733 million

Sources of funds	£ million
Cash from the seven Airline Group shareholders	50
Strategic Partner Loan from British Airways	15
Cash in NATS at completion	3.5
Bank loans for the acquisition, repayable by NATS	733
Less loan hedging costs	-7
Total available funds	794.5
Uses of the above funds	
Purchase of equity stake from government	65
Repayment of NATS' existing National Loans Fund debts	330
Purchase of stake in NATS from government	370
Less loan hedging costs	-7
Government's immediate cash proceeds	758
Banking costs	33
Cash left in NATS	3.5
Total funds used	794.5

- Alongside enhancing safety culture, the need to *bring in private sector business skills* was a key Government objective for the transaction.
- The then Transport Minister Lord MacDonald declared that the introduction of private sector finance and management skills would create “a better business focus ... [NATS] will be able to take management and investment decisions on commercial grounds. It will have access to commercial opportunities denied within the public sector ... [the private sector] will bring in the investment and project management skills to make the best use of that freedom”.¹¹
- This was against a background of a £1 billion investment programme it needed to deliver over 10 years, with a target of increasing capacity by 50% in the face of year on year traffic increases. It also needed to repay substantial debts—see table.

The Impact of 9/11

- Rapid decline in air traffic movements, particularly on trans-atlantic routes, due to 9/11 had a severe unforeseen impact on NATS finances. 9/11 left NATS formally bankrupt and it was eventually recapitalised with help from BAA and HM Treasury.
- As a result, a further £30m was loaned to NATS by the Department of Transport, with another £30 million supplied by the banks which underwrote the part-sale of NATS—Abbey National, Barclays Capital, HBOS and Bank of America.

The Transformation of NATS into a Commercial Success

2001—05 was the most turbulent period in NATS' history, and it emerged much stronger at the end of the period. During his Chairmanship, which began just ten days before 9/11, Dr Chris Gibson-Smith oversaw the complete financial restructuring of the company, led it to the best operational performance in its history and created a stable platform on which it could invest in the renewal of its technology and play a key role in shaping the provision of air traffic control services in Europe. Key achievements during this period included overseeing plans for:

- A strong safety record—safety went from an average of twelve serious near misses to zero.
- A programme of cost savings and very active cash management.
- Delivering efficiencies through reducing the number of main sites.

⁹ Thomas Cook, Monarch, easyJet, British Airways, Virgin Atlantic, BMI, TUI

¹⁰ Subsequently on 19 March 2003 BAA Airports Limited acquired a 4% shareholding, with AG's shareholding reducing to 42%.

¹¹ Q305, Environment, Transport and Regional Affairs Select Committee Oral Evidence Session 8 December 1999

- A planned substantial reduction in overall staff numbers of around 700—principally through a voluntary retirement programme amongst support workers made possible through efficiency gains.
- Movement of staff terms and conditions of employment closer to market norms and increasing productivity through changes to working practices.
- The renewal of NATS technology systems infrastructure.
- Bringing the Swanwick centre into operational service.
- Launching a £1 billion investment plan.
- Launching a £127 million programme to replace radar equipment at 20 UK sites.
- Winning a multi-million pound 20-year contract to provide Bristol International Airport’s air traffic control service.
- Winning NATS’ first overseas contract with a three-year agreement to provide air traffic control services for RAF Gibraltar.
- Raised a £700 million bond from the financial markets, which enabled NATS to secure its capital independence from HM Treasury.

The financial performance of NATS in 2005 was strong, with a pre-tax profit of £68.8 million, up from 2003–04’s £1.8 million profit and losses of £29.1 million and £79.9 million in the previous two years:

- Revenues rose by £39.7 million to £638.9 million as traffic increased by almost 5% year-on-year, with NATS handling 2.2 million flights, a new record.
- Average delay per flight was just 15 seconds, half 2003–04’s level and the lowest in the company’s history, from three and a half minutes.
- Net income increased from a loss of £3.6 million to a profit of £39.9 million in 2004–05, driven primarily by a 6.6% revenue growth, ahead of costs increases.
- This financial performance enabled NATS to reduce net debt by £67 million to £630 million and *declare its first dividend (of £5 million) since PPP.*

NATS is now acknowledged as a world leading, diversified global leader in innovative air traffic solutions and airport performance.

January 2013

Written evidence submitted by Dr Ruth Levitt and William Solesbury, Visiting Senior Research Fellows, Dept of Political Economy, King’s College London (CSR 17)

Summary

1. Our evidence responds to the fifth question posed by the Committee, viz:

“If policy making is to be opened up to external organisations, what is the distinctive role of the Civil Service in the modern world?”

 - What are the advantages and disadvantages of a permanent and impartial Civil Service compared to a spoils system with more political appointees?
 - Do the Government’s arrangements for “contestable” policy making exercises do enough to prevent bias and conflicts of interest as well as encouraging experts to take part?”
2. Our six points are:
 - 2.1 We challenge the government’s claim for the novelty of their proposals to “open up” policy making to outside experts; in our view this process has existed for many years.
 - 2.2 Many sources of external expertise can contribute to policy making; each source has strengths and weaknesses.
 - 2.3 Ministers need civil servants to manage external expertise contributions because political appointees could not do so adequately.
 - 2.4 The civil service should therefore develop its skills in identifying the required external expertise, securing and facilitating it, quality assuring it and reporting to ministers; the previous government’s *Professional Skills for Government* framework was an attempt in this direction.
 - 2.5 Future arrangements for “contestable” policy making must be consistent with the principles and practices enshrined in the many current “codes of practice” for external sources of expertise.
 - 2.6 A commitment to more open policy making must include concern for maintaining a healthy supply of external expertise.

About the Authors

3. Dr Ruth Levitt and William Solesbury recently completed a research project that critically examines the UK governments’ use of “policy tsars”. The project developed an inventory of individual profiles and a typology

of tsar appointments since 1997 and analysed tsars' influence on policy and practice.¹² The authors' previous research includes *Evidence for Accountability*,¹³ which investigated the uses of evidence in audit, inspection and scrutiny, and a study of *Outsiders in Whitehall*.¹⁴ They submitted evidence to PASC's earlier inquiry into Goats and Tsars.¹⁵

Outside experts and Whitehall

4. Governments have long sought advice on policy from outside experts. The recent claim by Francis Maude, Minister for the Cabinet Office, that "For the first time ever ministers are directly commissioning policy advice from outside Whitehall, moving towards our goal of opening up policy making"¹⁶ is ill-informed, as was the implication in the remark by Sir Bob Kerslake, Head of the Civil Service, that "Open policy making must become the default in Government."¹⁷ They were both echoing the *Civil Service Plan*'s similarly erroneous statement that "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..."¹⁸ Our own research, and observations by journalists and academics, have repeatedly recognised the growing influence of outside contributions to policy development in Whitehall from think tanks, consultants, lobbyists and various advisers.

5. Ministers and officials have good reasons for seeking to tap into the policy thinking of outside experts. The most obvious reason is a lack of suitable expertise in-house to deal with the wide range of complex modern policy issues that arise. There are subtler reasons too. Ministers themselves are nowadays much less likely, individually, to have had earlier working experience of business, public services or local politics, which would have given them some relevant professional or practical expertise on which to draw. Moreover, increasingly civil servants have been required to focus their efforts on policy delivery, to the possible neglect of their capability in policy development. Underpinning and influencing these factors is governments' awareness that credible policies have to be evidentially based and reliably informed.

6. The expertise that outsiders contribute to Whitehall policy work is shaped by their own individual blends of knowledge, skills and experience. In earlier research we identified several channels through which outside expertise can contribute. Some routes involve formal appointment or procurement to undertake a specific assignment for the government. Others involve informal contact with experts or awareness of the work they do independently of government. The main sources of external expertise include:

- agencies and NDPBs, who possess delegated authority to use their expertise in their field or sector eg Sport England;
- statutory auditors and regulators eg Audit Commission, Ofsted, Competition Commission;
- independent regulators eg Care Quality Commission, Press Complaints Commission;
- conversations with between with ministers or officials and hand-picked experts eg lawyers, economists, journalists, scientists;
- special advisers appointed by ministers;
- policy tsars—hand picked from business, public service or academia to address pressing policy questions eg recent reviews of apprenticeships (Doug Richard) and equity markets (Professor John Kay);
- consultants, researchers and think tanks, commissioned by departments or reporting independently;
- judicial and other official inquiries eg the Leveson inquiry on press standards;
- ad hoc or standing advisory committees of people with professional expertise eg the Migration Advisory Committee, the Scientific Advisory Committee on Nutrition;
- lobbying by NGOs, professional or business organisations;
- consultations eg on same-sex marriages (Home Office, 2010);
- non-executive directors on government departments' boards eg Lord Browne;
- conferences and seminars organised by government (sometimes called "summits") or convened independently; and
- independent inquiries eg the Commission on the Future of Volunteering (2006–08, chair Rabbi Julia Neuberger).

¹² R Levitt and W Solesbury, *Policy tsars: here to stay but more transparency needed*, November 2012; <http://www.kcl.ac.uk/sspp/departments/politiceconomy/research/tsars.aspx>.

¹³ R Levitt, S Martin, S Nutley, W Solesbury, *Evidence for accountability: using evidence in the audit, inspection and scrutiny of UK government*, Nuffield Foundation, 2010.

¹⁴ R Levitt and W Solesbury, *Evidence-informed policy: what difference do outsiders in Whitehall make?* ESRC UK Centre for Evidence Based Policy and Practice, Working Paper 23, 2005.

¹⁵ House of Commons Public Administration Select Committee, *Goats and Tsars: Ministerial and other appointments from outside Parliament*, Eighth Report of Session 2009–10, HC 330, 2010, Ev44–48.

¹⁶ Cabinet Office, *Looking abroad for the next steps in Civil Service Reform Programme*, Press Notice CAB 073–12, 11 August 2012.

¹⁷ *ibid.*

¹⁸ HM Government, *The Civil Service Reform Plan*, June 2012, p 14.

7. Under the Coalition government two marked trends are noteworthy in the contributions from these sources of external expertise. *Relative decline* is evident for:

- advisory committees (many axed in the “bonfire of the quangos” and few new ones appointed);
- audits (note the abolition of the Audit Commission);
- assignments undertaken by researchers and consultants (reduced as departmental budgets have been squeezed and procurement practices tightened up;¹⁹ the Cabinet Office’s Contestable Policy Fund is newly established); and
- consultations (the government recently issued new “Consultation principles” specifying tighter ground rules).²⁰

Relative growth is evident for

- special advisers (81 appointed by Coalition Ministers at November 2012); and²¹
- policy tsars (93 appointed between May 2010 and July 2012).²²

Open Policy making: the Role of a Permanent and Impartial Civil Service

8. Opening up policy making to external individuals and organisations does not mean that a permanent civil service becomes redundant; nor does it follow (as the Committee’s question 5, first bullet point implies) that a “spoils system with more political appointees” would be advantageous in this context. More open policy making does require improvements in civil servants’ skills in managing policy development, on behalf of ministers, by drawing on diverse sources of expertise from inside and outside Whitehall. The essential steps for civil servants with this responsibility are:

- analyse policy issues to identify the relevant range and types of expertise needed to address them;
- locate where such expertise can be found;
- consider, among the sources in para 5 above, the best way of tapping the appropriate expertise;
- procure the expertise in accordance with transparent principles, standards and criteria;
- facilitate and oversee the timely production of the advice;
- quality assure the advice;
- analyse and contextualise the advice with advice and evidence drawn from other relevant sources; and
- make recommendations to ministers with regard to expert evidence.

All of this must be done competently and impartially if policy choices are to be evidence-based, defensible, effective and credible. Ministers themselves, and their political appointees, are not in a position to carry out that impartial, rigorous assessment.

9. In 2003 the civil service introduced a new competency framework called *Professional Skills for Government* (PSG). This recognised “analysis and use of evidence” as a core skill,²³ which covered many of the tasks listed in para 7 above. It is not clear whether this PSG competency framework is still actively used as there is no reference to it in the recent Civil Service Reform Plan. Something like it is certainly needed.

10 Beyond acquiring and using relevant skills, the civil service also needs to learn from experience which sources of external expertise best suit which policy development purposes. The sources in para 5 above vary greatly in terms of whether they offer individuals’ expertise (eg a professional opinion, a conversation, a policy tsar’s report) or collective expertise (eg an advisory committee, an inquiry, consultation responses). They also vary in thoroughness and rigour, from opinion and comment to analysis and deliberation; in duration and timeliness, from an instant conversation to a few years’ work by an advisory committee or inquiry. Their resource costs vary too. The civil service has often presented itself as a “learning organisation”²⁴ but we are not convinced that it learns systematically what works well and what does not in tapping different types of outside expertise.

¹⁹ <http://www.cabinetoffice.gov.uk/resource-library/our-procurement-pledge>.

²⁰ <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>.

²¹ Public Administration Select Committee, Sixth Report, *Special advisers in the thick of it*, October 2012, para 48.

²² R Levitt and W Solesbury (2012), *op.cit.*, Table 4.

²³ Other core skills were people management, financial management and programme and project management; see <http://www.civilservice.gov.uk/about/improving/psg/framework>.

²⁴ For example: Cabinet Office, *Performance management for the Senior Civil Service 2011/12. A guide for HR practitioners*, March 2011, p 13; Gill Rider, *Next Generation HR Planning*, Civil Service, Human Resources, 20 July 2010.

Open Policy making: the Arrangements for “Contestable” Policy Making

11. To date only a single contract has been let under the new Contestable Policy Fund; it may not have gone as the Minister planned.²⁵ The work of some types of external expert is governed by formal codes of practice and conduct, which are designed to maintain propriety and to maximise the effectiveness of their work and the behaviour of ministers, officials, advisers and experts. All arrangements for “contestable” policy making must be consistent with these practices and principles, which include:

- Nolan principles on standards in public life;
- code of conduct for ministers;
- code of conduct for civil servants;
- code of practice on special advisers (the subject of a recent PASC inquiry);
- OCPA code on public appointments;
- Chief Scientist’s guidelines on scientific advice;
- rules for public procurement including that of research and consultancy (currently being examined in a separate PASC inquiry);
- inquiry rules; and
- consultation principles.

A notable absence from this list is any code relating to the appointment and management of policy tsars.

12. Regard for maintaining healthy sources of external expertise is essential too. This means recognising the diversity of relevant expertise on any given subject, providing for fair competition in its supply and contracting for its delivery on terms that enable experts to do their best.

January 2013

Written evidence submitted by Active Operations Management International LLP (AOMi) (CSR 20)

Executive Summary

1. Summary of our evidence to the PASC

- Based on our experience as a global leader in the improvement of performance in service operations, we point up a particular domain where there is a crucial gap in the current capability of the UK Civil Service which is not addressed by the Civil Service Reform Plan;
- We bring evidence that, in the case of one of the largest Departments of State, this gap is already being filled and overcome by existing civil servants who have—in partnership with a private sector specialist provider—introduced new methods, skills and a toolset that together have enabled them to deliver improved productivity and better service outcomes for citizens;
- The example of this experience—that delivered double digit productivity gains across a national network of around 8,000 staff in one of the main delivery Departments—demonstrates that the scale of the presenting opportunity, if this gain was to be replicated across the delivery of transactional services in UK government, would be very significant;
- In addition, if there were to be a focus on upgrading capability and practices in managing service operations it would provide powerful support for other elements of the Civil Service Reform Plan.

About AOMi

2. This submission is provided to the Public Administration Select Committee’s inquiry into the future of the Civil Service by Active Operations Management International LLP, a world leader in the improvement of performance in service operations. We provide specialist services to a range of client organisations in the public and private sectors. Our clients include Barclays Group plc, Capita plc, Citibank, and the Inland Revenue of New Zealand, and our approach has been adopted in more than 35 countries across the world. In recognition of our achievements AOMi received the Queens Award for Enterprise in 2011.

3. Our business is providing specialist help and support to service organisations and our success is based on helping them to improve the day-to-day performance of their business operations. We believe that we understand—better than many—why it is that some organisations succeed and continue to improve in delivering services, and why others do not.

²⁵ The contract—to review accountability practices in other countries’ civil services—was announced in August 2012 with a two week period for people to register an interest, followed by another two weeks for the submission of proposals. These deadlines were then relaxed and those who had registered an interest but not submitted a proposal were encouraged to do so. The specification set a budget of £50K and a two month timetable for completing the work, which included interim reports and presentations to the minister. Budget and timetable were widely judged as inadequate. Some contractors with relevant expertise did not submit bids. The contract was awarded in September to the team led by the Institute of Public Policy Research (IPPR). We were informed that IPPR renegotiated budget and timetable. A non-IPPR member associated with the successful bid has since resigned. At the time of writing delivery of the final report had not been announced.

Does the Government's Civil Service Reform Plan reflect the right approach to the Civil Service?

4. We have noted that, far from being (in the stereotype) a cadre of Whitehall-based policy advisors, in fact “the civil service” comprises a number of different organisations that—predominantly—provide services to citizens. Indeed, The Civil Service Reform Plan highlights the role of civil servants in Operational delivery, and points out that productivity in day-to-day operations needs to be improved significantly.

5. The Reform Plan suggests that this improvement will be achieved by the main delivery departments:

- introducing new delivery models;
- implementing digital services; and
- introducing much broader/deeper shared services.

6. However, the risk with this prescription is that it takes no account of what is, perhaps, the most important root cause of low productivity in government services to citizens.

7. In our view what is missing is a shared view about what is needed to create a mature capability in managing service operations. Such a capability is a demanding, technical discipline (akin to Project and Programme Management, but much less mature) that encompasses forecasting, planning, and controlling the delivery of services. It is a combination of knowledge and skills, routine methods and practices, and toolsets which together combine to enable motivated managers to deliver high performance services. Such a capability would:

- Be forward-looking—so that Team Leaders and Managers will be able to anticipate the areas where there will be imbalances in workloads v. resources and take steps to address them;
- Be based on actual data about work activities that will be sufficiently detailed to be powerful, but not so comprehensive that data collection and validation becomes a disproportionate burden on staff time;
- Establish a “common language” for managing service operations such that everyone involved will be able to share information about their relative position on topics such as future expected workloads, service levels achieved, shortfalls in resources, teams’ productivity levels, etc.;
- Create a climate that encourages managers to collaborate systematically (as a matter of pre-defined routine) in taking decisions about how to resolve competing business priorities because they share understanding at a level of detail about the current state of “the business”.

8. This omission seems all the more critical since seven out of ten civil servants are employed in the delivery of operational services.

9. We believe that the Civil Service Reform Plan should include actions to articulate and prescribe the standards, methods, skills and tools that government organisations engaged in delivery of transactional services would be expected to adopt. Senior civil servants would then be expected to review practices and develop improvement plans in the context of their existing whole-system continuous improvement approaches.

10. While attention to best practice in day-to-day operational management may be less glamorous than other initiatives, our experience—in both the private and the public sectors—is that it delivers substantial benefits and should not be ignored. And, among the initiatives that will deliver an improvement in productivity an investment in day-to-day operational management capability will not require such a significant cash investment but will deliver results more rapidly than most.

What would it look like if the civil service was able to build a capability in managing service operations?

11. We can present here evidence from a recent project where AOMi partnered with one of the main delivery Departments to implement a new approach to planning and controlling the delivery of services in one Division. This Division is responsible for processing a number of the Department’s core services. It has a national network of offices and employs around 8,000 staff.

12. While this Department had previously had some success with classic re-engineering/LEAN approaches, this project focussed on the managers’ day-to-day operational management skills, and on the practices and behaviours that support them.

13. The benefits that the Department derived from the implementation of this new approach were in two distinct categories:

- *Benefits from improvements in control.* These are the benefits that flow from the organisation’s ability to look ahead and make explicit choices about business priorities and the best use of available resources. For example, in response to an unexpected surge in demand for one of the service lines the Division was able—without resorting to recruitment—to increase the resource assigned to deliver this service by more than 50% because of the new approach to planning and controlling capacity.

- *Gains from improved productivity.* The organisation’s ability to do more with less can be measured and quantified in a number of different ways. The Division was able to achieve a significant gain in capacity—equivalent to 10% in only 9 months. For the Department this gain in capacity was equivalent to more than 370 FTEs, or a saving of £6.7m in employment costs. And, the improvement is continuing so that in many offices the total gain is now more than 20%.

14. The Division implemented three important changes:

- *National direction and collaboration.* It shifted the emphasis of management away from geographic units towards a “product focus”. Where previously, each office or geographic region had their performance measured and collated in “league tables” Managers were now required to plan in collaboration and share capacity and workloads across multiple offices; and decisions can be taken nationally about prioritising different areas of business in response to the changing demands on the network of offices.
- *Real accountability and engagement.* It switched from centrally directed planning and control to a position where local managers were supported from the centre, but held to account for performance against plans that they had created. Previously, there was a specialist team that would generate plans for all the offices, but now Managers are expected to set their own plans based on realistic targets, and to track their own progress in delivering improvements in operational performance week-by-week and month-on-month.
- *Consistent, professional practices.* It introduced rigorous standards for management practices for planning and controlling throughput across all the offices in the network. Previously, each office/team used to work out their own ways of planning and managing work (lots of different spreadsheets!). Now everyone has a consistent operations management approach used locally and nationally for planning and controlling the work of all the staff across the Division, and everyone uses the same processes, skills and tools to plan and manage the delivery of service to customers—so it’s very easy for Managers who move between teams to become very effective rapidly.

What would be the benefits of extending this approach to other parts of the civil service?

15. One of the lessons that can be taken from the experience of this Department is that the standards, methods, skills and tools involved in applying best practice from the private sector are independent of the nature of the work and therefore applicable to a very wide range of government services—particularly to those high labour cost transactional services which are core to government operations and difficult to contract or deliver outside the state sector.

16. Another lesson is that in this area the civil service can become as good as private sector service providers. We know, from our wide experience with clients in Banking Services, in Insurance, and in Business Process Outsourcing that the benefits that the Department delivered were in line with the benefits we would see in a typical implementation in the private sector.

17. At the same time, and in contrast to other approaches that either require significant technology investment (such as Digital), or will require long lead times to introduce (such as Delivery models) this approach can be implemented rapidly, using in-house trained civil servants. The national implementation described above was completed in less than 12 months, using a team made up by approximately 50% civil servants.

18. Bearing in mind the broad scope of the Civil Service Reform Plan, we can point to a number of the directions for change that would be powerfully supported by the investment in upgrading capability and practices in managing service operations. These include:

- More support and recognition for skills in operational delivery.
- Managing performance and reward, by providing more clarity in what is expected and better data on service performance in operations.
- New Management Information system, based on a cross-government approach using a common language and a shared set of standards.
- Improving the employment offer for staff, by improving management competence, and by enabling flexible working.
- Strengthening the role of the Operational Delivery profession, and supporting the move towards portable professional qualifications for operational managers and staff.

Written evidence submitted by Association for Project Management (CSR 21)

Summary

- Association for Project Management (APM) is the lead professional body for project management in the UK, and is the largest independent professional body of its kind in Europe with around 19,750 individual and 500 corporate members throughout the UK and abroad.
- APM is committed to encouraging and developing the highest standards of professionalism in project management.
- The Civil Service Reform Plan demonstrates the Government’s commitment to improving capability and skills, including an emphasis on those that are vital for delivering major projects effectively and efficiently.
- The crucial importance of project management skills in the public sector is increasingly recognised and has been regularly cited by the National Audit Office (NAO) and the Public Accounts Select Committee (PAC).
- Major public sector projects are often large and complex by nature and require highly competent project managers and other project professionals to run them. Recruiting appropriately qualified project and programme managers represents good governance and will help reduce the risk of projects overrunning, exceeding their budgets or failing to deliver their intended benefits.
- Continued professional development (CPD) is a hallmark of UK professionalism and is vital in order that project management skills are kept up-to-date to meet emerging needs and trends—the creation of project management communities of practice within individual departments can be a key contributor to such CPD
- APM welcomed the establishment of the Major Projects Leadership Academy which was set up to address the issues of development and retention of the skills of senior project leaders across the civil service. The Academy’s focus on leadership and on “mindset, not methodology” also highlights the importance of the public sector acting as an “intelligent client”, a theme APM has promoted strongly in its campaign for enhancing professionalism.
- Recognition by all appropriate stakeholders across government that project management is a discrete profession will assist government in acting as an “intelligent client”
- To ensure continuity and accountability, Senior Responsible Owners (SROs) should remain in post and retain responsibility during key phases of a project’s lifecycle.

Improving overall Project Management Capability and Skills

1. Public sector projects are typically large and ambitious, driven by a mixture of changing policy, and political, financial, and regulatory considerations. Extended timescales and multiple stakeholder groups often add to their complexity. It is vital, therefore, that the Civil Service develops, recruits and retains expertise and skills in project sponsorship and delivery.

2. The NAO and PAC have both identified the shortage of highly skilled project managers as a major barrier to meeting important political priorities. In its report, *Commercial Skills for Complex Government Projects*, the NAO stated that project management remained a priority area for public sector recruitment and training.

3. In the NAO report, *Identifying and Meeting Central Government’s Skills Requirements*, published in November 2009, the professional composition of the senior civil service was examined. It found that approximately one quarter of operational delivery and project management roles were filled by staff who were not experts in these fields.²⁶ Furthermore, the Report found that only one% of roles in central government relate to the project management profession, despite this being an acknowledged critical skill.²⁷ With a raft of major public sector projects planned, failure to address skills shortages in this area risks weakening future capability to deliver these successfully.

4. By stressing the importance of effective project and programme management skills to the delivery of government objectives, the report provides valuable context to the work undertaken by APM in raising the standards of project management professionalism in private and public sector alike. The report records the significant efforts to professionalise the civil service in recent years, but notes that standards associated with particular professions are not always reflected in recruitment to posts. For areas of business where depth of experience is critical to capability, the NAO urges Government Departments to take greater control of recruitment to ensure business needs are met by using professional standards to inform decisions on appointments and promotions to key posts.

Recruiting and Developing Competent Project Managers

5. A global survey of the project management sector by PriceWaterhouseCoopers (PWC) highlighted that there is an overwhelming correlation between successful project management and project professionals whose competence has been assessed through certification. The report, *Insights and Trends: Current Programme and*

²⁶ NAO, *Identifying and Meeting Central Government’s Skills Requirements*, July 2011, p8

²⁷ Ibid. p14

Project Management Practices, concluded that “Higher-performing projects are significantly more likely to be staffed with certified project managers. In fact, 80% of projects classified as high-performing use a certified project manager”.²⁸ APM believes that by recruiting project and programme managers whose competence has been appropriately assessed, the civil service will reduce the risk of major projects overrunning, exceeding their budgets or failing altogether.

6. Historically, there has been no universally-accepted UK professional standard by which project managers could demonstrate that they had the necessary skills, training, experience and competence, together with a commitment to continued professional development and to a code of professional conduct.

7. As the lead professional body for project management in the UK, APM has addressed this issue comprehensively by creating APM’s 5 Dimensions of Professionalism, its framework for the assessment and development of professional project managers. The 5 Dimensions of the framework are: breadth of knowledge, depth of competence, achievement through qualification and experience, commitment to continuing professional development, and accountability to a code of professional conduct. APM considers that a project professional should satisfy appropriate criteria on all five dimensions. It is particularly important to note that knowledge on its own, though highly valuable, is not the same as competence, and that knowledge is just one of the five dimensions required to demonstrate full professionalism.

8. APM’s 5 Dimensions of Professionalism are encapsulated in the professional “gold standard” for assessing project management competence recently developed by APM, namely the APM Registered Project Professional. A number of government departments have committed to supporting key members of their project management communities in gaining this status which recognises the project professional’s ability to demonstrate the capabilities of a responsible leader with the right skills, experience, and behaviours to manage a complex project and use appropriate tools, processes and techniques.

9. APM has played a valuable role in providing a number of other solutions to enhancing project management professionalism within the civil service. The need for these solutions is highlighted by the Civil Service Reform Plan in which the Government admits that “civil servants have not been given the skills and tools needed for good project management”.²⁹

10. For example, the government-wide Competence Assessment Tool (CAT) was developed from the APM Competence Framework, part of APM’s “depth” dimension. The Department for Environment, Food and Rural Affairs (DEFRA) is just one of the 18 government departments or agencies currently utilising the CAT. After it was found that over half of the assessed programme managers in the Department lacked the skills appropriate to their role, the Department used the CAT in its recruitment process for project management roles and was given recognition by the NAO for doing so.³⁰ In the same report, the Department for Work and Pensions was praised for having “established the requirement for the relevant Head of Profession to approve any new appointments to posts involving a significant element of programme or project management”.³¹

11. Furthermore, Her Majesty’s Revenue and Customs (HMRC) recently endorsed a decision to adopt the APM Competence Assessment Tool to establish the level of ability of each member of the Programme and Project Management community across HMRC. Individuals will complete the CAT to indicate their knowledge and experience in relation to the 47 Competences identified by APM.

12. APM welcomes the valuable role in developing project professionals played by the creation and ongoing development of project management communities of practice within individual departments, of which HMRC and DWP are particularly striking examples.

The Importance of the “Intelligent Client”

13. The launch of the Major Projects Leadership Academy, in October 2012, is a clear message that the Government is committed to developing and retaining the skills of senior project leaders across the civil service. Part of this skill-set lies in high-order stakeholder management and reflects the focus by the Major Projects Leadership Academy on “mindset, not methodology”. This orientation addresses the assertion made in the Civil Service Reform Plan that “Much of this failure [in project delivery] has been because policy gets announced before implementation has been fully thought through”.³²

14. The Academy’s focus on the leadership, rather than the management, of projects directly addresses the topic of the “intelligent client” which APM has promoted strongly in its campaign for enhancing professionalism in all aspects of project and programme management. An “intelligent client” is one that understands the role, dynamics, and needs of project management and creates the environment needed for it to operate successfully.

15. Furthermore, an “intelligent client” recognises that it is not just SROs and project managers that need the correct skills and competencies. Policy makers, finance, legal, operations and human resources teams, will

²⁸ PWC, *Insights and Trends: Current Programme and Project Management Practices*, 2007, p9

²⁹ HM Government, *The Civil Service Reform Plan*, June 2012, p18

³⁰ NAO, *Identifying and Meeting Central Government’s Skills Requirements*, July 2011, p31

³¹ Ibid.

³² HM Government, *The Civil Service Reform Plan*, June 2012, p18

all need to understand project management to be able to contribute effectively to the project or help set it up correctly.

16. During a recent Treasury Select Committee oral evidence session, Lord Deighton, Commercial Secretary to the Treasury, set out the key factors for being an intelligent client.³³ These included having a vision, clarity of objectives, and rigorous control of scope, budget and schedule. Lord Deighton also highlighted the importance of communication and getting buy-in to support the project. He stated:

“Being a good client is a critical part of delivering a successful project. What I do have a very clear perspective on is what I think are the ingredients for being a successful client.”³⁴

17. APM firmly contends that an additional critical aspect of government’s ability to act as “intelligent client” is that it ensures through its actions a universal government-wide recognition that project management is a discrete profession, with its own set of competences, skills and behaviours.

The Importance of Continuity in Post

18. The Institute for Government recently reported that while there has been greater ministerial continuity than under the previous Government, only two permanent secretaries remain in the post they were in at the time of the election.³⁵ The practical difficulties which this lack of continuity can sometimes create are mirrored in the role within the Civil Service of Senior Responsible Owners (SROs). Staying in post long enough to gain and apply experience is a crucial part of skills development in the Civil Service yet the turnover of SROs has been highlighted by the NAO and the PAC in their reports on some of the largest projects in recent years.

19. Research by the Office of Government Commerce in 2009 found that the average duration for SROs on major government projects was only 18 months, while the projects themselves lasted between three and ten years.³⁶ A lack of continuity of SROs means that valuable experience is being lost as result of staff moving position frequently. It also makes it very difficult to hold any individual accountable, especially when SROs move at times unconnected with particular project milestones.

About Association for Project Management (APM)

Successful projects are integral to the development of the UK economically, socially and environmentally, especially in the current age of austerity.

In response to the critical role project management plays in UK society, Association for Project Management (APM) is committed to developing and promoting project, programme and portfolio management to achieve its vision of “*a world in which all projects succeed*”.

APM’s mission is to provide leadership to the movement of committed organisations and individuals who share its passion for improving project outcomes.

It defines the multi-faceted attributes of professional project management through APM’s Five Dimensions of Professionalism framework—<http://www.apm.org.uk/APM5Dimensions>.

The Association is a registered charity with around 19,750 individual and approximately 500 corporate members making it the largest professional body of its kind in Europe.

January 2013

Written evidence submitted by Dr John Parkinson (CSR 23)

Thank you for the opportunity to present written responses to your call for evidence on the Future of the Civil Service. I wish to comment on a selection of the questions in your Issues and Questions paper, but first would like to make three general points.

The “Public Sector” is Public Action, not an org chart

Commentators frequently use the terms “public sector” and “private sector” as a way of categorising organisations. Perhaps in the days of Northcote-Trevelyan that was relatively clear, but over the last forty years governments have deliberately blurred the distinction such that public services are frequently designed, delivered and controlled by almost purely private organisations, while many public organisations frequently provide what are to all intents and purposes private goods. As a result, it is becoming increasingly futile trying to decide whether organisation X lies we tie ourselves in useless knots worrying about whether this or that organisation is public or private. What *is* useful is to think about “public” in three ways:

³³ Treasury Select Committee, *Appointment of Paul Deighton as Commercial Secretary to the Treasury* (uncorrected evidence), 8 January 2013

³⁴ Ibid.

³⁵ Institute for Government, *Transforming Whitehall*, November 2012, p7

³⁶ NAO, *Identifying and Meeting Central Government’s Skills Requirements*, July 2011, p31

1. something is public if access to it cannot (or should not) be restricted or parcelled up and individually owned, like clean air;
2. something is public if it is provided out of collective resources: this might include anything that is paid for out of taxation, including the products of tax-funded research; and
3. something is public if it has common impacts, like the built environment.

The important implication of this is that we potentially make a big mistake focusing solely on organisational structures and ignoring what it is that those organisations *do*.

Public Scrutiny is a Right, and Presents Unique Challenges

In a democracy, we expect that if something uses our money or impacts on our lives, then we all ought to have a say, either directly or via our elected representatives. Whether a service is provided by the government itself or a privately-owned organisation is irrelevant—if it affects us all, we all should have a say.

There are two implications of this:

- Organisations that provide public services—from welfare to policy advice—face accountability pressures that simply do not apply to organisations that sell private goods and services for sale.
- *Private* organisations who provide public services should face the *same* scrutiny as public ones, and not be permitted to hide behind “commercial confidentiality”, for example.

In other words, the idea that the direction of traffic of skills and ideas should all be from the private sector to the public sector is simply nonsense. The requirements of public service overlap with those of private service, but have aspects that are qualitatively and quantitatively different.

This should be obvious to anyone who has spent significant amounts of time in both publicly and privately owned organisations: large, powerful, bureaucratic, unresponsive, slow-to-change, organisations can be found on both sides of the divide.

It is within that broader context that the following outline responses are offered to the Committee’s questions. There is a great deal more that could be said on these points, and there are implications for other questions that I have not had space to explore here, but I would be delighted to discuss with the committee in more detail should the opportunity arise.

2. *Does the Government’s Civil Service Reform Plan reflect the right approach to the Civil Service?*

No. The plan is primarily a cost-cutting exercise, as stressed in “The Need for Change” (p.7). Costs are not likely to go down; they are likely to go *up*, simply because of the loss of economies of scale with the multiplication of organisations providing competing advice, and the associated increase in staff required to manage contracts, track performance, and so on. While the core civil service as an organisation might shrink, the total number of people working on public services (and thus paid for by the taxpayer) will increase. By focusing on the public sector as an organisation, the government has lost sight of the public sector as a set of tasks and functions, all of which needs to be paid for.

5. *If policy-making is to be opened up to external organisations, what is the distinctive role of the Civil Service in the modern world?*

First, policy *making* is not the exclusive role of the Civil Service. Policy is made in highly complex ways inside political parties, networks of interested parties in public and private organisations. The civil service has a role in policy making, but it has many other roles too in policy *analysis*, performance management, coordination, communication and so on.

Second, only some of these functions are likely to be profitable and free enough from risk to make outside organisations think it worth getting involved. This is why many private think tanks have refused to get involved so far.

The Civil Service will therefore continue to play an important role because it is the only organisation that has (a) the capacity and (b) the freedom from certain financial pressures to handle certain kinds of policy advice, facilitation, implementation and monitoring.

There are, in addition, questions of legitimacy. The public is often hostile to the view that private organisations should use public money and provide public services because they are required to make a profit on that use.

If there is one set of functions that the civil service has historically been poor at, it is performance management and evaluation. However, again, the standard metrics employed in the private sector (customer satisfaction, sales, turnover, EBIT and so on) are often not applicable to public goods and services; and businesses themselves find it hard to measure the “intangibles”, and thus often fail to do so. Indeed, the evaluation challenges are enormous, because of the huge number of influences on policy outcomes, and the costs of tracking them, such that it can be more expensive to evaluate a programme than to deliver it. So there are *good reasons* why the public sector seems to lag behind on performance management. That is not to say

that there is no room for improvement—the repeated tendency to award contracts to organisations that have failed to reach their objectives on other contracts is a striking one. But the assumption that this is fixable by private sector methods both (a) misses the nature of the problem and (b) gives too much credit to the private sector.

9. *Does the long-term future of the Civil Service require more comprehensive and deeper consideration and, if so, how should this be done?*

Yes. Clearly the framing of the Plan is about cost savings, when many more considerations are relevant. Clearly it takes an “org chart” view, when public services and public goods are about actions not organisations, and have so for more than 40 years. I can elaborate on alternative methods for deeper consideration if invited to give evidence before the committee.

Many thanks again for the opportunity to present these thoughts.

January 2012

Written evidence submitted by Civil Service Commission (CSR 24)

1. It is essential that the Civil Service continues to evolve and develop, so that it has the skills and expertise to support the Government of the day and Governments of the future. To do that, it needs both to attract the best people with the right skills into the Civil Service and to train, and update, the skills of its existing staff. A large part of the Civil Service Reform Plan is about these issues and we welcome it.

2. These are also the issues which are at the core of the Civil Service Commission’s work. We have a statutory responsibility to provide assurance that civil servants are selected on merit on the basis of fair and open competition. We want to see the best people selected at all levels, but that relies on the Civil Service having an up-to-date assessment of the skills it needs now, and for the future; and an internal development programme and external recruitment processes which attract and develop those skills.

3. As independent Commissioners, with senior management experience in the private and public sectors (only one of us has a significant career in the Civil Service), we are well placed to provide external challenge and perspective to Government and the Civil Service. With our role in chairing competitions for senior appointments—there will be over 100 in the year 2012–13—we are keen to provide insight on both best practice, and on the barriers to attracting the best talent. We think those are the key issues in reforming the Civil Service.

4. There are two propositions in the Reform Plan for strengthening the role of Ministers in senior Civil Service appointments which relate directly to the Commissioners’ legal responsibilities and on which we have had discussions with the Government. As we explain later in our evidence, we have responded positively to the Government’s propositions with new Commission guidance. We agree with the Government that Ministers should have a substantial role in the appointment of those at Permanent Secretary level with whom they work most closely. Our new guidance strengthens Ministerial involvement, while safeguarding the Civil Service from personal patronage or politicisation.

5. The proposal on Permanent Secretary appointments, and our response, has opened up a wider debate about political appointments at the top of the Civil Service. While this is understandable, the danger is that it diverts attention from the issues of skills and expertise, which are the key to Civil Service reform.

6. We now turn to the specific questions in the Committee’s issues and questions paper that touch upon the Commission’s responsibilities.

Question 1: *Why does the Civil Service need reform?*

7. Civil Service reform should never be a one-off event. The Civil Service, like all organisations, should be constantly evolving to ensure it is equipped to meet the challenges of today and the future, and new methods of delivery. However, the immense economic, social and security challenges facing Government, coupled with the reducing resources available for the Civil Service, make it a particularly important time to be stepping up the pace. We are glad, therefore, that the opportunity of a relatively new Government, and a new Head of the Civil Service, has been used to reassess the challenges and set out a new Plan.

8. We believe that a top priority is a clear strategic view of the skills and experiences that are necessary to meet current and future challenges, and detailed mapping of where these exist within the Service, and where there are gaps. Where the gaps are identified, they can be filled by either recruiting those with the necessary skills, or by raising the skills of existing civil servants. The most appropriate mix will vary for different departments and skills clusters. In chairing competitions for the most senior posts in the Civil Service, Civil Service Commissioners do all we can to ensure that there is a proper consideration for what is required for each post now: in the circumstances of today and the anticipated environment of tomorrow. We sometimes witness departments dusting down the job description from the last time the post was filled, with little consideration of what has, or might, change. If we see this then we challenge it.

9. We also encourage departments to involve ministers in drawing up job specifications, so that both ministers and senior civil servants are united behind a common understanding of what is required in skills and experiences for the role to meet current and future challenges.

Question 2: Does the Government's Civil Service Reform Plan reflect the right approach to the Civil Service?

10.

11. The Commission strongly welcomes the Plan's focus on building capability by strengthening skills and encouraging the movement of staff between the Civil Service and the private sector. The emphasis on developing and recruiting new skills and experiences to meet the developing needs of the UK, through the five year capability plan, and other actions, should help to ensure that the Civil Service has the skills and experiences it needs going forward. We also welcome the Government's commitment to preserving a Civil Service with the core values of impartiality, objectivity, integrity and honesty. The Commission believes that these values remain the essential underpinning for a modern, effective Civil Service.

12. There are two specific proposals in the Plan concerning very senior appointments that touch directly on the role of the Commission. We have looked at these proposals closely to make sure that they do not undermine the principles that the Government is committed to uphold.

13. Before we address these in detail, there are two important points about the Civil Service as it is today that are often overlooked. First, the impression is often given that the Civil Service continues to be staffed by people who joined when young and who have pursued their entire career inside it. This is changing quite quickly. More people now join the Civil Service at different stages of their career and leave it, either temporarily or permanently, to work in other sectors. There has been a particular change at senior levels. Civil Service Commissioners chaired 371 "external" competitions between April 2007 and March 2012: competitions at the most senior levels where candidates from outside the Civil Service could apply. Of these, 190 (51%) went to existing civil servants; 111 (30%) went to candidates from the private sector; and 70 (19%) went to candidates from the wider public sector and third sector. This represents a significant movement into the Civil Service from other sectors at the most senior levels.

14. Second, in very recent times there has been a major and very significant change in the practice of recruiting Permanent Secretaries and other senior civil servants. Today these jobs are routinely opened up to external competition so that candidates from outside the Civil Service can apply. Twenty years ago it would have been rare to select a Permanent Secretary through open competition; today it is the norm. Former Cabinet Ministers have been reported as having been closely involved in the past in who to have as their Permanent Secretary; but these would all have been situations in which the choice was from among senior civil servants in Whitehall. When these positions are opened up to non-civil servants then the statutory requirement that recruitment into the Civil Service must be on merit on the basis of fair and open competition becomes a legal obligation on all involved in the selection process.

15. We now turn to the two specific proposals in the Reform Plan.

16. One proposal concerns a small number of time-limited senior appointments that might be made as exceptions to the statutory requirement of selection on merit on the basis of fair and open competition to meet urgent business needs and critical shortages of skills. The Commission has always recognised that there can be critical situations where roles need to be filled at very short notice and running an open competition may not be practical. The Commission's Recruitment Principles contain a number of exceptions to the requirement of selection on merit that can be used in these situations. A number of senior appointments are made each year using these exceptions and the Commission does not believe it is necessary to change its practice in response to this proposal. However, to assist Government departments to understand the Commission's approach to these circumstances, and the criteria we apply in considering such requests at the most senior levels, we published a new guidance note in December 2012 (see Annex A). We hope that this will help to ensure that such urgent requests can be considered and decided as quickly and efficiently as possible. However, it is important to emphasise that such appointees are still civil servants, not political appointees, and must observe the legal requirements for impartiality and objectivity.

17. The other proposal concerns Permanent Secretary appointments, where the Reform Plan proposes greater ministerial involvement. This has been subsequently explained publicly as a proposition that Secretaries of State should be offered a choice between two or more candidates judged by the selection panel to be appointable to the role.

18. After discussions with the Government, the Commission published its response to this proposal on 10th December 2012. As part of its response, the Commission published a second new explanatory note explaining our enhanced approach to Ministerial involvement in Permanent Secretary appointments. This is also attached in Annex A with a copy of the Press Notice that the Commission issued at the time.

19. For the most senior Civil Service appointments the Commission plays a hands-on active role. One of the Commissioners will chair the selection panel to provide assurance that selection to these critical posts has been in accordance with our published Recruitment Principles. The panel considers a wide range of evidence to determine who is the strongest candidate who most closely matches the published requirements for the role. The Prime Minister has the legal right not to appoint the recommended candidate, but neither he nor the

Secretary of State may choose someone else. If the recommended candidate is not accepted, then the selection process must start again. At this level no one can be appointed to the Civil Service without the specific approval of the Commission.

20. However, we are strongly of the view that Ministers should play a substantial part in the selection of the senior officials with whom they work closely. In our new guidance on Permanent Secretary appointments we have responded positively to the Government's proposal by going further than before in describing the role they should play. This includes:

- being consulted at the outset on the nature of the job, the skills required, and the best way of attracting a strong field.
- agreeing the final job description and person specification, and the terms of the advertisement.
- agreeing the composition of the selection panel, in particular to ensure that there is sufficient external challenge.
- meeting each of the short listed candidates, to discuss his or her priorities and feedback to the panel on any strengths and weaknesses to probe at final interview.
- the possibility of further consultation with the Secretary of State before the panel makes its recommendation.

The selection decision, however, remains with the selection panel, chaired by a Commissioner. We have stopped short of giving Ministers the final choice from a list of candidates.

21. The Committee asks what impact the Government's reforms will have on the ability of the Civil Service to serve the needs of future administrations, in different economic or political circumstances. We have been very aware of this in responding to the Government's proposals. As earlier witnesses have pointed out, there is a real danger that if Ministers personally choose their top civil servants then those civil servants will be very closely associated with that Minister. This may impact upon their ability to work with other Ministers in future. The danger is that patronage, of either a political or personal nature, will re-enter the system and the nature of the Civil Service will change. There is a second danger, that senior Civil Servants so appointed may be just a little less confident in providing frank advice that the Minister may not wish to hear. This would not happen overnight, but it would, in the Commission's view, be a step in the wrong direction. The Commission's approach seeks to meet the Government's legitimate wish for Ministers to be involved without stepping over the line to personal or political appointments.

Question 3: How can corporate governance in the Civil Service be improved?

22. While most of the issues addressed in this section of the Committee's Issues and Questions Paper fall outside of our responsibilities, we would like to address one aspect of the Committee's third question that concerns the effectiveness of Non-Executive Directors (NEDs) on departmental boards. It is current practice for a non-executive director to sit on a selection panel for the most senior appointments and in our experience they have made a very positive contribution. Most of the recently appointed NEDs have come from the private sector. They provide a different perspective from panel members from within public service and are often responsible for healthy and constructive challenge. They also bring experience of private sector recruitment practices, and the Commission often finds them to be strong allies in focusing all involved on the outcome of selection—the most meritorious candidate from a strong and diverse field—and away from an over-consideration of process.

Question 4: To what extent does the Civil Service Reform Plan affect the fundamental principles upon which the Civil Service has operated since the Northcote-Trevelyan report?

23. The Commission was pleased to see the Reform Plan's statement that the current model of a permanent, politically impartial, Civil Service was to remain unchanged.

24. The roots of the model of an impartial Civil Service lie in the Northcote-Trevelyan Report of 1854, and it is worth reflecting on what the report actually said. At the time of their inquiry the Civil Service was considered ineffective and inefficient by politicians and the public alike, to a degree that has no parallel today. Northcote-Trevelyan were clear that the reason for this inefficiency was patronage and nepotism; their answer was selection on merit, so that Civil Service post should be filled by those best able to do them, rather than those with the best connections. This was the founding basis of the modern Civil Service. We believe it continues to be relevant today: the scope of Government activity and the skills required to deliver them may have changed enormously, but the principle of selecting the best person for the job on merit is a principle for all time. It is why we continue to argue that merit is best assessed by an independent panel looking at all the evidence, rather than by one individual, whether politician or civil servant.

25. The 2010 Constitutional Reform and Governance Act was of great importance in putting the Civil Service on a statutory footing and codifying the long-standing principles that underpin it. In doing this it gave effect to the last recommendation in the Northcote-Trevelyan Report.

26. In our experience that legislation is working well and there is no evidence of the need for early revision or change. It does not prevent innovative and creative ways of selection, and the Commission has long pressed

departments to challenge their thinking and apply the best selection practices from other sectors to Civil Service recruitment. There is nothing about selection on merit that is backward looking or an inhibitor of change or reform. It is essentially about getting the best person for the job to be done.

27. In passing the 2010 Act Parliament was consciously seeking to strengthen the then current arrangements for Civil Service appointments. These are reflected in the Commission's Recruitment Principles, which interpret the requirement that selection for appointment to the Civil Service must be on merit after fair and open competition, and which were published and adopted before the Act was debated and passed. Several speakers in the debate made this point. It is worth quoting Mr Andrew Tyrie at some length as he perhaps put it most emphatically (our emphasis):

Mr. Andrew Tyrie (Chichester) (Con)

The clause entrenches the principle of an independent, impartial and permanent civil service recruited on merit. In doing that, we need to recognise that, by comparison with the civil services of many other major democracies, we are at one extreme in our levels of impartiality and impermanence. It is on such issues that I am at my most conservative, and I welcome this triumph of the status quo.

We have had-and to a large degree we still have-a civil service that works. The history books suggest that since Northcote-Trevelyan dealt a blow to patronage, we have been well served by the people who have come into the civil service, and we are still well served. Anybody who has worked there will know the sense of duty, commitment and loyalty that the civil service can show to the Government of the day. There is still such a thing in this country as a public service ethos, and the best of them in Whitehall have it in bucketfuls. If clause 1 makes a contribution to reaffirming that ethos, the Bill will have been worth while. The civil service is an important pillar of our constitution. This legislation will strengthen that pillar, if only a little.

In this triumph of what I have described as the status quo, we need to realise that we are setting aside many other approaches to the relationship between elected Ministers and, on the one hand, Parliament and, on the other, the appointed civil service. One of those approaches, which has often been discussed, would be to make the civil service more directly accountable to Parliament, as the Institute for Public Policy Research has suggested. Another approach, favoured by the think-tank Reform, would be to give Ministers more say over the direction of the permanent civil service establishment. That would take us in the direction of the United States. A third approach would be to keep most of the civil service as it is, but to superimpose at the top a cabinet system in each Department.

Hansard, 3 November 2009 Column 783–784

Question 5: *if policy making is to be opened up to external organisations, what is the distinctive role of the Civil Service in the modern world?*

28. The Committee asks what are the advantages of a permanent Civil Service compared to a cabinet or spoils system with more political appointees. The Constitutional Reform and Governance Act 2010 made important distinctions between civil servants and special advisers. It established in statute two distinct classes of people who would be appointed to support the Government:

- (i) civil servants, selected on merit on the basis of fair and open competition under rules laid down by the Civil Service Commission and bound by the principles in the Civil Service Code; and
- (ii) special advisers, selected by Ministers personally, appointed for the period of the Minister's term of office, subject to their own Code as well as the Civil Service Code but specifically exempted from the Civil Service Code requirements of objectivity and impartiality.

29. In the Commission's view this clear legal distinction in role and function is important and reflects the nearest we get in the UK to a constitutional settlement on the role of the Civil Service. It protects the long held principle of an impartial Civil Service, while recognising that Governments also need support from personal appointees who share their political objectives and philosophy.

30. There are of course other ways of arranging these matters and the UK and New Zealand are probably the democratic systems which do most to safeguard a non-political Civil Service. At the other end of the spectrum is of course the USA where the most senior positions in the administration are all filled by political appointees.

31. It is clear, both from the way the 2010 Act is constructed and also the debates in Parliament during the passage of the Act, that Parliament intended to uphold the principle of an impartial Civil Service appointed on merit; and established the Commission on a statutory footing to uphold that principle and to act as an explicit check on the power of the Executive to make Civil Service appointments. We do not believe, therefore, that it is in our gift to sign that principle away even if we wanted to do so. The right place to do that, if it is to be done, is in Parliament and through legislation.

32. It seems clear that some work that is now done by the Civil Service will in future be done by other organisations. The boundaries of what is done by the state and what is done by others have always been fluid to some degree; with activities moving in and out of the public, or certainly central government, sphere. In the Commission's view the question of who should carry out any particular function is of less importance than

that those who do it adhere to the public service values of integrity, honesty, objectivity, impartiality. They should apply as much to the service that the citizen expects, as they do to the individual delivering that service. A challenge for the Government is how to ensure that the values stay the same even when the provider changes.

Question 6: Can, or should, employment terms and conditions in the Civil Service ever be comparable with those for posts of similar seniority and responsibility in the private sector?

33. The Civil Service Reform Plan identifies commercial and financial skills as an area that the Civil Service needs to strengthen. In our evidence to the Senior Salaries Review Body in November 2012 we stated that our experience of senior recruitment indicated that while there was no general problem in appointing suitable candidates for senior roles, there were certain job families where current remuneration did appear to be a barrier to attracting strong fields. One of the areas that we identified was for roles that required commercial and financial skills. There is strong anecdotal evidence from search consultants and others that private sector candidates with the required skills were reluctant to move to the Civil Service mid career as the combination of lower pay and the possibility of intense media and public scrutiny was not an attractive one. While the Government may find it difficult to match private sector salaries, we believe that recruitment of significant numbers of candidates with these skills will be increasingly difficult without some greater flexibility in the salaries that can be offered.

Question 7: How effective is the senior leadership of the Civil Service and how does it compare to previous periods?

34. We would only like to comment by reiterating the point that before jobs are advertised there should be a thorough consideration of what is required of the role at this point in time, and therefore what skills and experiences should the successful candidate have. When looking for senior leaders there will also need to be a consideration of what the individual department requires, and what are the corporate needs of the overall Civil Service senior leadership team. If these are pulling in slightly different directions then that has to be faced. The Commission is clear that the best selection decisions are made on the basis of competition with the selection made by an independent panel fit for the task. But whether an individual job is advertised externally, or only within the Civil Service, is a matter that should be decided according to the particular nature of the role. Good external recruitment demands time and sustained involvement by senior leaders. We sometimes see jobs advertised externally where the job description would seem to suggest an internal candidate is more likely to be successful. We also sometimes see the selection process being rushed with inadequate involvement from senior leaders.

Question 9: Does the long-term future of the Civil Service require more comprehensive and deeper consideration and, if so, how should this be done?

35. We are largely agnostic, but perhaps a little sceptical, about the need for a more fundamental look at the future of the Civil Service. The Constitutional Reform and Governance Act, passed with cross-party support in 2010, represented, we believe, a settlement on the position of an impartial Civil Service recruited on merit and able to serve succeeding administrations, single party or coalitions, of whatever political complexion; with alongside that, a number of political advisers, who are appointed directly by Ministers. We have no evidence that this settlement is broken and in our view the task is to make it work better by focussing on the skills and capabilities of the current and future Civil Service. If, however, the political consensus on the current model of the Civil Service has broken down, then there is a case for a comprehensive and deeper consideration, and that would be preferable to piecemeal changes that may undermine the current model. What form this should take is not for the Commission to suggest. We are clear however that any change to the current arrangements for Civil Service selection should only take place if that is the considered will of Parliament.

Civil Service Commission

January 2013

Annex A

CIVIL SERVICE COMMISSION

WRITTEN EVIDENCE TO THE PUBLIC ADMINISTRATION SELECT COMMITTEE INQUIRY ON CIVIL SERVICE REFORM

RECRUITING PERMANENT SECRETARIES:

MINISTERIAL INVOLVEMENT

AN EXPLANATORY NOTE

This note explains the Commission's approach to involving Ministers in the appointment of Permanent Secretaries. It does not apply to other appointments to the Civil Service.

General Approach

Everyone involved in Civil Service recruitment is bound by the legal requirement that selection for appointment to a politically impartial Civil Service must be “on merit on the basis of fair and open competition”. The Civil Service Commission must publish “Recruitment Principles”, which define what this requirement means. These may be found at <http://civilservicecommission.independent.gov.uk/civil-service-recruitment/>.

The Principles enable Ministers to have substantial involvement throughout the selection process for senior appointments in which they have particular interest. This helps to ensure that the successful candidate has the confidence of the Minister. Ministers can decide not to appoint the selected candidate, but may not select another candidate in their place; in which case the selection process starts again. Ultimately, the power to make appointments to the Civil Service rests with the Prime Minister.

Appointment of Permanent Secretaries

The Recruitment Principles govern all the most senior appointments, including Permanent Secretaries. In the case of Permanent Secretaries, who are Heads of Department, the Commission has developed these more detailed practices for involving Secretaries of State:

1. Competitions at this level will be chaired by the First Civil Service Commissioner or his nominee. The First Commissioner will ensure the Secretary of State can be fully involved. He will meet the Secretary of State at each key stage, and will be available at any point if the Secretary of State has concerns about the selection process or candidates.
2. The Secretary of State should:
 - be consulted at the outset by the Head of the Civil Service on the nature of the job, the skills required, and the best way of attracting a strong field;
 - agree the final job description and person specification, and the terms of the advertisement;
 - agree with the First Commissioner the composition of the panel, in particular to ensure that there is sufficient external challenge from outside the Civil Service;
 - meet each of the short listed candidates, to discuss his or her priorities and the candidate’s approach to the role; and feedback to the panel any strengths and weaknesses to probe at final interview.
3. Since the Prime Minister must approve the appointment of Permanent Secretaries, he should be kept informed of the progress of the selection process.
4. It is the responsibility of the panel to assess the merits of the candidates using the best possible evidence, including testing any issues raised by the Secretary of State. It must then recommend the best candidate for appointment to the Secretary of State, who may meet the candidate for a further discussion.
5. Where the panel is genuinely uncertain about the merit order of the leading candidates, it may, before making its recommendation, seek further evidence about which of the candidates’ skill sets most closely matches the needs of the department and the Civil Service. With the agreement of the First Civil Service Commissioner, this will include further consultation with the Secretary of State and the Head of the Civil Service and, exceptionally, a meeting between them and the leading candidates.
6. The panel must then make its recommendation, taking account of all the available evidence, in a report from the First Commissioner to the Secretary of State. That report should record how the Secretary of State’s views have been taken into account.
7. If the Secretary of State is not satisfied that the panel has recommended the best candidate, he/she may ask the panel to reconsider, setting out the reasons. The panel may revise its merit order; the reasons for this must be recorded, and the panel must obtain the approval of the Board of the Civil Service Commission for the revision.
8. Under the terms of the Constitutional Reform and Governance Act 2010 the final decision whether or not to appoint the recommended candidate rests with the Prime Minister. If he decides not to do so, there will be a discussion with the Head of the Civil Service about how an alternative candidate can be found. This may involve a managed move within the Civil Service, an internal competition, or a new external competition.

December 2012

APPOINTMENT TO SENIOR ROLES IN THE CIVIL SERVICE BY THE USE OF EXCEPTIONS

AN EXPLANATORY NOTE

This note explains the Commission’s approach to the use of exceptions to the legal requirement for recruitment on merit on the basis of fair and open competition for senior roles in the Civil Service.

General Approach

Everyone involved in Civil Service recruitment is bound by the legal requirement that selection for appointment to a politically impartial Civil Service must be “on merit on the basis of fair and open competition”. The Civil Service Commission must publish “Recruitment Principles”, which define what this requirement means. These may be found at <http://civilservicecommission.independent.gov.uk/civil-service-recruitment/>.

The law gives the Commission the power to except certain appointments from the requirement of appointment on merit on the basis of fair and open competition, where the Commission believes this is justified by the needs of the Civil Service, or for Government employment programmes. These exceptions are described in Annex C of the Commission’s Recruitment Principles. Exception One allows short term appointments up to a maximum of two years to provide the flexibility to meet short term needs.

Departments may apply these exceptions for appointments below Senior Civil Pay Band 2 (Director-level) without obtaining the specific approval of the Commission. All use of exceptions at Senior Civil Service Pay Band 2 and above is subject to the Commission’s specific approval.

The Commission’s Approach to the use of Exceptions for Senior Roles in the Civil Service

The Commission would always prefer recruitment to be through open competition, because this is likely to lead to a better outcome in the long term.

Where this is not possible because of an urgent need, the recruiting department can request that the Commission agrees to a short term appointment using exception one in the Recruitment Principles.

The Commission will consider each request on a case by case basis. There are a number of factors that would make it more likely that the Commission would agree to an exception:

1. There is a clear Civil Service business need.
2. The need is immediate and urgent and it would be detrimental to delay to appoint on merit on the basis of open and fair competition.
3. The skills required are not available from within the Civil Service in the required timeframe.
4. The need is temporary (usually less than a year).
5. There is a good reason why a fair and open competition would not be viable at this point.
6. There is a clear end date; and there are clear succession plans to move to a full fair and open competition quickly, or to transfer appropriate skills to an existing civil servant during the proposed exception period.
7. There will be an attempt at the beginning of the process to establish a field of candidates.
8. Any proposed candidate has the necessary skills and experience for the post.
9. Any proposed candidates will be able to carry out their role in line with the values and behaviours expected of civil servants outlined in the Civil Service Code, including political impartiality.

The Commission may make its agreement to the exception request subject to an interview with the candidate chaired by a Civil Service Commissioner. The interview may be to determine that the candidate has the necessary skills and experience for the role; or to seek assurance that they can carry out their role in line with the values and behaviours expected of civil servants outlined in the Civil Service Code.

December 2012

PRESS NOTICE

CIVIL SERVICE COMMISSION RESPONDS TO GOVERNMENT’S REFORM PLAN PROPOSALS ON PERMANENT SECRETARY APPOINTMENTS

The Civil Service Commission—the independent statutory body charged with ensuring that appointments to the Civil Service are made on merit after fair and open competition—has today responded to the Government’s proposal in the Civil Service Reform Plan that Ministers should have a greater role in Permanent Secretary appointments.

The Commission explains its approach to Ministerial involvement in Permanent Secretary appointments in a new explanatory note, published today. That makes clear that the relevant Secretary of State should be consulted at each stage of the appointment process. This includes:

- consultation at the outset about the outcome of the job, the skills required and the selection process;
- meeting each of the short-listed candidates and giving feedback to the selection panel on any strengths and weaknesses to be probed at final interview; and
- possible further involvement after the final interviews, where the panel is uncertain about the relative merits of the leading candidates.

The Commission, however, stops short of allowing the Secretary of State to choose from a list of appointable candidates. The final decision on who to recommend remains with the independent selection panel chaired by

the First Civil Service Commissioner. The Prime Minister may decide not to appoint the recommended candidate, but in that case the selection process starts again.

Sir David Normington, First Civil Service Commissioner, said:

“We welcome the Government’s determination to raise Civil Service performance and share its ambition to get the best people into the top jobs. That, after all, is what the legal requirement for selection on merit to a non-political Civil Service is all about.

“We believe this is best achieved, not by the decision of any one person, but by competitions overseen by independent panels, drawing on a wide range of evidence. We agree that Ministers should have significant influence on the appointment of senior civil servants with whom they work closely; and, as more senior jobs are opened up to competition, we have developed a more active role for Ministers in top appointments than is generally understood. This is reflected in the detailed note we have published today.

“We have looked hard at how we might strengthen Ministerial involvement. However, our practice stops short of allowing Ministers to choose from a list of recommended candidates, requiring, as now, that the final recommendation of the best candidate should be made by the selection panel, drawing on all the evidence. In our view this maintains the essential balance between involving Ministers fully in the process, while safeguarding a non political Civil Service, selected on merit.”

The Commission is also publishing today a short explanatory note on the flexibility which exists within the current legal framework to make short term, time-limited appointments without full open competitions. This responds to a proposal in the Civil Service Reform Plan to allow Departments to make short-term appointments to meet urgent business needs. Such appointments are possible with the Commission’s approval under the existing framework and the Commission does not believe any change is needed as a result of the Government’s proposal.

Written evidence submitted by Professor Matthew Flinders (University of Sheffield), Professor Chris Skelcher (University of Birmingham), Dr. Katharine Dommett (University of Sheffield) & Dr Katherine Tonkiss (University of Birmingham)³⁷ (CSR 25)

1. The “Shrinking the State” Research Project submitted a first Memorandum of evidence to the Public Administration Select Committee in October 2012 as part of the initial inquiry into “Civil Service Reform”. This second submission should be read in conjunction with that initial submission as it seeks to develop and take forward several of the themes and issues that were raised in that document.

2. The future of the civil service is inevitably inter-twined with the future of other elements of the bureaucratic landscape. In considering the future of the civil service it is therefore vital to reflect upon the structure and role of the public sector more generally. It is possible to suggest that at the moment this broader strategic thinking is not taking place. More specifically, the *civil service reform agenda* and the *public bodies reform agenda* appear to be taking place along parallel reform pathways with little obvious consideration of the relationship between these paths.

3. The fragmentation of the reform agenda—within which civil service reform is just one element—is demonstrated in the odd constitutional position of non-ministerial departments, in the procedure for triennial reviews (applied to non-departmental public bodies but not to executive agencies or independent health bodies), and in the lack of any document that provides a comprehensive and accurate account of exactly how the state is structured, who does what and why.

4. A valuable contribution to the current reform agenda—for the internal reform architects and the external scrutineers—would be a simple “Diagram of Governance” that set out the various organisations that exist. Added to this could be organisational charts that display the structural relationship between departments and the diversity of sponsor bodies they oversee.

5. These charts would reveal the “hidden wiring” of the British bureaucracy and would go some way to increasing levels of public understanding and transparency. Given the large number of official inquiries and parliamentary reports that have attempted to “map the quango state” there is also reason to believe that the publication of “landscape reviews” or “end-to-end” reviews would also be of great value to civil servants and ministers. They would also add value in allowing the government to work strategically across government.

6. The interface between public bodies and the civil service generally takes place through the work of “sponsor teams” or “Fraser figures”. Previous research—within and beyond the civil service—have identified problem with the training and support given to members of departmental sponsorship teams. The creation of a cross-Whitehall Sponsorship Network in 2010 was therefore widely welcomed as a positive step towards providing greater professional peer support and training. As of February 2013 the current role and future of the Sponsorship Network appears unclear.

7. One of the central dilemmas for the future of the civil service relates to staff turnover. The current “Methodist minister” model of three-year postings creates serious challenges in terms of clear accountability,

³⁷ We would like to acknowledge the financial support of the ESRC research award ES/J010553/1.

institutional memory, talent management and commitment to change. Officials very rarely see one project from initiation to completion and this creates problems for those seeking to support the project from beyond the civil service. A focus on project-completion, alongside very clear personal accountability, would be a very welcome addition to personnel management plans. The departure of permanent secretaries from the civil service is therefore an issue for those concerned with the levels of staff turnover and churn but the more fundamental issue concerns intra-civil service churn and turnover.

8. The role of ministers in the appointment of permanent secretaries is not a new issue but does relate to current concerns about strategic capacity and the future of the civil service. Ministers already play a role in the selection and appointment of permanent secretaries but this is generally undertaken through informal procedures. If this is currently the case we see no reason why ministers should not be given a limited but transparent role in selecting from a short-list of candidates that had been drawn-up by the Civil Service Commission. This would not amount to the politicisation of the civil service as candidates would have been selected through an independent and merit-based appointments procedure.

January 2013

**Written evidence submitted by Professor the Lord Norton of Louth, Professor of Government,
University of Hull (CSR 26)**

I offer a general observation in relation to evaluating the proposed reforms. I would test them against three criteria:

1. Do they identify clearly where the civil service will be in five–10 years?
2. Do they identify clearly how they to get from here to there?
3. Do they delineate the criteria by which to judge whether the changes have been successful?

The *Civil Service Reform Plan* identifies important changes but is not as clear as it could be in identifying the ultimate goal—where the civil service will be in five or 10 years—and the criteria by which we will be able to judge whether it has been successful. Question 3 may be seen as similar to the first, but is distinguishable: the goal may be achieved but not necessarily by the most efficient means.

The Civil Service in Context

My principal concern is with putting reform of the civil service in the context of the political system. The civil service does not exist as a discrete entity. It is part of a network of bodies that form the process by which measures of public policy are generated, approved and implemented. The civil service is a body of Crown servants that serve to facilitate the generation of tested, evidence-based policy of Her Majesty's Government and to deliver the public services that fall within the responsibility of Government. Most civil servants are employed in the delivery of services rather than policy formation. My principal focus is those within the Senior Civil Service responsible for facilitating the generation of public policy.

The formal situation in relation to ministers and Parliament is that civil servants are responsible to the senior minister heading the Department, that responsibility channelled formally through the Permanent Secretary, and the minister is answerable to Parliament for the Department. The constitutional convention of individual ministerial responsibility is important for ensuring line control by the minister. It tends, though, to be seen in terms of culpability rather than answerability.

The Government's plans are designed to reform the civil service so that it is more effective both in service delivery and in offering policy advice. The justification for change is advanced by Government. My concern is to identify what, if anything, is missing.

The principal concern is that the proposals see the civil service largely in isolation of ministers and Parliament. The *Reform Plan* includes the relationship between civil servants and ministers, but the proposals are confined to one side of the relationship. There is an intention that civil servants will be more efficient and effective in generating policy advice and some proposals are offered to enhance delivery, but the plan is silent on the effectiveness of ministers. Government comprises ministers and civil servants and for public policy to be effective (necessary, tested, evidence-based and justified) one needs ministers who know how to lead and to manage effectively their Departments and make use of the resources at their disposal.

Civil servants speak for their ministers, but increasingly have to appear before select committees to explain policy. They have a significant role in advising ministers, who then have to account to Parliament for their policy and their actions, and communicate with parliamentarians on behalf of ministers or accompany ministers in meetings with parliamentarians. Parliament is the body that has to approve measures of public policy and has the responsibility of calling Government to account for its actions. Even though civil servants are not answerable for their actions directly to Parliament, Parliament has a right to question and challenge ministers as to what Departments do, what they propose, and to ensure that the Government is operating efficiently and effectively. Government works within boundaries set by Parliament.

Given this, there are to my mind two lacunae in the Government's proposals.

Ministers and Civil Servants

The civil service since the days of Northcote-Trevelyan has been characterised by the generalist civil servant. That point has been made frequently and the Government's plan is to move away from the generalist to a more specialist civil service. There is nothing novel in this. It has been an up-hill struggle. "The post-Fulton changes", as Kevin Theakston observed, "failed to dislodge the generalist."³⁸ However, the emphasis on the generalist civil servant has masked a key feature of Government in the UK: that is, the generalist minister. Historically, it has been a case of generalist civil servants serving under generalist ministers. There was no expertise on the part of either. Civil servants (and some ministers) may specialise, but there is a difference between specialisation and expertise. The culture of the civil service has even been one that has been wary of the specialist.³⁹

The generalist civil servant could look at issues from different perspectives. Stability in post contributed to a corporate memory. The Government's reform plans recognise the need to move away from the generalist, but the emphasis is on managerial efficiency rather than subject-specific knowledge. One needs to distinguish managerial skills from specialisation and expertise. One also needs to be clear on the point that specialisation and expertise are distinguishable. The move towards delivery skills on the part of civil servants may be deemed necessary, but I am not sure it is sufficient.

The intention is to make greater use of external expertise, drawing it in for particular projects, but one needs a basic level of knowledge in a subject to know who to use and how to engage with them. There is a case for addressing how you to draw in more expertise to the civil service. The proposal under Action 5 for "contestable policy making" is a step in the right direction, but the resources proposed appear inadequate to the scale of the task. It also flows from what I have said that there is a need to have some in-house expertise. This is not a radical, certainly not a new, proposal. As the Fulton Report argued, civil servants "must also have a thorough knowledge of the subject-matter of their field of administration and keep up to date in it."⁴⁰

Equally important is the question of how to strengthen ministers in dealing with civil servants. Effective Government requires a competent minister working with an effective body of civil servants. Ministers are selected by the Prime Minister for a variety of reasons: skills in managing a Department are not necessarily the sole consideration, or even a consideration. Ministerial appointments are important components of Prime Ministerial patronage and recent decades, as the Committee has reported, have seen an increase in the number of ministers, not necessarily related to departmental needs.⁴¹ Senior ministers take office, historically have been given little guidance by the Prime Minister as to what is expected of them, and in the running of Departments have been left to re-invent the wheel.⁴² There has not been a dissemination of best practice and ministers have adopted a variety of styles in running their Departments.⁴³ Essentially, as with civil servants, it has been a case of on-the-job training.

A greater emphasis on ensuring civil servants have the requisite skills for fulfilling the tasks expected of them needs to be matched by a greater emphasis on ensuring that ministers are able to make the most of the resource at their disposal. There has been much comment on the proposal for ministers to have some involvement in the appointment of Permanent Secretaries. Historically, ministers have had some say in who goes—if there is a clash between minister and Permanent Secretary, the latter has been expected to fall on his or her sword—but not in who succeeds them. The concern with involvement in appointment (Action 11) is a fear of political bias. This rather misses the wider point, namely that ministers usually have no training or qualifications in making managerial appointments. There is, in essence, what may be termed an HR issue as much as a political issue. Ministers are not only not trained in making appointments, they usually have no training in how to run Departments.

If one is to get the best out of the civil service in terms of public policy and the operation of government, then one has not only to reform the civil service but also to make changes to how ministers going about running their Departments. This means introducing some element of training for ministers. I have previously drawn attention to the need to ensure that ministers are better informed as to best practice in terms of managing Departments. Former Cabinet Secretary Lord O'Donnell, in evidence to the Political and Constitutional Reform Committee, has now made the case for the training of ministers.⁴⁴ There have been sporadic attempts to provide some element of training in the past, but they have not been sustained or rigorous. Ministers have been eligible to have some training through the National School of Government and, now, Civil Service Learning, but there appears to have been little take-up and, it appears, little initiative on the part of ministers to make use of what is available.

³⁸ Kevin Theakston, *The Civil Service Since 1945* (Oxford: Blackwell, 1995), p. 99.

³⁹ See, for example, Peter Hennessy, *Whitehall* (London: Secker & Warburg, 1989), p. 159.

⁴⁰ *The Civil Service, Vol. 1: Report of the Committee 1966–68* (Chairman: The Lord Fulton), Cmnd. 3638, London: HMSO, 1968, para. 98, p. 35.

⁴¹ Public Administration Select Committee, *Smaller Government: What do Ministers do?* Seventh Report, Session 2010–11, HC 530.

⁴² See Philip Norton, "Barons in a Shrinking Kingdom: Senior Ministers in British Government", in R. A. W. Rhodes (ed), *Transforming British Government, Vol. 2: Changing Roles and Relationships* (London: Macmillan, 2000), pp. 101–24.

⁴³ See Philip Norton, "How to be a minister—get some training", *The Edge*, Issue 1, May 1999, p. 4.

⁴⁴ Evidence before the Political and Constitutional Reform Committee, 28 February 2013.

I have pursued various parliamentary questions relating to training, both in respect of civil servants and ministers. In relation to the absence of ministers being trained, not least in matter covered by their Departments, I record that answered on 9 November 2012:

Asked by Lord Norton of Louth

To ask Her Majesty's Government how many Ministers presently in the Cabinet Office and the office of the Lord President of the Council have received training from the National School of Government or Civil Service Learning in constitutional principles and practice. [HL2847]

Baroness Northover: None.

I think one needs to consider seriously the issue of training ministers, both in terms of management of Departments and in the subject matter covered by Departments. Relying on in-house briefing by officials is not sufficient, not only because of potential departmental-capture but also because it entails generalists being briefed by generalists.

Ensuring that ministers are trained, in order to maximise their effectiveness as heads of departments, is important for Government in terms of policy generation and implementation, but it is also important in terms of the relationship between Government and Parliament. Ministers answer to Parliament for their Departments. If the ministers are the weak link in the chain between Departments and Parliament, then that is an argument for enhancing the ability of ministers, rather than deciding that civil servants should be accountable directly to Parliament.

However, if ministers are to answer effectively to Parliament, they need to be supported by officials who understand the constitutional significance of Parliament and how it operates. This brings me to the second lacuna.

The Civil Service And Parliament

Civil servants who advise ministers, or who service ministers in their dealings with Parliament, often appear to have little appreciation of the institution and how it works.

In 2010, I moved an amendment to the Constitutional Reform and Governance Bill which was accepted by Government. This now constitutes section 3(6) of the Act:

In exercising his power to manage the civil service, the Minister for the Civil Service shall have regard to the need to ensure that civil servants who advise Ministers are aware of the constitutional significance of Parliament and of the conventions governing the relationship between Parliament and Her Majesty's Government.

I have since pursued the extent to which this provision has been complied with by Departments. There remains a problem in that civil servants receive no training in respect of Parliament. Some appreciate its role and significance. Others do not. If anything, the problem is exacerbated by the demise of the National School of Government and its replacement Civil Service Learning (CSL), offering primarily modules online, with officials left to decide their own training needs. As the Reform Plan basically acknowledges (p. 23), the change from the National School to CSL is to save money.

Answers to parliamentary questions on the subject have been either uninformative or revealed the permissive nature of what is available. Thus, for example, the answer to one question on 28 June 2012:

Asked by Lord Norton of Louth

To ask Her Majesty's Government how many civil servants of permanent secretary or equivalent presently in post have received dedicated training on the constitutional significance of Parliament and the conventions governing the relationship between Parliament and Government; and whether it is a requirement that those appointed as Permanent Secretaries have received such training. [HL523]

Baroness Verma: Information on the training which civil servants currently at Permanent Secretary or equivalent level have received in the past is not held centrally.

All civil servants can attend training provided by Civil Service Learning covering the role of Parliament, understanding the parliamentary process, and the relationship between Parliament and Government.

The Civil Service Reform plan published last week made clear that all civil servants will receive five days training in the future.

The key word in the answer, in relation to training on the role of Parliament, is "can" ("All civil servants *can* attend training...") rather than "must" or "are expected to". As to the five-days training embodied in the *Civil Service Reform Plan*, there is no indication of what the training will comprise. It is also notable that Action 12 of the *Plan* states: "A new Civil Service Learning (CSL) core curriculum and learning and development *offer* for all staff is currently being rolled out" (my emphasis).

A further question, answered on 9 January, elicited the fact that there is no clear leadership in Departments in determining the training needs of senior civil servants:

Asked by Lord Norton of Louth

To ask Her Majesty's Government who is responsible in each department for determining the training needs of civil servants pursuant to Section 3(6) of the Constitutional Reform and Governance Act 2010. [HL3653]

Lord Wallace of Saltaire: As part of the Civil Service Reform plan, the Government committed to addressing skill gaps across the Civil Service. A capabilities plan will be published in due course with further information, as well as how commercial, project management, management and leadership of change, and digital skills will be improved.

A further question revealed that responsibility for training is seen as an HR issue rather than something requiring direction from the top within a Department:

Asked by Lord Norton of Louth

To ask Her Majesty's Government, further to the Written Answer by Lord Wallace of Saltaire on 9 January (WA 97), who will be responsible in each government department for determining the training needs of civil servants pursuant to Section 3(6) of the Constitutional Reform and Governance Act 2010 until such time as a capabilities plan is published. [HL4489]

Lord Wallace of Saltaire: Departments with dedicated HR staff will oversee the demands and requirements for training from Civil Service Learning. A capabilities plan will be published in due course containing further information on key priorities for building the capability of the civil service. Publication of the plan is unlikely to change these responsibilities.

The essential point is that ensuring that civil servants have an understanding of the role and constitutional significance of Parliament is acknowledged by Government, but there is little evidence of steps being taken to ensure that such knowledge is imparted.

Conclusion

My purpose has been to draw attention to gaps in the proposed reforms, rather than to offer a critique of the *Reform Plan* as a whole. They are, to my mind, significant gaps if the Government's plans to deliver an effective civil service are to be delivered. There is a need for training, both of ministers and of civil servants. The position appears not to have changed dramatically since William Plowden noted almost twenty years ago that "senior officials still receive too little formal training".⁴⁵ The ministerial side has to be an integral part of change. There has to be strong leadership if change is to be delivered, but intrinsic to that change is an enhancement of ministerial capacity to lead. It is also crucial that civil servants not only fully grasp their responsibilities to ministers, but also to Parliament. Government has to answer to Parliament. Parliament is therefore entitled to expect that both ministers and civil servants understand their responsibilities and are equipped effectively to fulfil those responsibilities. Reform has to be seen in the round; Parliament is not an optional extra.

January 2013

Written evidence submitted by the Rt Hon Jack Straw MP (CSR 27)

1. *There's a natural tension between transient politicians, and permanent officials, in any government system.*

Good governance requires a system which can accommodate a swift change of the party in power (sometimes accompanied by a 180 degree turn in the direction of policy), and that there should be certainty, stability, and consistency in the way in which, at any one time, the public administration serves its citizenry. There's a natural tension between these two objectives and between the elected politicians running the government, and the officials who provide the administration of government. This tension is both a functional one, and a cultural one. Democratic politics both attracts and needs individuals who are risk-takers, with strong, partisan views, and relatively short-term horizons. Public administration attracts and needs individuals who are instinctively more compliant, less partisan, with longer term horizons.

These tensions will be more acute when money is tight, and especially when one of the policies pursued by the governing politicians is to reduce the size and the rewards of the public administration itself.

2. *There's a natural tension between the centre of government, and departments.*

These tensions are inherent in any large organisation. At best, pressure from the centre on a Department and its Secretary of State can lead to better performance and outcomes all round; but such pressure can also lead to mutual frustration and recrimination, with the centre believing that Departments are complacent and wilful, and the Departments that they are the subject of hare-brained schemes which cannot work, and waste time and money. This is compounded by the fact that individual Departmental Ministers are required to act within the law attached to their Departmental responsibilities, and required by Parliament to stay within particular remits for spending money. These are constraints which in our system have no parallel at the centre of Government, leading to an inevitable degree of "separateness" for Departments. Almost all legal duties on central

⁴⁵ William Plowden, *Ministers and Mandarins* (London: IPPR, 1994), p. 146.

government are imposed on “the Secretary of State”. The office of Prime Minister is scarcely mentioned in any statutes. The fact that every Government department requires a team of lawyers, whilst there is not even a single Counsel to the Prime Minister reinforces this point.

3. There is no perfect formula for resolving these tensions.. All governmental systems wrestle with the question of where precisely to have the interface between the political, and the bureaucratic. An American-style system with hundreds of political appointees could well create many more problems than it would solve. There is however a strong case for strengthened policy and delivery units at the centre of each department, staffed by mixed teams of career officials, contracted appointees and special advisers. but great care would need to be taken as to how this central cabinet interacted with the permanent administration of the department.

Strong cabinets are, for example a key (and necessary) feature of the organisation of the EU Commission. But those with experience of the system tell me that a consequence is that the permanent officials (in the Directorates) may feel “disempowered”, may be less responsive in practice to change, or may seek to follow their own “departmental” policy separate from that of their political masters. Wherever the line is drawn between the “political” class and the permanent class, there will be tension. The boundaries between the two will always need careful management, which can only be effective with mutual understanding and respect.

3. It's weak Ministers who blame their officials.

The system is designed to deliver for a Secretary of State who knows his or her mind, how to run a big organisation, and who sets out clearly what is the policy, and ensures that progress is properly monitored.

4. More must be done to ensure that Ministers have the skill-sets to lead Large complex Government departments.

The skills needed to secure appointment as a Minister are political skills. It is accidental whether the individual then has the rather different skills needed in office, of both leadership and management. It is striking how in successive governments of any political party, there will be senior Ministers who have no idea how to build and sustain a team. The work of the Institute of Government for better induction of Ministers, and coaching whilst in post should be encouraged.

5. The civil Service in particular, public pministration more widely, should embrace and celebrate party politics, not treat its practice as something rather unseemly. This sows unnecessary distrust between Ministers and senior officials.

Our system has long required that the civil service should serve successive governments fairly and impartially—and I want that to continue. However over the past couple of decades I have detected the growth of a view that there’s something slightly unseemly, rather “below the salt” in the practice of party politics, and there is a class of decision on which the political input should be as neutered as possible. The political parties are themselves in part (but only in part) responsible for this. Faced by large government majorities, first the Labour opposition, and then the Conservative opposition, vocally complained about alleged political bias in public appointments—with one result that (under Labour) new and complex rules for public appointments were developed.

These developments have particularly affected Ministerial discretion in respect of appointments of Permanent Secretaries, and of the Boards of NDPBs. No self-respecting senior official would be willing to make an appointment where they were presented with a short-list of one on a “take it or leave it” basis. The claim that this is a necessary component of any appointment in which candidates from outside the civil service are sought is disingenuous. I dispute the argument that there should be different rules for such competitions.

In each of the three Secretary of State positions I held I made appointments of Permanent Secretaries from short-lists of at least three as I did of NDPB posts, and of key positions like the Commissioner of the Metropolitan Police (until 2000 the Home Secretary was Police Authority for London), and of Chief Inspectors of Prisons. As Foreign Secretary I was in addition responsible for recommending (to No 10 and the Palace) the appointments of a large number of senior Ambassadors. I can recall no criticism of the way I carried out these duties, nor has there been of any of my successors as Foreign Secretary. Yet I had difficulty as Justice Secretary in circumnavigating the restrictions on my choice of individuals to run key NDPBs, even though I was (rightly) being held accountable for the (patchy) performance of these bodies.

The straitjacket imposed on Ministerial discretion by these changes is misguided and self-defeating. If Ministers are responsible for appointments they must have a proper discretion over appointments, though I accept of course that this must include ensuring that the standards of candidates, and the filtering out of “cronies”, is secured, as now, by having the sifting and short-listing of candidates conducted by

officials against criteria (as to job description and personal qualities) agreed with Ministers; and not allowing Ministers to put pressure on the selection panel to include people who do not meet those criteria.. It is also important for Minsters to bear in mind that they will not be in post forever, and their appointments need to be able to survive beyond them.

6. The unnecessary “churn” of good officials is a great source of frustration by Ministers, undermines confidence, and leads to sub-optimal performance by Departments.

It is a timeless complaint of Ministers of all parties that, as one put it at a recent seminar, “career development appears to trump government priorities”. Especially given the relatively short time scales to which Ministers have to work, it can be very disruptive if a Minister has built up good relations with some key officials, only to find that they are being moved on to suit the convenience of the department. On the other side, there may be officials working in an area which has suddenly become high profile and for which their talents are unsuited. Permanent Secretaries should as a matter of routine discuss key moves of staff with the Secretary of State before, not after, decisions have been taken.

7. Ministerial responsibility is fundamental to our system of government. That sits alongside the parallel responsibilities of Permanent Secretaries for financial probity and management, as Department Accounting Officers. But responsibility for the management of large-scale projects (especially IT programmes) seems to fall between two stools; the churn of Ministers and of senior officials undermines effective delivery and accountability.

March 2013

Supplementary written evidence submitted by Sir David Normington, First Civil Service Commissioner (CSR 28)

1. At my appearance before the Public Administration Select Committee (PASC) on 13 February I was invited to submit an additional paper, expanding on how the Civil Service can tackle its skills deficits. In doing so I have also taken the opportunity to comment on the recent debate on the related issue of how “experts” can be recruited into Government.

2. The Civil Service Commission’s strong view is that the issues of leadership and skills are the keys to reforming the Civil Service, much more significant than the debate about who appoints Permanent Secretaries. In our view there is an urgent need:

- to continue to develop more high quality leaders, able to set clear direction and inject the pace into implementation, which Ministers and Departments want and need. This will require a mixture of internal development and external recruitment. The Commission’s experience of external recruitment over the last five years is that it has been much more successful at Director level (ie two levels down from the top), enabling external recruits to develop their leadership skills in a Government setting before competing for the most senior jobs;
- to conduct an audit of where the greatest skill needs (and gaps) are likely to arise over the next five years, so that this can inform both current development programmes and external recruitment. I recommended this in an internal report in 2008, when I was a Permanent Secretary. It is promised again in the Civil Service reform plan. It is important that it now happens; and
- to link any strategies for developments in leadership and skills to a pay and reward structure which incentivises people, whether from inside or outside the Civil Service, who have key skills and are successful in using them.

3. Many of these issues are touched on in the Civil Service reform plan. In the Commission’s view they need to be pursued with boldness and pace.

Tackling Immediate Skills Shortages

4. A lot of what goes wrong in Government is the result of failures of major programmes and projects to implement Government policy and/or weaknesses in managing effectively external contractors and agents to whom services and projects have been outsourced. There is an urgent need in Government for more project management capability and for more “commissioning” skills, ie in the awarding and managing of external contractors.

5. These are not new points, but past initiatives to remedy the deficits have not gone far enough. This is partly because they have been aimed at too low a level in the management structure and partly because they have focussed exclusively on training and development and not on the wider issues of pay, rewards and incentives described above. So, while the commitment in the Civil Service reform plan to a renewed effort on training in project skills is welcome, it needs to be linked to:

- career ladders for project managers: project managers should be a specialist group in the Civil Service, like lawyers and statisticians, with their own grading structure and professional leadership? And, if this is a step too far, then at the very least project management and commissioning skills need to be recognised as an essential stepping stone to promotion;
- pay structures which pay a “skills premium” to people with skills in shortage areas. At senior level for the most difficult projects, the premium will need to be substantial for it to make a difference;
- incentives (recognition in career progression or end loaded pay packages and bonuses) which encourage people to stay and see the project through.

External Recruitment

6. In the short term it will also be necessary to go into the market to recruit these skills from other sectors. Indeed, in areas of serious skill shortage, it is likely there will always be a need to recruit, to some degree, from outside. In the Commission's view this does require more flexibility than is possible under present pay constraints. This is not an argument for a general pay uplift, but a reinforcement of the case in the previous paragraph for:

- a substantial skills premium (on top of basic pay) for senior project managers and those with commissioning skills; and
- pay packages which provide rewards and bonuses for those who stay to complete projects successfully.

7. This can happen under existing pay arrangements. It was done very successfully for the Olympics, as the IFG noted in its recent report "Making the Games". Highly experienced specialists were brought in for fixed term contracts that reflected their market value and which were structured to deliver a significant proportion of the total remuneration at the successful completion of the project. But our experience is that every case has to be argued in detail with the Treasury, putting some Departments off making the case at all and delaying recruitment of essential skills. If Government wants to tackle these skills deficits urgently, it will need a willingness—on a selective basis—to go into the market and compete for the best people. That is no guarantee, of course, that a project will succeed but it narrows the risk.

Recruiting Experts

8. Since appearing before the Committee, there has been a related debate in the media (prompted by speculation about the IPPR Comparative study of Civil Services in other countries which is being prepared for the Cabinet Office) about the recruitment of experts to Ministerial offices and Departments, who have specialist skills and detailed subject knowledge.

9. It is perfectly possible now under the Commission's own Recruitment Principles to recruit experts to Departments quickly. If that is what Government wants to do, it can do that immediately through a variety of routes.

10. Where experts are clearly political appointees, recruited by the Minister, they should be brought in as special advisers. The only barrier to this is the Government's self-imposed limit on the number of special advisers.

11. If the experts are to be recruited as civil servants, then there are three routes:

- recruitment through fair and open competition, either to a permanent position or on a fixed term contract; this need not take more than six to 10 weeks and will normally be the best way of ensuring a proper search of the field of suitable candidates to secure the best possible candidate;
- a time limited appointment without competition for up to two years in cases where there is an urgent business need or where there is in practice only one credible candidate with that particular expertise. At senior level this needs the Commission's approval, but it can be given quickly (ie in a matter of days) where the business need is clear and urgent; and
- a secondment, again for up to two years (in the Commission's view interchange between civil Servants and business is a wholly positive thing).

12. Finally, it is also open to the Government to top up its skills on a temporary basis by using consultants. Again, the Government's self-imposed restrictions on the use of consultants limits the availability of this route. But, used sparingly, it remains a useful additional way of increasing expertise in big projects. As we discussed at the Committee, it is important in such cases to ensure that consultants have an obligation to transfer their expertise to the Civil Service as part of their contract.

13. The Commission is ready to encourage and facilitate all these routes, as appropriate. No changes are necessary to current rules and procedures to make that possible. It is important, of course, that the recruitment of "experts" is not used as a way of recruiting special advisers in the guise of civil servants. Everyone appointed as a civil servant, permanent, temporary or on secondment must observe the Civil Service Code requirements of impartiality and objectivity.

Additional written evidence submitted by Cabinet Office (CSR 29)

Q1. *Why does the Civil Service need reform?*

What evidence is there that the performance or morale of the Civil Service needs addressing?

How legitimate is ministers' public criticism of the Civil Service?

Economic and financial challenges, public service reform and rising consumer expectations mean that the Civil Service needs to operate very differently. The Civil Service needs to do things faster, be smaller, more open and less bureaucratic. Implementing the Civil Service Reform Plan will equip a much smaller Civil Service to meet current and future challenges. The plan sets out a series of practical actions to address long-standing weaknesses and build on existing strengths which, if effectively implemented, will together lead to real change.

We know civil servants want reform. The 2012 People Survey results confirm that there are long standing weaknesses where civil servants want to see improvement. These include better performance management, more active development of careers and, stronger leadership and management of change. The Civil Service Reform Plan was developed after a process of internal and external consultation, including with civil servants themselves.

There has been significant public attention on Civil Service Reform in recent weeks. Like any organisation, the Civil Service needs to continuously improve, and there are parts that do not operate as well as they should. The Reform Plan is about what needs to change for the whole Civil Service to raise its game to the level of the best, and it responds to concerns expressed by Parliament, by Ministers and former Ministers and, most importantly, by civil servants themselves.

Q2. *Does the Government's Civil Service Reform Plan reflect the right approach to the Civil Service?*

What other reforms are necessary to improve responsiveness and performance in the Civil Service?

(What) impact will the Government's reforms have on the ability of the Civil Service to serve the needs of future administrations, in different economic and political circumstances?

The Civil Service is already seeing considerable change in departments, but the scale of the challenges requires a Reform Plan that applies right across the Civil Service. The Plan sets out the priorities for action now focused on five key themes—clarifying the future size and shape of the Civil Service, improving policy making capability, implementing policy and sharpening accountability, building capability by strengthening skills, deploying talent and improving organisational performance across the Civil Service, and creating a modern employment offer for staff that encourages and rewards a productive, professional and engaged workforce.

The Plan is not the last word on reform and should be seen as the first stage of a continuing programme of reform and improvement. Through this programme the Civil Service will become better equipped to deliver the priorities of the Government of the day, and respond to future economic and financial challenges. The focus needs to be on delivering this Reform Plan, and we will publish a “one year on” report to evaluate progress and assess whether the actions remain relevant to the challenges.

Q3. *How can corporate governance in the Civil Service be improved?*

Can models of governance from the private sector be directly transferable to the public sector?

How can Government ensure that management information is collated usefully and effectively?

Are Non-Executive Directors on departmental boards being used effectively?

Effective corporate governance is essential to implementing the actions in the Civil Service Reform plan, and the establishment of the Enhanced Departmental Boards has demonstrated that there is much we can learn from private sector models of governance. The reshaping of the departmental boards has improved governance across Whitehall and brought a more business-like approach to government. Appointing world-class leaders from the public, private and voluntary sectors as Non-Executive Directors, and having Secretaries of State chair the boards, have been important steps in helping to embed effective change across departments.

Timely collection of relevant, comparable, accurate and reliable Management Information (MI) is vital to ensure that departments are obtaining the best possible value for taxpayers' money. This will help hold Ministers and permanent secretaries to account. The refreshed Quarterly Data Summary, launched in October 2012, will improve the quality of MI across Government. The Red Tape Challenge for MI was created to reduce the burden for data requests on departments, and has led to a 61% reduction in such requests but there is still more that needs to be done.

The Non-Executive Director community should play a vital part in driving reform. Non-Executives should provide advice and bring an external perspective to the business of government departments. They have made a core impact in departments, bringing with them experience of leading large organisations through change, and delivering major projects.

Non- Executives have made significant contributions to their individual departments, including:

- in DfE, Non-Executives advised on—and helped develop—the recent zero-based budget review of the department, as well as supporting the transition of eleven arm’s length bodies into four Executive Agencies;
- in DfT, the Lead Non-Executive, Sam Laidlaw, led the review into the West Coast Mainline procurement;
- in DECC, the Lead Non-Executive has helped to clarify financial reporting processes so that the Board receives more helpful information; and
- in Defra, the Non-Executives participated in Triennial Review planning and a challenge group to bring independent and commercial views to the process.

Non-Executives have been involved in a number of cross-cutting initiatives across government, including:

- Civil Service Reform—three Non-Executives are on the Minister for the Cabinet Office’s (MCO) Civil Service Reform Board (CSRB).
- Establishing the Major Projects Leadership Academy (MPLA).
- Improving departmental business planning and performance indicators—two Non-Executives advise the cross-Whitehall Policy Performing Steering Group.

Q4. To what extent does the Civil Service Reform Plan affect the fundamental principles upon which the Civil Service has operated since the Northcote-Trevelyan report?

Are the Northcote-Trevelyan and Haldane principles for the Civil Service sustainable in the modern world, or should a different model be considered?

The Reform Plan will not alter the Civil Service’s core values—impartiality, objectivity, integrity and honesty—and they will remain central to the ways civil servants do their jobs. What the Plan does recognise is the need to address a culture which is often seen as cautious and slow-moving, focused on process not outcomes, bureaucratic and hierarchical. Every organisation has to re-evaluate what it does well and what it could do better—change is essential if the Civil Service is to meet the challenges of a fast-changing world.

Q5. If policy-making is to be opened up to external organisations, what is the distinctive role of the Civil Service in the modern world?

What are the advantages and disadvantages of a permanent and impartial Civil Service compared to a cabinet or spoils system with more political appointees?

Do the Government’s proposed arrangements for “contestable” policy making exercises do enough to prevent bias and conflicts of interest as well as encouraging experts to take part?

Although many continue to see the policy role as what the Civil Service is about, in fact seven out of ten civil servants work in operational delivery and only a small fraction work in policy.

We will however continue to need excellent policymakers within the Civil Service. 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. We must draw on the broadest relevant range of inputs, and make the best use of innovative approaches.

We are working to embed open policy making across Whitehall. The Contestable Policy Fund is one part of this wider open policy making agenda. As we set out in the Reform Plan, the Fund enables Ministers to commission policy advice from outside the Civil Service. It opens up policy making to potential suppliers from a range of fields—including think tanks and academia—bringing in expertise on specific subject matters when it does not already exist in-house. This is one way of incentivising the development of high-quality, creative policy. Successful bidders are subject to contracts to maintain accountability and avoid conflicts of interest.

The permanent and politically impartial Civil Service exists to serve the Government of the day, while retaining the flexibility to serve future Governments. While we are rightly proud of what our Civil Service does it would be arrogant to assume there is nothing we can learn from abroad. The MCO has commissioned a report from IPPR under the Contestable Policy Fund to examine how the Civil Service operates in other countries, and whether there are lessons that can be learned.

Q6. Can, or should, employment terms and conditions in the Civil Service ever be comparable with those for posts of similar seniority and responsibility in the private sector?

The Reform Plan set out the commitment to Civil Service employment terms and conditions of service remaining among the best available. The review of terms and conditions has presented an opportunity to adopt best practices from private and public sectors, creating an employment package that a good, modern employer would offer and tackling those terms that could leave the Civil Service open to criticism.

Pay and other terms in the Senior Civil Service are set at levels that enable us to recruit, retain and motivate our staff. Around 22% of SCS were external to the Civil Service on their entry to the SCS. This illustrates that

senior roles in the Civil Service remain attractive in a competitive marketplace. Overall Civil Service turnover rate is lower than that seen in the private and public sectors.

Q7. How effective is the senior leadership of the Civil Service, and how does it compare to previous periods?

Do departmental permanent secretaries embody the correct balance of generalist skills and specialist knowledge and expertise?

What effect has the division of responsibilities between the Cabinet Secretary and Head of the Civil Service had on the Civil Service and its effectiveness?

The Reform Plan set out the aspiration that Permanent Secretaries appointed to the main delivery departments will have had at least two years' experience in a commercial or operational role. The Cabinet Office published aggregated details of Permanent Secretary experience in December 2012. Currently, four out of fifteen Permanent Secretaries have high levels of operational and commercial experience. This provides a baseline against which we can measure our progress towards a more equal balance between Permanent Secretaries with a background in operational delivery and those with a background principally in policy.

The division of responsibilities between the Cabinet Secretary and Head of the Civil Service is working well. The Cabinet Secretary supports the Prime Minister, the Deputy Prime Minister and the Cabinet as a whole. The Head of the Civil Service concentrates on leading and developing the capability and capacity of the Civil Service, and driving forward reform and modernisation of the Civil Service. Whilst these are two distinct roles, the Head of the Civil Service and Cabinet Secretary are committed to a shared endeavour on implementation of the Reform Plan across departments. This includes encouraging a much greater sense of corporate leadership of the Civil Service, where there is shared engagement in decision making.

Q8. What are the strengths and weaknesses of the current federalised system of Whitehall Departments?

Historically, the Civil Service has operated as a federal model, consisting of a collection of different, and often disparate organisations. This has advantages and disadvantages. It means that departments are free to decide which areas they focus on and can act accordingly, quickly and efficiently. On the other hand, there are many challenges that do not fit neatly into departmental portfolios, and the Civil Service has become too siloed.

One of the most fundamental changes being driven through the Reform Plan is the shift towards a more unified Civil Service. This will ensure greater consistency between departments, so that much more of the Civil Service operates to the standard of the best. This is not just about sharing services which should become the norm, but about embracing a more corporate approach to talent management, capacity building, and performance management. This will require greater joint working across departmental boundaries to tackle cross-cutting issues such as youth employment and fraud, error and debt.

Q9. Does the long-term future of the Civil Service require more comprehensive and deeper consideration and, if so, how should this be done?

The Public Accounts Committee (PAC) has asked the Cabinet Office to make an assessment of departments' long term operating models. This work is underway. The Civil Service is facing pressing challenges but only by implementing and embedding the Reform Plan actions across departments, and the Civil Service as a whole, will we have the momentum and credibility to further shape the future Civil Service. The Civil Service has always adapted with the times, and flexibility is part of its core strength—the Reform Plan continues that tradition.

March 2013

Additional written evidence submitted by Dr Ruth Levitt and William Solesbury, Visiting Senior Research Fellows, Department of Political Economy, King's College, London (CSR 30)

Summary

1. This Supplementary Memorandum is submitted at the request of the Chair of the Committee, following a meeting with the authors on 26 March 2013. It relates, as did our first Memorandum (CSR 17)⁴⁶ to the fifth question posed by the Committee, viz:

“If policy making is to be opened up to external organisations, what is the distinctive role of the Civil Service in the modern world?”

2. Here we focus on the role of “policy tsars” as external sources of advice to ministers. Our main points are:

- (a) Policy tsars have become increasingly important as a source of advice to ministers over the last 15 years; the trend has accelerated with the coalition government.

⁴⁶ <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmpublicadm/writev/csr/m17.htm>

- (b) Practices with such public appointments are very variable and raise questions of both propriety and effectiveness.
- (c) Other sources of external advice are guided by a “code”; the appointment and conduct of tsars should be guided by a “code” too, although one that reflects the relative informality and flexibility of arrangements that is valued for many of these appointments.

About the Authors

3. Dr Ruth Levitt and William Solesbury recently published a research report that critically examines the UK government’s use of policy tsars: *Policy tsars: here to stay but more transparency needed*, November 2012.⁴⁷

The Appointment and Conduct of Policy Tsars

4. In our first Memorandum to the Committee (CSR 17) we argued that:

- a contribution to policy making by experts outside Whitehall has been a long-standing trend, not the novelty that ministers seem to suggest;
- there is a range of sources of external expert advice; and
- the civil service needs to improve its skills in identifying and managing their contribution.

5. Policy tsars—individual from outside government (though not necessarily from outside politics) who are publicly appointed by a minister to advise on policy development or delivery on the basis of their expertise—are on the increase as a source of advice on policy. Recent examples are Tom Winsor on police pay and conditions, Professor John Kay on equity markets and Richard Brown on rail franchising. The coalition government made 93 such appointments in its first two years (May 2010 to July 2012) and has made further appointments since then—more than its special political advisers (81 at November 2012). This represents a further increase in the rising trend in the annual rate of such appointments over the last four administrations since 1997.

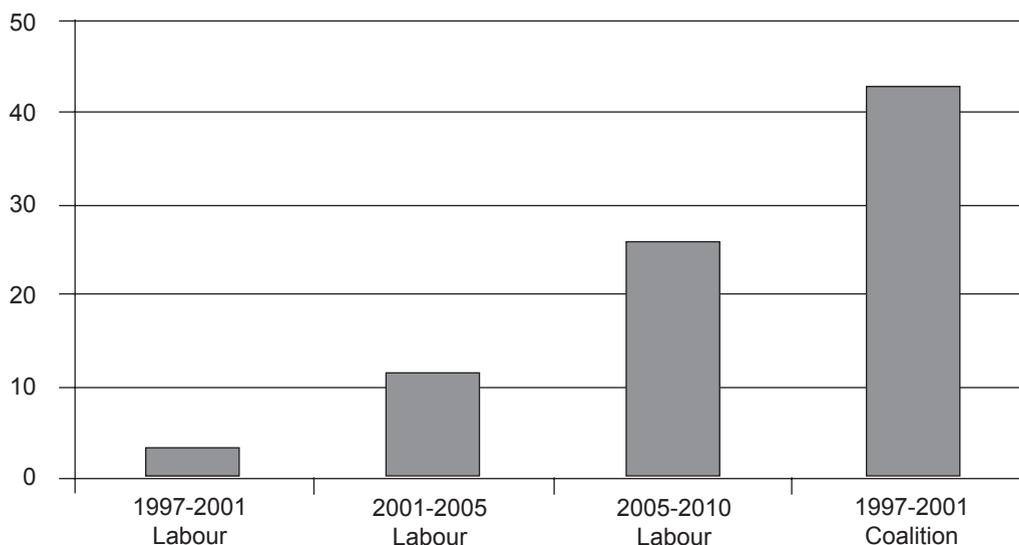


Figure 1 Annual rate of tsar appointments 1997–2012

Government seems to ignore or deny the scale and scope of such appointments: it made no reference to them in its Civil Service Reform Plan (July 2012).

6. Our empirical, fact-finding research⁴⁸ has, for the first time, revealed details of the identity of tsars, the policy issues they addressed, their terms and conditions, their working methods, and the products and outcomes of their work. It is a very mixed picture. For example:

- 6.1 The rate of appointment varies greatly between ministers and departments. Gordon Brown as Chancellor holds the record with 23 appointments, although Ed Balls, Alastair Darling, Michael Gove (11 appointments each) and Ruth Kelly (10) were also enthusiasts. The last two Prime Ministers have been particularly busy: only 5 by Blair, another 23 by Brown and 21 by Cameron.
- 6.2 Tsars address very diverse policy issues: strategic (eg social care) or operational (tax avoidance), perennial (school behaviour) or topical (rail franchising), a government priority (social mobility) or a minister’s enthusiasm (dance education).

⁴⁷ http://www.kcl.ac.uk/sspp/departments/political_economy/research/tsars.aspx.

⁴⁸ We examined public domain sources on tsar appointments from May 1997 to July 2012 (print and online), interviewed 16 tsars and 24 of the colleagues, ministers and officials with whom they worked, held discussions with the Cabinet Office and the Commissioner for Public Appointments, made some FOI requests, and discussed emerging findings with academic and media commentators.

- 6.3 Ministers appoint tsars quite informally: a candidate's name is identified usually because the minister knows or knows about them. There is no advertisement, open competition or tendering. Not all tsars receive written, formal terms of reference.
- 6.4 Tsars' career backgrounds vary: private sector business is commonest (40% of appointments), public service and civil service (often retirees) are close (37%), academics next (23%), before politicians (18%), serving and retired, including several ex-ministers.
- 6.5 Tsars are not a diverse group; they are predominantly male (85%), white (98%), aged over 50 (71%); and 38% have titles (Lords, Baronesses, Sirs and Dames).
- 6.6 There is no consistency in whether tsars are remunerated with fees or expenses and, if so, at what rates; the highest fee rate paid was £220,000 pa.
- 6.7 Tsars' working methods vary: some adopt a systematic evidence-gathering approach, others rely on talking to a few of their contacts; some are open about their work, others are quite secretive. The typical duration is 6–12 months, some take less time, others more.
- 6.8 Administrative and analytical support from civil servants is often available although the extent and calibre varies. Some tsars also have expert advisers.
- 6.9 Most tsars produce published reports yet some seemingly only report orally or in a private letter to the minister; in a minority of cases (5%) there is no evidence of what the tsar did.

7. The work of the majority of tsars over the last 15 years has made important contributions to public policy. Their well-informed advice has led to changes in policy, practice or organisations. There is though a minority of work by tsars that was superficial and lacking in objectivity. We recognise the appeal of tsars to ministers as a source of advice with characteristics of expertise, authority and speediness. Nevertheless the practice of tsar appointments—as revealed in our research—raises questions of propriety and effectiveness that should be addressed. Both aspects have implications for the role of the Civil Service in supporting ministers.

8. **Propriety.** Tsars are public appointments. They cost public money through remuneration and expenses for the tsar, where paid, and through the salary and other costs of the civil servants that support them. Even so, their appointment is not overseen by either the Commissioner for Public Appointments or the Cabinet Office: both seem to regard such appointment as too trivial in terms of cost and time for their attention. Nor does the civil service maintain central records on tsars' appointment and activities. As public appointments, tsars should of course also be appropriately subject to the Nolan Principles of Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). These have been incorporated into the Commissioner for Public Appointments' own code of practice for public appointments. However, our research reveals that in many respects—notably diversity and transparency—practice with tsars falls short.

9. **Effectiveness.** In the past 15 years of tsar appointments there have undoubtedly been good and bad experiences that could usefully inform future practice. But there has been no accumulation of experience. Most tsars serve only once, there is no cadre of officials who repeatedly work with them and might have developed appropriate skills. We found no evidence that Individual tsars' work is quality assured on completion, either by the civil service or independently, or that it has been evaluated post hoc. In consequence, nothing systematic has been learned about the appointment and conduct and use of tsar appointments from 15 years' experience.

10. All this contrasts with the other sources of external expertise on which ministers might draw, such as procured research and consultancy, advisory committees, inquiries, consultations or special political advisers.⁴⁹ For them there are formal, bespoke codes of practice and conduct for the behaviour of ministers, officials, advisers and/or experts, designed to maintain propriety and maximise effectiveness in their work. We recommend that it would be equally appropriate for a suitable “code” to be prepared for tsar appointments.

11. We have just been awarded a modest grant from King's College London to draft and promulgate **simple and appropriate guidance on tsar appointments, to address the propriety and effectiveness issues**, and to promote the uptake of the guidance to the Cabinet Office and the Commissioner for Public Appointments, and to selected opinion leaders and media specialists. The code will require ministers and civil servants as appropriate to:

- assess whether a tsar appointment is the most appropriate source of external expertise (rather than for example an expert committee, consultancy, research project, inquiry);
- make a “contract” between the ministerial client and the tsar;
- ensure transparency in the tsar's terms and conditions and the ministerial response; and
- identify and promulgate good practice for tsars' work and its management.

For this work we also intend to convene a reference group to advise us, drawn from tsars, their colleagues, ministers, officials, academics and specialist journalists. We plan to complete the work by December 2013.

April 2013

⁴⁹ Our first Memorandum (CSR 17, para 6) identifies the full range of such sources.

Written evidence submitted by Derek Jones, Permanent Secretary, Welsh Government (CSR 31)

Thank you for the opportunity to contribute to this important inquiry at what is a particularly significant time—both for devolution generally and for what it means to be part of a UK Civil Service serving three distinct governments.

Context

2. Wales is an old country but, in terms of its own institutions of government, a young democracy. In 1997, the people of Wales narrowly returned a “yes” vote for devolution. Following the referendum, the 1998 Government of Wales Act led to the creation of the National Assembly for Wales, made up of 60 elected Assembly Members.

3. With the second Government of Wales Act (2006), the National Assembly obtained powers to seek permission to create legislation on devolved issues in the form of Assembly Measures.

4. The 2006 Act also established the Welsh (Assembly) Government in its own right, separate from the legislature. Led by the First Minister, the Welsh Government currently includes 11 Cabinet Ministers and Deputy Ministers. It is the pre-eminent policy-maker for most aspects of day-to-day life in Wales, such as health, economic development, education, transport and local government.

5. On 3 March 2011 a further referendum was held and the people of Wales voted in favour of expanded (ie primary) legislative powers for the National Assembly not by a narrow margin but by 63%: a vote which marked a profound increase in public support for devolution over the fourteen years since the first referendum.

6. The years since devolution have also represented a significant journey for the Civil Service that supports the Welsh Government. It was a major professional challenge for those of us who were involved in the period 1997–99 to create a new democratic institution from scratch, and help it to work effectively from the outset. The years since then have posed many other challenges, including a radical “bonfire of the quangos” that required major organisational redevelopment as formerly arms-length bodies were brought into the devolved government. But the Welsh Government Civil Service is now well established and increasingly self-confident: a no-frills administration that has learned to focus on delivery.

7. The traditional, core strengths of the British Civil Service—political neutrality, efficient administration, robust governance and sound management of public funds—have provided a solid foundation that has enabled us to build the organisation that now supports government in Wales. An additional factor, for Wales, is the extent to which staff are also well-grounded; they live in, know and understand the communities they serve.

8. Welsh Government Civil Servants are accountable to Welsh Ministers and this is explicit in our Civil Service Code. The growing confidence of the Welsh public that devolution will deliver better solutions for their country may reflect, at least in part, trust and confidence in the Civil Service as well as in its political leadership.

9. Further factual information on the Welsh Government is annexed.

“How would you describe the working relationship of the Welsh Government Civil Service with the rest of the UK Civil Service?”

10. I would describe these relationships as professional, business-like, constructive, numerous, complex and sometimes frustrating. The watchwords are good communication and mutual respect, recognising that we each serve different administrations, but strive to collaborate to take forward government business and serve our citizens.

11. At the most senior level, I work with the Head of the Home Civil Service and attend the weekly meeting of Permanent Secretaries in London. This has been valuable in developing good and constructive relationships with my colleagues in Whitehall and the other devolved administrations. These relationships assist mutual understanding of what the devolution settlement means in practice, as well as giving us the opportunity to resolve issues and explore opportunities. I also maintain direct contact with the Wales Office.

12. At a department-to-department level, relationships are, perhaps not surprisingly, variable and sometimes testing. Awareness of devolved responsibilities and the implications of those on policy-making and operational delivery is patchy—although there are some very strong examples of understanding and mutual cooperation between our policy departments and their Whitehall equivalents that have seen beneficial results for both Governments.

13. In terms of our formal inter-Governmental relationships, these are often bilateral with (individual Departments of) the UK Government, and in the nature of our business these will be the most active. But we also engage bilaterally with the other devolved administrations, as well as collectively under the aegis of the Joint Ministerial Committee and the other formal inter-governmental machinery. I will deal first with our relationships with the UK Government and then with the other devolved administrations.

Relationship with the UK Civil Service

14. This is a critical relationship for us because there are so many areas where the responsibilities of the two governments overlap. For example, in each Queen's Speech there will be reference to UK Bills whose provisions require the consent of the Assembly. Equally, in the Welsh Government's Legislative Programme there are Bills with provisions requiring the consent of UK Government Ministers. For all this to progress smoothly there needs to be early and ongoing engagement between officials so that the Parliamentary and Assembly timetables can be met.

15. Looking beyond legislation, there is a very wide range of issues where the two Governments need to work together, covering both devolved and non-devolved matters. At any one time, Welsh Government Civil Servants will be engaging with a wide range of Civil Servants in different UK Government Departments on issues ranging from the mundane to the highly complex and strategic. It is these intergovernmental relationships which drive the main working relationships between the Welsh Government and the wider UK Civil Service.

16. The nature of the Welsh devolution settlement adds an element of complexity to these relationships. The Government of Wales Act leaves many areas of uncertainty, so there is scope for officials in Cardiff and London to disagree about what may or may not be within our respective powers or competence. This is one of the reasons why the Welsh Government is recommending that the settlement be restructured on the "Reserved Powers" model—to provide greater clarity and reduce the scope for disagreement.

17. Generally, these official relationships are businesslike and constructive. Frustrations arise on those occasions—still, in our view, too frequent—where the handling of business by colleagues in UK Government Departments seems not well informed by a complete understanding of the constitutional make-up of the UK. The Welsh Government has a small team whose role is to promote effective relations with Whitehall, with both an internal and external focus. The priority is strong communication on both sides. The internal focus is geared to making sure that we play our part in sharing information about policy and legislation, maintaining up to date contacts, inviting UK Government colleagues to Wales and contributing to events in Whitehall. We pursue this through formal training and informal development events so that our staff are equipped to engage confidently with Whitehall. We also embed this in routine risk management and governance processes.

18. The external focus is designed to strengthen understanding in Whitehall of our devolution settlement and what we are trying to do here in Wales. This is a very big challenge because of the nature of Whitehall, the numbers of staff involved and the extent of staff turnover. Nevertheless, we take opportunities to promote awareness and understanding both of devolution and of our distinctive policy approaches. For example, last year we hosted in Cardiff a major conference for civil service fast streamers which gave us an opportunity to help future civil service leaders gain a fuller understanding of devolution and its implications for the UK Government's own work.

Bilateral relationships with the other devolved administrations

19. The focus here is on a two way exchange of information and learning, as opposed to the business-driven interaction and negotiation which characterises our relationship with the UK Government. Welsh Government departments will engage with their counterparts in Edinburgh or Belfast on a case by case basis to help drive forward a particular policy or respond to a particular problem. This is not something we see a need to monitor centrally, but simply encourage as part of being a learning organisation.

Relationships within the Inter-Governmental Machinery Framework

20. The Committee will be aware of the formal machinery which exists to support inter-governmental relationships within the devolution settlement. This is principally the Memorandum of Understanding (MoU) and the Joint Ministerial Committee (JMC) established by the MoU, together with bilateral Concordats with individual UK Government Departments and the Devolution Guidance Notes.

21. This machinery provides the context for effective relationships between officials, as well as Ministers, together with processes for resolving inter-governmental disagreements and disputes where these arise. The machinery is important for us and we engage positively with it. We nevertheless consider that some aspects of the process are not as active as they could be. For example, there is no active strategy or forum in place that builds on the formal machinery by bringing together officials from UK Government Departments and the devolved administrations to consider current issues that impact on governance across the UK.

22. That said, we recognise the pressures in Whitehall and we get on with doing what we can to promote engagement that is constructive and adds value for all the four administrations. There are good informal contacts and arrangements at senior levels, not least among Permanent Secretaries. In May, we will host in Cardiff an awayday for the officials from the four administrations who provide the secretariat support for the JMC. The focus will be on sharing experience and promoting effective communication at official and Ministerial levels in relation to both the JMC and wider inter-governmental relations.

Civil Service Issues

23. In relation to civil service staffing matters, we have a productive and professional relationship with colleagues in Whitehall and with the Cabinet Office in particular. We continue to contribute to initiatives such as Civil Service Learning and we are active members on the HR Leaders Council and so well-sighted on the Civil Service Reform agenda and potential implications for the Welsh Government. The fact that we have an aligned but distinctive approach to Civil Service Reform, responsive to the particular needs of a Civil Service supporting a devolved Government, was helpfully recognised when the original Reform Plan was announced.

24. As this relationship has matured, there has been a growing appreciation that we are a Government as distinct from a Department although, on occasion, it is still necessary to remind colleagues of the different political leadership and accountabilities and so, for example, strands of the Civil Service Reform agenda designed in Whitehall are not necessarily suitable in Wales.

25. We undoubtedly share many common goals, including the need to build our capability across the Civil Service by investing in high-value skill areas such as digital, finance, procurement, programme and project management. We also share a common framework for core competencies and were one of the first organisations to introduce the 9 Box Grid for end year conversations about performance and potential.

26. However, there are strands within the Civil Service Reform Plan which do not apply in the Welsh Government Civil Service because of the Welsh Cabinet's very different position to that of the coalition government. For example, Welsh Ministers have been forthright on their opposition to regional pay. The Welsh Government's belief in the value of public service delivery also determines a different approach to delivery models than that enshrined in the UK Plan.

27. Decisions on pay and terms and conditions for Welsh Government Civil Servants are devolved, with the exception of the Senior Civil Service. Over the past decade we have designed a pay system which is based around core Welsh Government priorities such as equal pay and tackling low pay. The system is underpinned by the Job Evaluation and Grading System (JEGS) used across the Civil Service, but is noticeably different in terms of the short length of pay scales and pay progression arrangements.

28. The pay system for Senior Civil Servants in the Welsh Government continues to be based on the UK Government's response to the annual report of the Senior Salaries Review Body. Whilst we have some flexibility and discretion to apply individual pay awards within the parameters set out by Cabinet Office, this can create some issues. The focus on variable pay or bonus payments in particular has been an issue, with—traditionally—very little flexibility for the Welsh Government to take a different approach. This is now improving.

29. As part of the UK Civil Service, the Welsh Government continues to recruit in line with the principles of fair and open competition and appointment on merit. We work closely with the Civil Service Commission to uphold these principles both in the design of recruitment schemes and also in providing regular returns on the operation of our recruitment arrangements for scrutiny by the Commission.

“What do you see as the main challenges facing the Welsh Government Civil Service?”

30. Looking ahead, the main challenge will be how effectively our Civil Service can support Welsh Ministers through the next stage of the devolution journey. Retaining the confidence of our Ministers and the public will be particularly important in the event of greater devolved responsibilities accruing to Wales as a result of the Silk Commission; and doing so while maintaining the current focus on delivering better outcomes for people and communities.

31. For the foreseeable future, these challenges will be sharpened by the conditions of austerity budgeting and, inevitably, the wider economic position and UK-level decisions on policies such as welfare reform will have an impact on Wales in a way that will have to be managed, rather than controlled.

32. The First Minister and Welsh Cabinet provide unambiguous political direction and priorities—seeking investment and jobs, and tackling poverty and inequality. These are our Government's priorities and they are therefore my priorities as Permanent Secretary, and of the Welsh Government Civil Service as a whole. This is clearly understood and acted upon across the organisation.

33. As well as the challenge, there is opportunity, since devolved government on this scale has the ability to tailor programmes to the specific circumstances of Wales, without losing the benefits of being part of the wider UK. If the conclusion of the Silk Commission process results in more devolved powers accruing to Welsh Government, we will have even greater flexibility to tailor policy options and delivery models specifically to Welsh circumstances.

34. Internal research shows that Welsh Government employees are motivated by the opportunity to achieve results for the communities they come from and live in. Morale within the organisation is relatively high by most measures. Although the financial pressures of the past few years have made the operating environment extremely tough—including a rapid downsizing—Welsh Government employee engagement scores have risen rather than declined.

35. From a management perspective, our ability to meet the challenges ahead will depend on maximising the organisation's agility, connectedness and focus on delivery. An engaged and committed workforce is essential to that task.

"How will the Welsh Government Civil service need to change to respond to these challenges?"

36. Over the past three years, the Welsh Government has undertaken a significant downsizing, with staff numbers reduced by around 20%. Perhaps inevitably, the downside of managing such reductions by voluntary severance is that the organisation is left with gaps in capability and capacity. One of my early priorities as Permanent Secretary was therefore to commission three reviews to check whether Civil Service resources are sufficiently aligned to government priorities; whether we have the skills and capabilities we need for the future; and how we can reduce bureaucracy and complexity and free up time to focus on delivery.

37. As a result, we are now implementing action to strengthen the organisation's capability to deliver the Programme for Government. Perhaps most significantly, we are reducing the proportion of the civil service that is employed in central support services by around a further 20% over the coming year. We already have in place a well-developed model for shared services across Welsh Government departments. Consistent with the Welsh Cabinet's commitment to workforce partnership, this resource realignment will be achieved primarily through redeployment of staff currently working within central service areas to policy and delivery priorities, supported by investment in learning and development.

38. I have also focused the organisation on tackling complexity and reducing bureaucracy wherever possible. Since returning to Government service last year, I have drawn on my experience as a customer/client of the Welsh Government and listened to our staff, to Ministers and our stakeholders. Although people have been complimentary about our strengths, they have also been candid about the complexity in our systems and controls and the way this can slow decision-making and hinder agile delivery.

39. In simplifying systems and releasing controls, my aim is also to sharpen accountability and make decision-making more transparent. This will require some practical changes in our processes and approval mechanisms, but also some substantial behaviour change on the part of managers and individuals. This will not be achieved overnight. We will need a continuous effort to challenge unnecessary complexity and prevent it accreting in future.

40. In common with other parts of the UK Civil Service, there are capabilities and skills that the Welsh Government Civil Service needs to grow for the future and that the organisation does not have in sufficient supply now. We are fortunate to have a solid foundation of core civil service skills to build on, but the challenges of delivering to citizens in the modern age means there are areas where investment is needed. Not least, we face the challenge of serving a bilingual community with specific needs for bilingual services. From an organisational standpoint, we are making good progress on the technologies needed to help us work more flexibly. With regard to citizens and digital services we are also making progress, but with careful regard to the geographical challenges of Wales and the digital exclusion experienced by some people in some of our communities.

41. In common with the UK and the other devolved administrations, we are developing a capability plan for the organisation, identifying skills gaps and ensuring we invest to fill them. The organisation will need to build its capability in digital, business-facing and contracting expertise.

42. As a relatively new government service with recently enhanced law-making responsibilities, the Welsh Government Civil Service has had to run very fast to develop the specialist capacity and capability needed to deliver an ambitious legislative programme. This is an area the organisation will need to continue to develop, making it a fundamental part of the way we manage the business of government. If, as now seems likely, the first part of the Silk Commission process results in taxation and borrowing powers being devolved to Wales, there will need to be created appropriate capability and we are beginning to plan the expertise needed to manage such a new area of work skilfully and prudently.

"What should be the core tasks of the Civil Service in Wales?"

43. The Welsh Government Civil Service is fortunate now to have the confidence of Ministers and to be their supplier of choice for policy advice and for delivery. But this cannot be a cause for complacency.

44. The development and provision of policy advice to government is central to the role of the Welsh Government Civil Service. But it is not an inalienable right. My organisation must continually earn the trust of Ministers by demonstrating its capability for high-quality policy analysis and options generation. It must also demonstrate that it has in place the most efficient and economical machinery for implementation of policy: for delivery.

45. Although the Civil Service is best placed to be the primary provider of evidence-based policy advice to the Welsh Government, that does not mean working in isolation. The advantage of a relatively small government service is that it can not only capture the advantages of close internal contacts, but also be well networked, knowledgeable of its clients, customers and partners with a high level of understanding on both sides. The Welsh Government's Programme for Government also includes a specific commitment to set up a

Public Policy Institute for Wales to capture innovative ideas from outside the Civil Service. (A tendering exercise has been completed and we expect this to be operational by autumn.)

46. Being open to innovation alongside a collaborative, partnership-led approach almost always results in better quality policy development with a higher chance of real outcomes and lasting results. It is the job of the Civil Service to involve the right people at the right time, to work with partners and stakeholders and to ensure that opportunities to be more than the sum of our parts are maximised wherever possible.

47. With recently expanded legislative powers, the role of the organisation in supporting Ministers on the development of Welsh laws from conception through to statute is increasingly important. Further devolution is likely to require us to develop new capabilities, including the Treasury-type functions that will enable us to administer taxation and borrow prudently.

48. Finally, the Welsh Government Civil Service has a responsibility to communicate effectively with the public, explaining the Government's aims, objectives and policies.

“What lessons could be taken from the Welsh Government Civil Service for the UK Civil Service as a whole?”

49. Our ambition is to make the Welsh Government Civil Service an exemplar small country administration from which other countries will want to learn.

50. The clear direction and shared sense of endeavour between Welsh Government Ministers and the Civil Service that supports them is a powerful alignment and drives improved performance to achieve better results for people in Wales. This in turn is supported by staff who combine the traditional Civil Service values with a strong sense of place. Perhaps our greatest strength and opportunity as an organisation is the combination of embedded traditional Civil Service skills and values, with the ability to be grounded and knowledgeable about the communities we serve.

51. The fact that we are operating in a very difficult global financial environment that we have only a very limited ability to influence, makes it even more important that the organisation focuses clearly on what it can do to support Ministers most effectively and harnesses everyone in the organisation to that task.

52. Politically, the Welsh Government is clear in its support for the United Kingdom. The UK Civil Service is part of the glue that helps that union to function. For that to continue being effective, Civil Service colleagues across governments need a good understanding of the developing constitutional make-up of the UK; of what devolution means in practice; and of the approach required to acknowledge difference and readily serve three governments from one unified, but flexible, Service.

53. I think there is much here that we can debate and share within the UK Civil Service and I would like to thank the Committee again for the opportunity to submit this evidence.

May 2013

Annex

POLICY AREAS DEVOLVED TO THE WELSH GOVERNMENT

Education and training
 Health, health services and food and food safety
 Local government and housing
 Highways and transport
 Town and country planning
 Economic development
 Social welfare, including social services, protection and well-being of children, and care of young adults, vulnerable and older persons
 Welsh language, culture, ancient monuments and historic buildings
 Tourism, sport and recreation
 Environment, water and flood defence
 Agriculture, fisheries and rural affairs

Aspects of some of these areas are not devolved, for example certain aspects of transport and highways policy, such as road traffic and rail regulation; and while sport and recreational activities are devolved, betting, gaming and lotteries are not. The Welsh Government has executive responsibilities in these areas. Since May 2011, the National Assembly for Wales also has powers to pass Assembly Bills in the devolved areas, so that the Welsh Government can now take forward its own programme of primary legislation in the areas for which it is responsible.

Budgets

Welsh Government Budgets

The UK Government's Spending Review set the Welsh Government budget for the period 2011–12 to 2014–15 and represented the most difficult settlement for Wales since devolution. In real terms, by the end of the Spending Review period the total DEL budget will be £1.4 billion lower than in 2010–11.

The Welsh Government's Final Budget 2013–14 set out spending plans for the next two years and included funding allocations to Welsh Government Departments of £14.9 billion in 2013–14. The budget allocations to Ministerial portfolios were as follows:

Health, Social Services and Children	£6.3bn
Education and Skills	£1.9bn
Business, Enterprise, Technology and Science	£295m
Local Government and Communities	£5.2bn
Environment and Sustainable development	£327m
Housing, Regeneration and Heritage	£556m
Central Services and Administration	£349m

These allocations will shortly be restated in a Supplementary Budget which will reflect changes to Ministerial portfolios resulting from the Cabinet reshuffle in March.

Since the Final Budget 2013–14 was approved by the Assembly in December 2012, the UK Government's Autumn Statement and March Budget announced further revenue reductions to the Welsh Government budget of £32 million in 2013–14 and £81 million in 2014–15.

Running Costs Budgets

The Running Cost and administrative budget has decreased each year since 2009–10. The current total is £308 million (excluding central programmes £39 million)

Costs have been reduced by severance programmes in September 2010 and March/April 2011. These removed 1,000 posts, representing some 20% of total staffing.

Offices around Wales

The Welsh Government has a significant presence across Wales; details are shown in the table below.

<i>Location</i>	<i>Properties</i>	<i>Staff</i>
North Wales	8	516
Mid Wales	6	489
SE Wales	10	1306
SW Wales	8	444
Cardiff	11	2628
Total in Wales	43	5383
London	1	6
Overall total	44	5389

Written evidence submitted by the Scottish Government (CSR 32)

Thank you for your recent letter inviting me to provide written evidence to your Committee's inquiry into the future of the civil service. You explained that the Committee is keen to consider the impact of devolution on the challenges facing the Civil Service. I have addressed your more specific questions in the comments that follow.

As civil servants, our responsibility is twofold:

- to deliver the policies of the elected Government of Scotland, which includes delivering the current Scottish Government's Purpose of creating a more successful country by increasing sustainable economic growth with an opportunity for all of Scotland to flourish; and
- to act with integrity, impartiality, objectivity and honesty.

The Scottish Government is committed to an outcomes-based approach. This means:

- the focus of public spending and action builds on the needs, assets and potential of individuals, families, enterprises and communities, rather than being dictated by professional silos and organizational boundaries; and
- seeking alignment and positive engagement with our stakeholders and delivery partners on the basis of mutual respect and shared endeavour.

Since 2007, the Scottish Government has introduced radical changes to enhance our capability to take an outcome-based approach. In particular, we have:

- abolished departmental structures within the Scottish Government to discourage silos and facilitate effective crosscutting government;
- sought to align the whole public sector to a single defined Purpose and National Outcomes;⁵⁰
- established a partnership across all public services based on that Purpose; and
- put strategic leadership and the facilitation of cooperation between organisations and sections of society at the heart of the role of central government.

We continue to develop these approaches. We see four sets of imperatives for the civil service in Scotland, under the headings “Choices for Scotland”, “A Scotland that works”; “A creative Scotland”; and “Being the Scotland we want to see”. I attach an extract from our Business Strategy setting these out.

We have good working relationships with counterparts supporting the UK Government. Working with the Cabinet Office and the Scotland Office, we seek to ensure that our counterparts are aware and take account of the distinct interests, responsibilities and accountabilities of Scottish Ministers. This can be challenging where staff turnover erodes personal relationships or when, as inevitably happens from time to time, policy positions are in tension. By working together, however, we have shown that the two administrations can achieve “win-win” outcomes even in areas where their policy preferences are markedly different. The “Edinburgh Agreement” on a referendum on independence, signed by the Prime Minister and the First Minister in October 2012, provides an example.

We believe our outcomes-based approach underpins the Scottish Government’s reputation for competence, validated in the findings of the Scottish Social Attitudes Survey,⁵¹ showing that almost two-thirds of Scots trust the Scottish Government to work in Scotland’s interests, and about the same proportion think that the Scottish Government ought to have the most influence on decisions affecting Scotland.

We have taken opportunities on the international stage for learning and exchanges, and enjoyed some positive feedback. Speaking at the OECD Conference on Wellbeing in New Delhi last year, Professor Joseph Stiglitz for example highlighted “some of the most recent “success stories” in well-being measurement, such as Bhutan, Canada and Scotland”.⁵²

In comparing our experience with that of the UK civil service, it is clear that the main challenges we face are the same: delivering effective and improving public services, consistent with the core civil service values, in the face of unprecedented fiscal consolidation and reducing staff numbers, while striving to maintain an engaged, committed and developing workforce. A collaborative and supportive approach across government and the wider public sector has proved effective in enabling us to achieve all we have in recent years.

SERVING GOVERNMENT BETTER

A BUSINESS STRATEGY FOR THE SCOTTISH GOVERNMENT

Four sets of imperatives for the Civil Service in Scotland in the period ahead

Choices for Scotland

- Ensuring strategic policy choices are underpinned by high quality evidence and analysis.
- Understanding more about the way in which we can help individuals, families and communities to enhance their well-being and prosperity through an asset based approach.

A Scotland that Works

- Ensuring that—across the piece—the Scottish Government is an efficient, effective and networked organisation, disrespecting boundaries and focusing on improved outcomes.
- Improving value for money and offering transparency on performance.
- Simplifying the delivery landscape and taking out cost.
- Working to ensure the application of these principles across public services.

A Creative Scotland

- Empowering staff and making our organisations and networks real hubs for innovation.
- Fostering innovation and creativity, speeding up cycles of improvement and the exploitation of knowledge and new technologies in public service.
- Developing the frameworks and incentives for local innovation and service improvement.

⁵⁰ <http://www.scotland.gov.uk/About/Performance/scotPerforms>

⁵¹ <http://www.scotcen.org.uk/study/scottish-social-attitudes-2012>

⁵² Professor Stiglitz, winner of the Nobel Prize for Economics in 2001, was President of the Commission on the Measurement of Economic Performance and Social Progress and is a member of the Scottish Government’s Council of Economic Advisers.

Being the Scotland we Want to See

- Believing in our people. Giving everyone a chance to shine. Nurturing talent.
- Treating everyone with dignity and respect.
- Upholding Civil Service values, with the highest standards of integrity and ethics.
- Building our personal well being, leading full and balanced lives at work and at home.

May 2013

Written evidence submitted by the Universities of Exeter, Cardiff and Kentucky from the “Chief Executive Succession and the Performance of Central Government Agencies” ESRC Funded Research project⁵³ (CSR 33)

Summary Statement

- The Civil Service reform plan indicates a desire for more interchange between the civil service and the private sector; our research indicates that private sector outsiders have played an increasing role in Executive Agencies throughout the 2000s but that this has declined in the last two years.
- While private sector experience is a valuable asset to the civil service, a broad base of experience in the public and private sectors is required to provide the expertise needed in the civil service because current systems of public service provision involve networks of service providers from different sectors.
- The civil service reform plan calls for more attention to delivering outcomes and results and less time spent on process and bureaucracy. However our evidence suggests that in Executive Agencies in terms of performance management, much attention is already focused on outputs and outcomes relative to process, as reflected in performance targets for these bodies that are set by ministers.
- While a focus on outcomes is helpful for ensuring that overall policy objectives are met, appropriate processes remain important and should not be neglected, especially where outcomes are difficult to measure. Processes can help ensure proper action oriented towards achieving goals and have an enduring importance in the eyes of citizens, helping build a perception of legitimacy and trust in government.

Does the civil service reform plan reflect the right approach to the Civil Service?

1. As noted in the Civil Service Reform Plan (HM Government 2012, page 13), Executive Agencies are a key part of the Civil Service and so are included in the proposed civil service reforms. According to official data Executive Agencies in 2012 accounted for 30% of all UK civil service employment⁵⁴ and so form an important part of the Future of the Civil Service Inquiry. Our submission focuses on evidence about Executive Agencies in the UK because our research project relates to this important type of organisation.

2. As stated in the PASC’s Issues and Questions paper for the Inquiry, a key part of the Government’s Civil Service Reform Plan proposes a greater interchange of staff between the public and private sector. This idea is not new and there have been similar calls for more recruitment of civil servants with private sector experience in the past and for a greater flow of staff in and out of the civil service, most notably in the case of the Next Steps Agencies from Sir Peter Kemp, former Head of the Next Steps Unit (See Greer 1994). To date there is little published up-to-date information on the career backgrounds of civil servants and so it is unclear the extent to which this movement really occurs, which motivated our current research.

3. The data from our ESRC project covers the period 1989–2012, and includes 628 chief executives from UK Executive Agencies including England, Wales, Scotland and Northern Ireland. During this period on average 11% of serving chief executives each year were from a private sector background⁵⁵. In the first two years of the Next Steps Initiative when Executive Agencies were launched (1989–1991) none of the Chief Executives heading these bodies were from the private sector, reflecting the early stage of the reform which focused on setting up this new type of body. The proportion of CEOs from the private sector grew sharply to 12% by 1992, but this was followed by a gradual reduction to just 5% in 2000. The rate increased again throughout the 2000s from 5% to a peak of 21% in 2010, but has declined in the past few years to 13% in 2012. In terms of new chief executive appointments to Executive Agencies, no such appointments have been made from the private sector in either 2011 or 2012, with 100% of the 16 appointments made in each of these years coming from within the public sector.

4. We agree that increasing the stock of civil servants with private sector experience will bring valuable skills into the civil service. Since government policy is currently focused on greater use of the private sector

⁵³ Principal Investigator Professor Oliver James, University of Exeter; Co-Investigators Professor George Boyne, Cardiff University and Dr Nicolai Petrovsky, University of Kentucky; Research Fellow Dr Alice Moseley, University of Exeter; Economic and Social Research Council grant reference RES-062-23-2471.

⁵⁴ Full time equivalent staff in Executive Agencies & the UK Civil Service (not including Northern Ireland Civil Service). Source of data: Civil Service Statistics 2012.

⁵⁵ Defined as having their previous job in the private (for profit) sector.

in delivering public services, it is important that civil servants have the skills to effectively tender and manage contracts with this sector.

5. However, recruiting civil servants with experience in other parts of government, the public sector or the third sector will also strengthen the civil service. The civil service now operates in increasingly complex policy networks and public services are delivered by multiple service providers including by those in the “third”, or voluntary sector. The third sector has distinctive values and working styles that make it difficult for the sector straightforwardly to assume the role of public service provider. People with experience in this sector would strengthen the civil service, yet our data suggest that on average only 1% of Chief Executives of Executive Agencies have come from this background.

6. Recruiting managers to the civil service with experience in local government or other frontline public services is likely to improve policy implementation, a priority area of the Reform Plan. Our data indicate that only 4% of UK executive agency chief executives over the Next Steps period have come from local public services including local government, with the vast majority (71%) coming from within the civil service. The new Implementation Unit established by the present government has been created to strengthen implementation of policies determined by the Prime Minister and Deputy Prime Minister to have the greatest strategic importance. However having a broader base of civil servants in Whitehall with experience of frontline public services or local government is likely to create a more profound and sustained culture change to help ensure that policies are designed with implementation in mind.

7. The reform plan states that civil service culture can often be seen as cautious and slow moving, focused on process not outcomes, bureaucratic and hierarchical. The plan calls for more focus on results and outcomes rather than process. More focus on outcomes can help to ensure that overarching policy objectives are met and help maintain the focus of staff on the end result. However, process remains a critically important part of public administration. This is especially the case where outcomes are difficult to measure and where crude incentives for hitting outcome targets risk distorting and gaming behaviour. In addition, research suggests that citizens’ trust in government and in civil servants is determined as much by process as by outcomes, with people valuing honesty, respect, fairness and equity (see Van Ryzin 2011 for a discussion). In view of the decline of trust in government that has been evident over the past two decades in the UK as well as lack of trust in information provided by public bodies (Stoker, 2006), it is important that attention to due process is not lost.

8. Executive agencies are set targets each year by the responsible minister in each agency’s parent department, with chief executives personally accountable to ministers for performance (James *et al.* 2012). Agencies’ performance against targets is reported each year in their annual reports which are published as House of Commons Papers. Identifying the types of targets set is one way of determining the amount of time and effort spent by civil service agencies on outcomes, processes and other types of activity. Despite criticisms of the civil service being process driven, we find that the majority of agencies’ targets are related to outputs and outcomes, with outputs and outcomes forming the largest category of targets for agencies over time. In 2011, there were an average of nine output or outcome targets per agency as compared to just two process targets, one input target and one efficiency target. Overall, more of the formal activity of executive agencies as expressed through performance targets is spent on outputs and outcomes than on process. Our data indicate that the average number of key ministerial performance targets overall rose from an average of nine across executive agencies in 1993 to 13 per year in 2011, with most of this increase accounted for by an increase in output and outcome targets. The growth in the overall volume of targets is potentially a cause for concern because it may lead to a lack of focus for agencies, with these bodies being expected to hit a diverse and potentially conflicting set of targets.

9. The Shared Service Agenda is a strong theme of the Reform Plan. There is potential for shared services across Executive Agencies, especially those within departments that already share a common culture, systems and processes as well as shared political leadership under one minister. Opportunities for shared services in Executive Agencies such as IT infrastructure have been missed in the past, for instance in the social security system (James 2003).

10. There is also potential for using more strategic cross boundary working. For instance, there is to date relatively little use of shared performance targets across Executive Agencies. Many agencies’ targets already directly contribute to Departmental Public Service Agreements, but there is more potential for sharing targets between agencies with similar objectives, such as the family of executive agencies dealing with transport and vehicles in the Department for Transport or the group of agencies under the Department for Work and Pensions that deal with pensions and benefits.

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May 2013

Written evidence submitted by Sir Bob Kerslake, Head of the Civil Service (CSR 34)

I am writing to you following my appearance in front of the Committee alongside Sir Jeremy Heywood, on 18 April, as part of your inquiry into the Future of the Civil Service. I promised to write to the Committee on a number of points raised during the session.

You raised the issue of lessons learnt from the organisation of Baroness Thatcher's funeral (Q859). As I am sure you and the Committee will appreciate, the process to ensure we effectively capture the lessons learnt is currently taking place and is being led by the Minister for the Cabinet Office. We will certainly provide some further information on this work when it is completed.

You also expressed your admiration for the work done on the DfE zero-based review and asked if lessons were being shared from this process (Q898). As I said at the session, there has already been a lot of transferring of learning from the review. The Cabinet Office held a seminar in March with Departments for sharing good practice. Case studies were presented by DfE and HM Treasury on their zero-based approaches. A lessons learned pack was disseminated afterwards which included different approaches being applied in other Departments. I attach this at Annex A for your information. Please note this was designed for informal sharing of information between departments on the wider issue of matching resources to priorities and is not intended to be a formal publication.

I agreed to come back to you with information about other zero-based-style reviews going on across other Government Departments (Q901). As you know, many Departments used the Spending Review in 2010 as an opportunity to agree with Ministers how they would fundamentally realign their resources to meet policy priorities. There is an expectation that the Spending Round later this year will lead to a similar process across Government. In addition, a number of departments have indicated that they have specific plans to use a zero based approach, as follows:

- HMT's planning round in 2010 was zero based and this approach continues to underpin the allocation of administrative resources in the department;
- DWP is applying a zero based review approach to its programmes; and
- The Department of Health is planning to complete a zero based/efficiency review in 2013–14.

You asked about the average length of tenure for Permanent Secretaries (Q911). The average tenure for those who were in post at the election and have since left is 4.5 years. 31 Permanent Secretaries have moved since 2010. Four of these moves were internal movers to other Permanent Secretary roles.

I agreed to come back to you with figures for Senior Civil Service and Major Project SRO turnover (Q914). In 2011–12 turnover in the Senior Civil Service was 16.9% (those leaving the Civil Service). The Major Projects Authority is now tracking the level of turnover of senior responsible officers and, as I alluded to during the session, we are now starting to build up a clearer picture of the evidence in this area. Once we have a wider set of data, I will gladly share these findings with the Committee. I completely agree that we need to get better at keeping people in key roles, particularly where they are responsible for delivering major projects. We are putting this into action as part of the implementation of the Civil Service Reform Plan.

During the hearing you raised concerns around the Armstrong Memorandum and asked us to consider updating the Memo. We are currently reviewing the guidance for departments on providing evidence to Select Committees ("the Osmotherly Rules"). I can confirm that the Armstrong Memorandum is being considered as part of this review. The Government will liaise with interested parties within Parliament as part of the review, including PASC.

At the hearing you asked for a note about the process for the review of the split of roles between the Cabinet Secretary and the Head of the Civil Service, including a timetable (Q997). As I said then, we have not yet agreed a process for carrying out this review but I can reassure you that the work will happen within the timescales set out in the Government response to the Committee's report "Leadership of change". I will take on board the comments you and others made during the session on this issue.

Finally, I agreed to provide Alun Cairns with figures relating to interchange of Civil Servants between Whitehall and the Devolved Administrations (Q1021). Having looked at this issue, I have to tell the Committee that this data is not currently captured. There are a number of challenges to collecting this data—whilst the DAs record the number of people who come on direct transfer from another Government organisation, the data does not distinguish between those coming from a Whitehall Department, or from one of the devolved institutions or an arm's length body. In addition, where a role is filled through an externally advertised vacancy,

or where a member of staff has resigned to take up a post elsewhere, no record of the employee's previous employer or their new employer is kept. However, I thought it might be useful to the Committee to see the figures for loans and secondments between Whitehall and the Devolved Administrations (these figures do not include interchange between ALBs or NDPBs). These are attached at Annex B. We are committed to increasing the interchange of both people and ideas between Whitehall and the Devolved Administrations.

May 2013

<i>Scottish Government Staff on secondment/loan to Whitehall Departments</i>		<i>Whitehall Department Staff on secondment/loan to Scottish Government</i>	
2012/13	7	2012/13	7
2011/12	5	2011/12	5
2010/11	9	2010/11	4
2009/10	12	2009/10	7
2008/09	5	2008/09	0

<i>Welsh Government Staff on secondment/loan to Whitehall Departments</i>		<i>Whitehall Department Staff on secondment/loan to Welsh Government</i>	
2012/13	14	2012/13	17
2011/12	16	2011/12	9
2010/11	12	2010/11	7
2009/10	10	2009/10	17
2008/09	65	2008/09	18

DEVOLVED ADMINISTRATIONS (WELSH AND SCOTTISH GOVERNMENTS COMBINED)

<i>Devolved Administration Staff on secondment/loan to Whitehall Departments</i>		<i>Whitehall Department Staff on secondment/loan to Devolved Administrations</i>	
2012/13	21	2012/13	24
2011/12	21	2011/12	14
2010/11	21	2010/11	11
2009/10	22	2009/10	24
2008/09	70	2008/09	18

**Figures exclude interchange with agencies and other Devolved Administrations*

Civil Service Reform Action 6:
Matching Resources to Priorities

Contents

1. Principles of an effective model.
2. Common issues.
3. Departmental approaches—Department for Education.
4. Departmental approaches—HMT Treasury.

Annex A: Summary of Departmental examples:

- Cabinet Office.
- DCMS.
- FCO.
- HMRC.

Principles of an Effective Model

- Ministers and senior management should share results of prioritisation and establish early on the understanding and interest of Ministers in the overall department portfolio, or in specific directorates.
- Inclusion of non-executive directors.
- Relationship with existing ways of matching resources to Departments, eg business planning processes and flexible resourcing models.

2. Common issues

- Senior management support is essential to implementation.
- Cultural change is difficult to achieve, even with intensive communication with staff.
- MI systems in place for monitoring and evaluation of costs and benefits, as well as for providing assurances to Ministers and Departmental Boards.

2. Common issues—Flexible Resourcing

Learning from flexible resourcing is also relevant:

- Balance between individual wishes and business needs.
- Performance management and diversity.
- Projects v standing teams (flexible resourcing fits better with the former).
- Generalist v specialist roles (will always take longer to find specialists and need to ensure that we don't do long term recruitment for short term skills needs).

Departmental Approaches

Department for Education

Matching Resources to Priorities: the DfE

26 March 2013

Sharon McHale, Department for Education

Reforming the DfE

DfE Review undertaken published in November 2013.

- The key findings were that the Department:
 - is bigger than it needs to be: high-quality but inefficient;
 - decision making is slow and involves too many people;
 - processes can be much leaner;
 - needs get better at prioritising work with Ministers regularly;
 - lacks flexibility in that it has trouble moving resource off low priority work and into new priorities;
 - There is too much resource continuing a job after the intended end period; and
 - Not enough staff can be moved to fill new priorities as they arise—currently ~5% of FTEs in policy groups are flexible.

How DfE is Responding 1

- Our review considered from a zero base *what work we have to do* (because of legislation or other requirements we don't control) and *what work we have some form of choice over* eg Ministerial requirements or how we have chosen to implement their decisions.
- Scope to stop significant amounts of work where Ministers would prefer to see resource moved to higher priorities, or where we believe that the activities could be done more efficiently.
- Trialled changes in this year's business planning.

How DfE is Responding 2

- Taking the Ministerial priorities as a starting point each Directorate/agency has assessed what resource it will need to deliver those priorities and also identified what can be stopped.
- The "stop" exercise: officials proposed activities to stop according to the nature of the risk. The three categories used are: straightforward, hibernate, controversial. The proposals have been tested with Ministers and what/how work should stop has evolved accordingly.
- Delivery plans and resourcing decisions have been informed by a series of scrutiny and challenge sessions, led by the Permanent Secretary, the non-executive Board Members, and the Directors of Finance and of Strategy and Performance.
- Annual exercises aren't enough. Ministers have committed to termly prioritisation and the subsequent re-allocation of resources. Resources will also be regularly reviewed by local and Directorate level SMTs.

Flexible Resourcing Across DfE

- Informed by examination of other Government departments and public sector bodies, (MoJ, DCMS, HO, NHS), the private sector and DfE experience of operating flexible pools.
- The review assumed an increase in flexible resourcing from 3% of staff to 30%.
- Models being developed will meet and exceed this assumption.
- No centrally mandated process—each Directorate free to develop a model that works for its business.
- DfE-level thinking on cross departmental operating principles/issues ie HR/people policies, MI, Knowledge Management etc.

Developing Models

- Two Directorates will be moving to new, more flexible structures with most staff being deployed flexibly within policy families.
- Common features across both Directorates:
 - Minimal role types: generalist, analyst/economist, researcher and communications specialist.
 - Limited standing teams, most business delivered through clearly defined projects with end points.
 - Staff allocation managed locally. When projects close or are deprioritised resource moves to the next priority within the policy family.
- Use of the new model will commence following a full selection exercise that completes in June 2013.
- Across the two Directorates will be around 1000 staff that can be deployed flexibly.

Wider Models Across DfE

- The third policy/delivery Directorate is taking a more incremental approach with flexibility being developed in different ways over time.
- People and Change have already moved to project basis.
- Other corporate areas considering their operating models within the context of reform and budget reduction.

Costs and Benefits

- Emerging picture as models in various stages of development.
- Soft benefits:
 - more efficient use of resource;
 - greater simplicity and as un-bureaucratic as possible;
 - more responsive, with more staff agile and adaptable;
 - working smarter: knowing the business end-to-end leads to improvements;
 - easier to draw in wider specialists (such as analysts) at the start of a project; and
 - supports motivation and variety for staff: shape careers, get interesting work, manage a fair workload.

Departmental Approaches—HM Treasury

HM Treasury: Context

- Strategic Review 2010:
 - 1/3 reduction in Department's budget.
 - 25% reduction in headcount by end of 2013–14.
 - Establishment of Director-led groups as main business unit.
 - Creation of "Strategy Planning and Budget Group".
 - New Flexible Project Pool.

HM Treasury: Business Planning (i)

Annual, department-wide exercise:

- Groups produce Strategic Resource Plans—resources & priorities.
 - DG-led Challenge Sessions.
 - SPB produce a coherent proposition for Board, with trade offs.
 - Executive Management Board—discussion & strategic choices.
 - Outputs:
 - Group Settlement Letters.
 - HM Treasury Work Programme.
 - Discussion with Ministers and Non-Executive Directors.
- Crucially: SPB role *facilitative*, not directive

HM Treasury: Business Planning (ii)

In-Year management of risks & flexibility:

- Risks Groups: Economic, Fiscal and Operational.
- Quarterly Performance Report: EMB discussion & NEDs.

- Ongoing discussions between DGs, Perm Sec and Ministers.
- Formal mid-year review of business plans.
- Specific tools:
 - Flexibility within groups.
 - Unallocated time-limited posts.
 - Strategic Project Resources.
- Examples from 2012–13: Eurozone, Scotland, LIBOR,

HM Treasury: Flexible Project Resourcing

Project Pool of 20 FTE:

- Policy professionals—mix of experienced HEOs and Grade 7.
- Ongoing allocation, with “rounds” timed to business cycle.
- Projects must be:
 - Time-bound and quite short: typically three–six months, sometimes more.
 - High priority—link to department’s strategic objectives and work programme, but also new pressures.
- Light-touch and flexible model : central role for SPB/Deputy Director.
- Ex-post transparency to department.

HM Treasury: Flexible Project Resourcing

	<i>Nov 2011–April 2012 (6 months)</i>	<i>April–Nov 2012 (6 months)</i>	<i>Jan -April 2013 (3 months)</i>	<i>Total (18 months)</i>
Projects supported	8	33	8	49
Found resources elsewhere	10	19	8	37

Examples from 2012–13: RBS, Models Review, Europe, Roads, Heseltine Response

HM Treasury: Lessons

Successes

- Top-down *and* bottom-up: strengthens buy-in and strategic choices
- Professionalising department—culture change.
- Matching resources to priorities—EMB & Ministerial feedback.
- Staff development—recruitment and retention.
- Relatively resource efficient.
- Built trust—model can now be developed...

HM Treasury: Lessons

Challenges

- Business planning—what are we stopping?
- Project Initiation—especially scoping—and Exit.
- Staff Management.
- Balance between personal development and business need.
- Embedding new approaches and tools fully across department.
- Developing a robust performance management system & MI.

Annex A

SUMMARY OF DEPARTMENTAL EXAMPLES

CABINET OFFICE

Principles

- As of January 2013–650 staff in FRD, 770 assignments—major recruitment gap.

- Most assignment to roles done on a bilateral basis through advertised roles and personal contacts—some centralised deployment in the case of emergencies/new teams. 60% of pool permanent CO staff, others mix of secondments, loans, STFTAs etc.
- All staff below SCS in five units (around 40% of CO).
- Movement through pool on the basis of agreed end dates between resource and activity manager.
- Ministers originally involved in Commissioning Board that agreed priorities and allocated resource (when FRD served one organisational unit). Now Ministerial involvement only when resourcing issues escalated.
- Development hard wired into the model and major feature (Flexible Resourcing and Development).

Costs and Benefits

- Team currently 1 x SCS1, 1 x Band A, 3 x B2, 1 x B1, 1 x C & temporary 1 x B1 for recruitment.
- Implementation in core ERG done as part of overarching change programme with high level sponsorship.
- Review currently underway.
- Not designed to secure savings, but to drive organisational form; FRD played major role in controlling headcount in earlier phase, but controls now much looser across CO.
- Staff based in open plan, hot desk environment with laptops; major resource required in FRD specific MI as CO HR systems are not fit for purpose.
- Some time saved in resourcing priorities, but (a) overall resourcing shortfall (b) nature of priority posts which are often commercial or require other specific skills that need to be recruited elsewhere makes this difficult. However, can move staff quickly into assignments when they are available.

BIS

Experience to Date

- Operated a project pool, but too resource intensive, became bureaucratic, usual suspects moved, but did not create a flexible culture.
- Large fast stream complement relative to size provided flexible high skills resource pool.
- Following 20% downsizing conducted a department moves round in summer 2011 consisting of two parts.
- BIS Fair—where business areas showcased their responsibilities.
- staff interested in a move expressed interest.
- Created 25% churn and real energy—but long tail and exposed inconsistency in knowledge management, standards and evidence of poor performance management.
- Consequently.
- Implemented gateways for promotion.
- Agreed to undertake regular open adverts for new priorities, limited moves rounds to keep up the energy of change without disruption to departmental business.
- Decided on a flexible approach to resourcing, that would include managed moves, loans and secondments, but maintained open advertisement of vacancies to ensure opportunities available to all.

Going Forward

- Important this is owned by staff and managers—not the HR capacity or available resource to have high overheads.
- Ways of Working Programme established, engaging with staff and looking at more flexible use of space, IT and people (staff have worked in open plan/hot-desked for some time)
- Assessment gateways to EO, HEO, g7 and SCS to embed common standards.
- Business areas already empowered to move resource around/conduct local restructures to meet business priorities.
- Opportunities Store being rolled out—advertises opportunities for job swaps, secondments, interchange, job shadowing, moves rounds, as well as the usual vacancies to open up unfamiliar areas of the business but encourage staff to own their careers.
- All staff given opportunity to express interest in major new programmes eg “open house” sessions to raise interest in industrial strategy resulted in 40 loans at short notice to priority areas for six month stints, supported by reprioritisation in “loaning” business areas.
- Push on performance management and career conversations as part of building Confident Managers so that there are more effective

DCMS

Principles

- 100% of core Department below SCS (approx 330 staff) now in flexible resourcing pool.
- Resourcing cycle takes place six weekly and allocations are made on relative priority of role/task against structured criteria.
- All non-specialist roles are flexibly resourced. All work in DCMS is now a project.
- All staff (below SCS) have end dates to current roles. This causes the need for on-going work to be tested (against other priorities) on a regular basis and provides staff with development opportunities.
- Ministers priorities are reflected in the weighting criteria for the bids—but the decision on resourcing is entirely for the executive.

Costs and Benefits

- Small team currently headed by Band A, also responsible for managing project assurance.
- A six week cycle means it's a continuous activity. The process has been stripped back but inevitably has process overhead.
- Staff have expressed concern they have limited control over roles they are posted to. Does not resolve capacity issues where significant vacancies are being carried.
- Flexible Resourcing arrangements have been at the heart of our 50% admin reduction change programme. We would be unable to operate effectively without this flexibility.
- A large proportion of SCS required to consider and agree the relative priorities on a six-weekly basis.
- Significant benefits in being able to resource new priorities quickly. Very agile arrangements.

Department of Health

Principles

- As of March 2013 55 in integrated structure Project Bank (excl SCS).
- Generalist posts only—not included specialist roles.
- All assigned to roles from April 2013 (with one exception).
- Placements three—six months initially.
- Requests for staff made on proforma and skills required then matched with availability. Postings made to new priority work and not into permanent posts. Assignment to roles done.
- Movement between posts and assignments negotiated by PB coordinator and line manager.
- Many assignments are to meet Ministerial priorities.
- Encouraged to take L & D opportunities within teams.
- Separate Pay Committee will be held for Project Bank staff.

Costs and Benefits

- Team currently: 75% SEO, 10% SCS1plus HR support.
- Establishment posts created for PB staff as part of overall workforce assurance process in 2011–12. But costs met locally.
- To provide flexible resource into time-limited, project roles.
- To explore new ways of working and resourcing.
- Staff will be largely based within new teams, but location will depend on posting.
- Some staff in transition posts have still not been available to move into enduring roles.
- Demand has outstripped supply, particularly at G7 and SEO/HEO, where there has been some delay in staff taking up assignments.

FCO—Projects Task Force

Principles

- 30 Staff—Expanding to 60 by Autumn 2013.
- Deployment agreed through bidding rounds on a quarterly basis.
- Bids must be project based.
- Changes to allocation managed through additional bids/liaising with management.
- PUS championing & heavily involved in prioritisation. Foreign Secretary involved in identifying priorities.

Costs and Benefits

- No specific running costs. Whole team, including management & administration, deployed to projects.
- Projects range from one—eight months.
- Regular feedback on individual's performance after each project is completed.
- Relatively small, one off costs in setting up mobile working infrastructure.
- No savings identified. FCO flexible resourcing not a savings exercise.

HMRC

Principles

- Number or % staff in flexible pool?

We do not manage staff in a flexible pool across the department however some of our individual business areas will move staff between processing and contact centre work.

- Process for allocation (annual? quarterly?)

Through our business planning activity and the completion of our people and property outline plans we produce a workforce plan. We allocate resources on a yearly basis and manage this on a monthly basis across the department and make changes where required.

Criteria for activity being resourced flexibly?

We have in place a Resourcing Strategy with different criteria to allocate resources.

- Managing changes to allocation?

We have a change control process and manage performance on a monthly basis

- Involvement of Ministers/NEDs?

Our change control process allows us to make changes to our resourcing options when decisions are taken by Ministers on new priorities—such as Autumn Statement/Budget.

NEDs are on our People Board who have sight and assurance of our people strategy

Costs and Benefits

- Cost of team that manages & regulates implementation.

The workforce management programme oversees all resourcing options and this function costs £3-£4 million per annum to manage 70k staff. There are also small teams in each line of business.

- Time needed for successful implementation.

We have various processes for different resourcing options level moves of staff into roles can take between four weeks and three months depending on complexity. Large Promotion campaigns take about three months as does External Recruitment.

- Feedback from staff? senior staff? Ministers? NEDs?

We have sponsorship from ExCom. Feedback from staff shows that we can improve our resourcing processes and our communication with them. We've had very positive feedback from senior stakeholders following early challenges in delivery of large scale recruitment and redeployment given the improvements we have made.

- Savings achieved?

We have achieved savings in terms of reduction in estate and reduction in recruitment costs/exit costs by focusing on redeployment and minimising redundancy.

- Infrastructure costs to support flexible working?

Not able to quantify.

- Time saved in resourcing new priorities?

Not able to quantify.

Supplementary written evidence submitted by the Cabinet Office (CSR 35)

Public Administration Select Committee (PASC) Inquiry into Civil Service Reform and Public procurement—responses to questions from PASC at the evidence session on 13 May 2013.

Further to the recent PASC hearing, I undertook to provide more information in a number of areas that were raised in the session.

Response to Q602 on Pivotal Role Allowance

Incentives and expectations need to be aligned so that there is greater accountability for outcomes and so individuals, especially in business critical roles, see projects through to completion. In the past there has been a strong sense that they need to get promoted and thus leave the role to get a salary increase. This is a key action in the Civil Service Reform Plan. A Pivotal Role Allowance has been introduced this year to ensure departments can recruit and retain people in their most critical roles. The payment of the allowance will be controlled by the Cabinet Office.

Eligibility criteria

Any proposal to pay the allowance must meet four qualifying criteria:

- Where the role is critical to delivering the strategic goals of the organisation.
- Where there is potential to make a disproportionately large impact on the business if left unfilled.
- Where the role requires specific skills that are not easily available in the Civil Service.
- Where there is a recruitment and retention problem.

All SCS Pay Bands (existing staff and new joiners) are eligible provided the role meets the qualification criteria, but the allowance will be aimed predominantly at Senior Responsible Owners.

Control

- All proposals to use the allowance must be submitted to the Cabinet Office with a supporting business case, alongside input from the Major Projects Authority as required.
- All cases require sign-off from the Minister for the Cabinet Office and the Chief Secretary to the Treasury.
- While not prescriptive, the expectation is that approximately 100 pivotal roles will be approved across the Civil Service. Each case will be considered on its merits.
- There is no limit on the size of individual payments but full justification must be provided including market evidence.
- Overall spend is restricted to a maximum of 0.5% of the SCS paybill.

Allowance features

- The allowance is non-consolidated and non-pensionable.
- There is departmental discretion to determine the method of payment for successful implementation of project (eg in full at end of project or in instalments linked to achievement of key milestones).
- The allowance relates to the role *not* an individual. *Departments must ensure that the allowance is removable when role ceases to be pivotal to the organisation. This must be made clear to recipients.*

Monitoring

- Cabinet Office will provide quarterly management information on its usage to the Chief Secretary (CST), the Minister for the Cabinet Office (MCO) and the Civil Service Board.
- Departments must review the allowances every six months.

Response to Q602 Promotion in Post

Regarding the specific issue of promotion in post, there are two means by which this can currently happen:

- fixed term or temporary promotion. This is a promotion for a fixed period of time, for example the remaining duration of a programme. The temporary nature of the promotion links it directly to the post, providing an incentive to stay; and
- Permanent Secretaries can, at their discretion, permanently promote in post, if there are exceptional business reasons. This is very rarely used.

In both cases the promotion must be justified by the weight of the role and suitability and competence of the individual for the higher grade. Where the level of promotion is to Director General or above the Civil Service Commissioners must be consulted.

Written evidence submitted by Professor Andrew Kakabadse (CSR 36)

Having examined the evidence gathered for the Report, I feel that one crucial topic has not been given sufficient attention and that is Engagement.

Engagement or the lack of it is emerging as a deep concern for private and public sector organisations alike. In fact I am currently being sponsored to undertake a global study of why it is so challenging for the leadership of the organisation to win engagement with staff, management and other critical stakeholders. Research highlights that over 66% of the world's private and public sector organisations have a leadership where infighting, lack of shared vision/mission and fear to speak and raise known concerns are the norm. The Civil Service in the UK is no exception. Add to that the separation of policy input from implementation at departmental level, fast track leadership that is seen to move on before it can be held accountable for its medium/long term actions and the recent experiences of redundancy, stringent attention to costs and declining job satisfaction, it is amazing that the civil service functions as well as it does.

However the signs of disengagement are evident in the Civil Service; a transactional mindset as opposed to focusing on delivering value, low trust in the leadership to find sustainable ways forward, silo mentality, a lack of innovation and an eroding culture of service delivery. To combat such a deep seated malaise research does offer particular steps to take so as to break with the past and nurture a performance oriented culture and a mindset of diversity of thinking.

The first and most crucial step is to hold a penetrating and transparent inquiry identifying the nature and depth of disengagement and the consequences of not addressing this problem. For this reason I totally support your pursuit for a Parliamentary Commission into the workings and future of the Civil Service. The reason independent inquiry is so important is that each enterprise has its own legacy, mindset and habits all of which have to be surfaced before reform can take place. Each organisation is unique and that particular nature has to be captured if meaningful change is to be introduced. My research also emphasises that resistance to change is immense so stringent steps need to be taken to protect such evidence from being ignored.

In depth study of the engagement challenge allows for step two which is for management to admit the lack of engagement that has gripped the organisation and been responsible for the negative culture that has taken hold. Without such evidence research shows that is commonplace for management to continue in denial and when crisis finally comes the leadership blames external conditions and position themselves as faultless victims. As most organisations do not immediately collapse but instead slowly decline, top level denial can become a fabric of the organisation. If relevant and deep seated evidence cannot be gathered there is little point in continuing with reform.

However many organisations do attempt reform but without a sound evidence base. Not being forced to address structural and leadership deficiencies, it is common to solely attempt restructuring where most in the organisation know that path will not work. How could it as issues of poor leadership and an undermining culture are not discussed let alone addressed. The search proceeds for an ideal structure which is often the pet theme of one or two leaders in the organisation but ignored by the rest. So step three is resist just going for restructuring.

Step four is pursue organisation redesign driven by the evidence gathered at the inquiry stage. Here the focus is on the value that is delivered to the Market/community and from that build a structure, organisational processes, a culture and a leadership that is meeting customer/citizen needs of course within the budgetary constraints of the day. The lesson learnt from research is that engagement is realised through aligning resources to value delivery on the basis of scientifically gathered evidence. How many organisations pursue this more sophisticated service strategy balancing financial considerations with value delivery, well from my current study less than 20%. Most private and public enterprises continue to deny that an engagement concern exists and/or search for the ideal structure (on the basis that it has worked somewhere else) and/or enter into greater infighting at senior levels with factions pursuing what they believe to be right strategies which in reality have not been Market tested. So step four can be captured as don't do strategy; prove it.

Step five involves the contribution of the board. In high performing organisations the board is involved in stewarding change and overseeing the growth of a performance oriented culture and forward looking, cohesive top team. The board has to be positively engaged with the management so that it has access to detailed knowledge of what is going on in the enterprise. Hence the board can be supportive/critical of management and can be helpful in nurturing positive ways forward and be particularly attentive to issues of risk and reputation. I do not detect any signs of that with the current departmental boards. What I see is that at best certain boards are protective of the Permanent Secretary without further knowledge of what is happening at senior management levels or as individual NEDs provide input on certain projects. This is just poor practice which an in depth inquiry should surface and highlight how limited is the contribution of departmental boards.

Global best practice suggests five steps to address engagement and change challenges. The most important step is gather evidence which accurately captures current reality and ensure that that evidence has the exposure and status to be heard. All too often the evidence from such fact finding missions is conveniently shelved because the study was not given the status and respect it deserved.

I hope my comments are helpful.

August 2013

Written evidence submitted by Rt Hon Sir Alan Beith MP, Chair of the Liaison Committee (CSR 27)

At the last meeting of the Liaison Committee on 19 June, you raised concerns about the Government's plans for Civil Service Reform and sought the support of the Committee for the idea of a Parliamentary Commission on the Civil Service, along the lines of the recent Parliamentary Commission on Banking Standards. It was agreed that I should write to you to express the support of the Committee for this proposal.

I am sure you would agree that additional resources would need to be found to support the work of the Commission, whether from the House of Commons Commission or from the Government, rather than drawing on the resources of existing Select Committees. You may remember that we highlighted this point in our report on Select committee effectiveness, resources and powers (paragraph 121).

August 2013

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