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Public Administration Select Committee

Skills for Government

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Oral and written evidence

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The Public Administration Select Committee

The Public Administration Select Committee is appointed by the House of Commons to examine the reports of the Parliamentary Commissioner for Administration, of the Health Service Commissioners for England, Scotland and Wales and of the Parliamentary Ombudsman for Northern Ireland, which are laid before this House, and matters in connection therewith, and to consider matters relating to the quality and standards of administration provided by civil service departments, and other matters relating to the civil service.

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The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at http://www.parliament.uk/pasc.

Committee staff

The current staff of the Committee are Eve Samson (Clerk), James Gerard (Second Clerk), Anna Watkins (Committee Assistant), Louise Glen (Secretary) and James Bowman (Senior Office Clerk).

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Witnesses

List of written evidence

List of Reports from the Committee during the current Parliament

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Third Special Report	Inquiry into the Scrutiny of Political Honours	HC 1020

Oral Evidence

Taken before the Public Administration Select Committee

on Thursday 12 October 2006

Members present:

Dr Tony Wright, in the Chair

David Heyes
Kelvin Hopkins
Mr Ian Liddell-Grainger
Julie Morgan
Jenny Willott

Witnesses: **Ms Gill Rider,** Director General, Leadership and People Strategy, and **Ms Anne Marie-Lawlor,** Director of Leadership Development, Corporate Development Group, Cabinet Office, gave evidence.

Q1 Chairman: I would like to welcome our witnesses this morning, Gill Rider, Director General, Leadership and People Strategy, and Anne Marie-Lawlor, Director of Leadership Development, Corporate Development Group in the Cabinet Office. We are doing an inquiry, as you know, into the whole attempt to up-skill government. You are the key people doing it and therefore we wanted to hear from you what you were all about. Thank you for your memorandum. I do not know if either of you would like to say something by way of introduction.
Ms Rider: I think it would be worth introducing the objectives that Gus gave me. I have only been here for five months—so very new, and still in my learning curve—but he gave me very clear objectives. Three objectives. Very straightforward. One is to work with the current leadership of the Civil Service to help improve the leadership and particularly to look at the development of future leaders. The second is to create a people strategy for the Civil Service and all the elements that involves. The third is to help improve the professionalism of HR, continuing the journey that HR is on in terms of developing skills, but to work to make sure, essentially, that we have the capability for the future. I thought that would be a helpful context in terms of what my job title means.

Q2 Chairman: Thank you for that. Would you like to add anything?
Ms Lawlor: I have nothing to add to that.

Q3 Chairman: I am interested in a number of things, but one is that you have come in just from the private sector.
Ms Rider: Yes.

Q4 Chairman: Without, as I understand it, any public sector experience.
Ms Rider: Not very much at all, but a little bit. I worked with the NHS back in the early eighties, but as a consultant working with the NHS.

Q5 Chairman: But you know about management and training and all this stuff. Tell us, in terms that we can understand, as someone coming in from the private sector like that, how does the public sector strike you?
Ms Rider: That is a very broad question. Twenty-seven years in the private sector and only five months in the public sector, so it is obviously very much first impressions. I have been very, very pleasantly surprised . . . not surprised—that sounds derogatory—delighted, at the quality of the people I have met, particularly the leaders of the Civil Service. I think it is very hard when you are in the private sector to appreciate quite what the leadership challenge is here and you tend to think of things in comparable terms. But the leadership challenge is not comparable because, quite rightly, in terms of what our democracy requires, we have the leadership of the Civil Service, who have to both manage and lead their organisation, but they also have to serve the Government and the ministers. The pivot point between how you serve and how you organise, manage and lead an organisation means that there is a complexity in that relationship that the leaders of the Civil Service need to deal with of which there is no comparable in the private sector. The quality of the people that manage that relationship is extremely high. There have been quite a number of comments about leadership in the Civil Service, but I have been very impressed. The second thing that is really immediate and which you see is the pride of the people who work in the public sector. Whether you go to visit Job Centre Plus or Disability Living Allowance, when you go to visit the people doing the frontline work there is a huge sense of pride and engagement in their work. In the private sector we spend an enormous amount of time and money trying to get people to feel as engaged and as positive about the work they do. So I have been very impressed.

Q6 Chairman: As you say, there is a big difference is there not?
Ms Rider: Yes.

Q7 Chairman: There are a number of big differences, but one is that in the private sector the people who run companies are responsible for managing them. Whereas in the public sector, the people who run things, the politically elected ministers, are disbarred from running them. Does that not make it a very odd situation?

Ms Rider: It makes it a complex situation but it is fundamentally about how our democracy is structured. From everything I have seen and read in the last few months, I think it is probably much better than a number of the other systems that you could have. I think it is obviously very different from the private sector but that does not mean to say it is wrong. I think it is probably a very good model in terms of keeping the impartiality but driving the organisation through in terms of how our politics work.

Q8 Chairman: Should the skills that the Civil Service needs not be defined by the politicians?
Ms Rider: The skills that the Civil Service needs are absolutely defined by the environment and the context in which the Civil Service sits. Clearly, the Civil Service needs the skills to interact and work effectively with politicians, but it also needs very clearly the skills to take the policies, the ideas of the Government, and to translate those through into better public services. That is what we are all about. So there are very different sorts of sets of skills. I am going to ask Anne-Marie to help with that one.
Ms Lawlor: To add to that, the skills that the Civil Service needs are of course defined by politicians. If we take something like our Professional Skills for Government programme, which I hope we will have a chance to talk about in a little bit more detail, that was based on a number of discussions with various ministers about the skills they wanted to have. That very certainly informed determining the mix of skills we thought we need now in the Civil Service and going forward, which is a very important element of it. Equally, when it comes to particular posts, while appointment is made in an impartial way and ministers are not part of the final appointment process, in the early stages of defining a role, particularly a new role, ministers are engaged in that discussion in determining what skills they need and what personal qualities they need in someone with whom they will be working closely to make that job work very effectively.

Q9 Chairman: Just, as it were, charting the landscape, when I asked you how you found it when you came in, the reason we get slightly jaundiced about this is that those of us who have been observing this field these many years have seen initiatives come and go with enormous regularity, each of which is announced as an epic moment in the transforming of the skills of the Civil Service. You have provided a memorandum, in which you say, "Over the past few years, there has been a landmark shift in the Civil Service skills strategy." I bet I could show you documents which talked about such shifts previously. What is different about this shift?
Ms Rider: Firstly, in any organisation you find a history of initiatives that build up because people are always trying change. The world is always changing, so you always find a history of initiatives. The question that certainly I asked, as I was looking to whether I would join or not, was fundamentally about that: Is this going to achieve change? Certainly, when it comes to a number of initiatives around the Civil Service, but particularly Professional Skills for Government, there is an extremely comprehensive, well-thought-through process of: what are the skills we require; how does it fit into the career structure of the individuals; what experiences do we need to make sure they get as well as what training? It is extremely comprehensive. The judgment you make about whether the change is happening or not is the change in the behaviours and the culture and the expectations of the individuals in it. Certainly, if you go to talk to civil servants about Professional Skills for Government they do understand that it means different requirements to them. People no longer talk about a career that is through policy setting; they talk about a career that has a variety of skills, that includes policy setting but they know they need some operational expertise as well in order to make sure the policies are implementable. They also know that they need to have the range of managerial skills that make you effective, whether that is financial skills, commercial skills, people-management skills. People now, when you talk to them, have internalised it, if you like. To me, that is the judge of it. Clearly it is a new initiative, so you cannot judge something that is so fundamental about change in the first year or so. This will take years to build into the culture. But my assessment is that it is a very effective programme. Anne-Marie has been much more heavily involved clearly in this.
Ms Lawlor: I would add one thing, which I hope offers a glimmer of hope, because I think a tradition of initiatives is one we are trying to shift away from. Professional Skills for Government was invented under the leadership of Andrew Turnbull, of course. One of the very first things Gus O'Donnell said when he became Cabinet Secretary was, "I'm absolutely 100 per cent behind Professional Skills for Government. It is not going anywhere." That was of great significance because a number of people might have been waiting to see: Will this last or will it change? The signals from the top, from Gus and from all the permanent secretaries, have been very clear: that they want it to be here to stay, that it is here to stay. The point is to embed it and to continue with the internalisation that Gill just talked about, not to look for the next new thing on the horizon.

Q10 Chairman: Before I hand over to colleagues, I would like to ask you two questions, one about, as it were, the top of the Service and one about the bottom of the Service. There is the attempt to bring, through open competition, new people at the top of the Service, and the figures on that are quite striking. Forty per cent of the top Senior Civil Service posts are open to open competition. We have had a memorandum from Sir Robin Mountfield, a former permanent secretary, who is a shrewd observer of these things. He said to us—and he has said it to us before—that he thinks this is full of dangers, that where we should be bringing people in is into middle management, so that they then can be able to rise to the top along with other people inside the service if

need be. Bringing them in at the top is, he thinks, a misguided and dangerous policy. Do you think he has a point?

Ms Rider: Could you help me, because I have not seen what he has written: Why does he think it is dangerous?

Q11 Chairman: Because he thinks that a service should primarily grow its own people. He thinks the big lesson of the private sector—which you can tell us about—is that the best companies do grow their own people and that some artificial export in at the top, when you have not brought people in earlier, is a mistake.

Ms Rider: I can certainly talk about that—and I clearly have to make sure I overcome my personal interest in this. My experience in the private sector very clearly says that organisations do indeed try to build their own talent. There is a very strong focus on making sure you are nurturing the talent and giving it the right experience, you are bringing people through, getting them ready for leadership positions. But the private sector also recognises that at times you will really need to go out and get new experience, for two very simple reasons: (i) you need to go out and get experience for specific skills where you have gaps, perhaps where the business is doing something new and different, and (ii) you go out when you need new blood—and that is it, just that you recognise you need new blood. The Civil Service is clearly trying to change: it is doing a lot of different things; the context in which it is operating is changing, and therefore the Civil Service is recognising that it needs some different skills from those it has had before, and so it is looking to make this blend, this balance, work between internal and external. I see part of my job as being to help the process of building the next generation of leaders in the Civil Service and to make sure that balance is right between the people we have developed that can compete for the roles at the top and do so successfully and the people that we need to be bringing in from outside. I do not know specifically what you are saying, but the organisations do need to build their own leadership talent. We are making an investment in people the whole time; we just need to make sure we get that balance right.

Q12 Chairman: I would urge you to look at his memorandum. It is full of good things. Do you think there is a balance beyond which you should not go, in terms of the balance between internally grown people and people who are brought in? It has been argued that if you go beyond a certain point, then you would fundamentally change the character, the incentives inside the system. Do you have a figure in mind?

Ms Rider: No, I do not have a figure in mind because it very much depends on the organisation, and it is clearly very important, when you bring people in from outside, that you are not only assessing their capability to do the job but you are assessing their behaviours and their values to make sure that they are going to sustain those things that you find are very important in the culture. It may be that some of his concern is about sustaining the values of the Civil Service. That is clearly a very important element of recruitment. There is obviously a balance. If you were changing everybody overnight and bringing in people who had no history, had no background, had no understanding of the objectives of the organisation, completely changing your top teams, that would be an issue. We certainly would not want to get to that. There is a balance to be kept.

Ms Lawlor: The 43 per cent of Senior Civil Service posts going to competition at the moment is not instead of opening middle management posts up to open competition. It is simply that, in an organisation the scale of the Civil Service, we at the centre have a much stronger handle on what is going on in the Senior Civil Service and of course the leadership of an organisation is crucial to shaping the culture of an organisation. If you look at individual departments, most, if not all, of those are recruiting actively from all sorts of labour markets at many different levels. For example, I am on loan to the Cabinet Office from the Department for Education and Skills, which has had a policy for some time of looking to recruit at least some middle management posts from the whole of the education sector, precisely in order to enrich the skill mix, to bring in experience from outside, bring in real-life, hands-on experience of dealing with the policies the department is building. So it is not an either/or in looking at how it is happening in practice.

Q13 Chairman: The criticism is often that when we have these discussions we tend to focus on the Senior Civil Service all the time, which is just this small percentage of the Civil Service. Hundreds of thousands of people tend not to get discussed when we are talking about the balance between policy skills and operational management skills and so on, and yet the figures you have given us I found to be pretty alarming. You tell us that inside the public sector there are 132,000 people who are not qualified even to level 2 (basic skills in numeracy, literacy and IT), which is a little under 13 per cent of the workforce. Very large numbers of civil servants you are telling us do not have even basic literacy, numeracy and IT skills.

Ms Rider: I am going to ask Anne-Marie to comment on the basis of the statistics. It is always dangerous when you look at the big numbers because it is totally dependent on what you need people to do. The whole purpose of employment generally is to make sure you get a match between the individual and what they are capable of doing and what the job requires, so it may not be a problem in the way that you are articulating.

Ms Lawlor: There are three things I would say about that. One is that the data you quote is the data we have, although I hope we have also told you that we are not completely confident in that data, because the data from the labour force survey, which is what this is based on, for the central government sector is not completely reliable. The reason for that is that it is a door-step survey and people do not always answer correctly what sector they work for. The first thing is that we are doing work to make sure that

data is correct, but we do think that we are not very different from the workforce at large in the number of people who do not have level 2 basic skills. That is, as Gill says, partly because of the huge range of occupations we have in the Civil Service. I am Chief Executive of Government Skills as part of my job, which is the Sector Skills Council for Central Government, and one of the fascinating things about running that sector skills council is that, unlike any other sector skills council, we cover just about every occupation which exists in the list of occupations because of the range of different jobs that civil servants do. For particular people's jobs, this may not always be an issue. Equally, as part of the machine, it is part of government policy that people should have the basic skills which they need, so we are working very hard on that. Under the aegis of government skills, we have just started a very ambitious project on which we are working very closely with the trade unions, to use union learning representatives in departments to do very active work to find out who needs help with basic skills in ways that are not intimidating for individuals—because it can be intimidating to say to your boss, "Look, I've got a literacy problem," but it may not be so intimidating to talk to a colleague—and to put training in place to address that. That is starting very quickly.

Q14 Chairman: Tell me, what kind of Civil Service job recruits people with even basic skills in literacy and numeracy?
Ms Lawlor: There are people doing fairly basic level administrative jobs. It is not that they have no literacy and numeracy, we are talking level 2 literacy and numeracy. There are stonemasons. There are people working in forests. There are all sorts of occupations where, while we would desire everybody working in the Civil Service to have these skills, they are not day-to-day relevant in the job that they are doing.

Q15 Chairman: I am just astonished by the numbers.
Ms Lawlor: We have a lot of people working in forestry and we are one of the biggest employers of stonemasons in the country.
Chairman: There is no answer, as we say, to that! I am going to bring in some colleagues now. I need some help.

Q16 Mr Liddell-Grainger: It is very useful not to be able to write in a forest, I am sure. Could I ask you: who interviewed you for your job?
Ms Rider: I was interviewed in the normal way by a panel that was composed of a member of the Civil Service Commissioners, by Gus O'Donnell and two external people.

Q17 Mr Liddell-Grainger: Who were the two and what did they do? Were they civil servants.
Ms Rider: No, they were not.

Q18 Mr Liddell-Grainger: They were from the private sector?
Ms Rider: I do not know their detailed biographies, but, from what I checked out at the time, they had worked in a variety of private sector organisations and some public sector.

Q19 Mr Liddell-Grainger: Did you feel they had some understanding of what you were being asked to achieve?
Ms Rider: It was certainly a very tough and gruelling process, yes. I felt quite exhausted.

Q20 Mr Liddell-Grainger: That is not the question. Do you think they understood what you were set out to achieve?
Ms Rider: I certainly did.

Q21 Mr Liddell-Grainger: You felt they were asking you to re-skill the Civil Service. Is that what they were asking you to do?
Ms Rider: I think they were asking me to ensure that we do absolutely the best possible job we can in making sure that the Civil Service has the best leadership, the people, the skills for those people and the HR policies and practices, the best it can have, for what we need to do in the future.

Q22 Mr Liddell-Grainger: Does it not worry you that they have had to bring somebody in like you? With no disrespect to you at all, Gill—I do not know your background particularly, other than I see you were with Accenture—they have virtually had to come to you to do all the things you have just told me, which is the role of the Civil Service. You are saying they are terribly good, and you are very surprised, and they are wonderful people and great—except they cannot read in forests. Is that an indictment that the service is in a complete shambles? You have said all the things the Civil Service should naturally be doing, yet they are bringing you in to do what they should be doing anyway.
Ms Rider: I do not think in the least it is in a shambles. It is recognising, and, being quite demanding of itself, is saying, "What is it we need to be doing for the future?" In looking at what it needs to be doing for the future, it has identified that there are some things I can help with. I certainly would not be in the space that you are in, in looking at my appointment in that way.

Q23 Mr Liddell-Grainger: There are six core principles. Let us just go through them: people management; financial management; programme and project management; analysis and use of evidence; strategic thinking; and communications and marketing. They are the core fundamentals of a civil service. You are here. They are not working. You have been brought in to sort out a mess.
Ms Rider: I disagree. I do not think they are not working. We are working to improve them. I have not been brought in to sort out a mess; I have been brought in to help everybody do what they want to do, which is to try to make sure we are the best we possibly can be for what we need to do today and in the future.

Q24 Mr Liddell-Grainger: May we look at a couple of examples. Nigel Crisp got fired because he was told the NHS was incompetent. We have a procurement programme which is a disaster. We have IT projects coming out of our ears that have been a shambles. We have the CSA—where do you start with the CSA? We have the Inland Revenue that cannot even fill in its own forms, never mind anybody else's—grade 2s, presumably. We have the MoD which cannot even get enough kit for the troops, who are getting killed. We have got tax credits—again, where do you start? We have single farm payments—a catastrophe. We are seeing management failures all the way through the Civil Service, at the very highest levels, and a lot of people have sat where you have sat to explain why they have made a mess of it. Pensions. We have had so many people. But you are saying it is all right.
Ms Rider: I think you have just listed a whole series of problems, clearly, and no one would deny that there are some problems, but you need to put that in the context of: This is a hugely complex thing we are trying to do. When you have big projects you always have risks. I believe I am right in saying that the failure rate of Civil Service projects is no greater than that in the private sector.

Q25 Mr Liddell-Grainger: That is fine, is it? I am so sorry.
Ms Rider: No, of course it is not.

Q26 Mr Liddell-Grainger: If I had known that, then NHS IT . . . I am sorry. Is that not stupid of this Committee: here we are, saying to Parliament it is incompetence—
Ms Rider: I did not say it was fine. I did not say it was fine.

Q27 Mr Liddell-Grainger: You are covering up for it. Come on, you are meant to be there sorting it out.
Ms Rider: If we want to talk constructively about things we are trying to do to help make improvements—

Q28 Mr Liddell-Grainger: Which is what I am coming on to. Let us set the scene, because you seem to have rose-tinted glasses. You are saying you are pleasantly surprised and you are happy and so on, yet the failures—and they have always been thus, I suspect—seem to be getting more pronounced. Maybe that is because the media are digging more. Maybe that is because the Civil Service are leaking more. I do not know. I think there is a bit of both. It does boil down to the fact that the projects are getting more and more expensive and they are failures. The money involved is bigger. Are you saying that they are recruiting low quality people, that they are recruiting the wrong people, or should business people be brought in at a higher level to sort these out because of management skills which the Civil Service probably do not have at certain levels?
Ms Rider: I am not inferring from the list of things any of those. I certainly see a desire to make sure that we have the right skills in the right place to sort these out; an absolute strengthening of the ability to learn lessons from one situation to another; a very, very rigorous process of putting in to make sure we have the right professional skills, be it the IT skills, the commercial skills, procurement skills—the whole set of skills. We are seeing a very rigorous process. I am not rose-tinted. I am here because there are some challenges and I want to help with those challenges, but I am recognising that there are processes and programmes and people training and recruitment in place.

Q29 Mr Liddell-Grainger: Okay, so they do not make the grade, are you for sacking civil servants?
Ms Rider: Performance management. I can reflect on my experience in the private sector. Twenty-seven years.

Q30 Mr Liddell-Grainger: You would sack somebody in the private sector if they did not make the grade, would you not?
Ms Rider: I think, from what I have seen, the process would be absolutely the same. With performance management, when you have identified somebody who needs improvement, performance management should happen day by day—indeed, it is happening day by day: lots and lots of actions across the whole Civil Service. When you have a particular issue that needs to be improved, then you have to do exactly in the private sector what you do here.

Q31 Mr Liddell-Grainger: So you would fire people if they do not make the grade.
Ms Rider: Just let me finish. When you have people who are not performing, you work on what they need to improve. You make sure they understand what they need to improve, you create objectives. Generally speaking, that sorts things out. If it does not, you go on and you put in a performance improvement plan with that individual to make sure they are improving. Once you have done that, you really track what is happening. Performance management and dealing with that happens one to one—I have done it myself a lot of times—between you and the individual. Generally speaking, individuals in the private sector or here work out that either they need to change and they make the grade or they choose to move. When they choose to move, they do that in a way that creates an environment where the individual leaves with respect. It generally means they go to a job which they will do better because they have learned some lessons and it does not cost you any money. That was the approach we took in the private sector. That is the approach we take here.

Q32 Mr Liddell-Grainger: So, yes, you would fire people.
Ms Rider: Firing is a very clear, black and white term for a process of performance management and improvement that goes on day in and day out.

Q33 Mr Liddell-Grainger: You have been brought to try and sort out things that have been happening in the Civil Service.

Ms Rider: Yes.

Q34 Mr Liddell-Grainger: If people do not make the grade, you are just going to shift them.
Ms Rider: No.

Q35 Mr Liddell-Grainger: You are just going to hide them somewhere else. In Forestry.
Ms Rider: Some interesting images are conjured up by that.

Q36 Mr Liddell-Grainger: That is why I am trying to get to the bottom of this. You appear to have solved a problem.
Ms Rider: If the problem needs to be solved in that way, then we will deal with it in an appropriate way for the individual and for us.

Q37 Mr Liddell-Grainger: One of the things that intrigues me—and we are hopefully going down to Sunningdale to look at the way things are run down there, which should be good and will be very interesting—and we have seen a lot of cabinet secretaries: in the time I have been in Parliament we have seen four, and Gus O'Donnell is certainly a different breed, there is no doubt about it—and you say there are certain levels to which you think perhaps the private sector could not get involved. If we are determined to change ethos—there are six core principles, that is what they want—there is no reason why you could not get somebody at the very highest levels, even to shadow, to bring the ethos of the private sector to the very highest echelons of the public sector, is there?
Ms Rider: Clearly, I am here because I believe I can make—

Q38 Mr Liddell-Grainger: I am talking about at the Gus O'Donnell level. Do you think that would be impossible?
Ms Rider: I think that would be very, very hard.

Q39 Chairman: What about at the permanent secretary level?
Ms Rider: There are examples. Permanent secretaries have been brought in from outside.

Q40 Chairman: Yes, but their background is that they have started, probably gone out, and come back. That is slightly different. Could somebody like you, who has very limited experience in the private sector—which I think is what you said—be brought in at a much . . . I was going to say much higher level, but you know what I mean, at permanent secretary level. I do apologise. Do you think that could happen?
Ms Rider: I do not see any reason why it should not happen, except for the fact that the learning curve is enormous. And do not underestimate the complexity that I was talking about right at the beginning, of the permanent secretary's relationship between not only an organisation and working with Parliament. That pivot point is very complex and there is no analogy in the private sector. We talk about boards of directors, investors, shareholders. That is all a very, very different relationship. I think that would be the one thing I would be very cautious of in looking at making direct comparisons. If you look at the chief executive of an agency, for example, which is one step removed from that permanent secretary relationship, then we have brought in a number of people from the private sector to head those agencies.

Q41 Mr Liddell-Grainger: You are saying that there are comparables. There certainly are. No management would allow the CSA, tax credits, single farm payments, pensions—all the disasters we have had—to happen. They would have stepped in long before to stop it, because their role in the private sector is to manage. Do you think a lot of these disasters would have been stopped if they had had external thinking private sector managers?
Ms Rider: I think in a number of the situations there have been people involved who have come in from the private sector.

Q42 Mr Liddell-Grainger: They have had to because of this.
Ms Rider: Personally, I find it very frustrating that there is this belief that the private sector always gets it right and the public sector does not. I do not think that is true. For me that is very frustrating, because I look at the balance of things that I have seen happen in the private sector and the things that I am seeing happen here and I do not see such a difference. I think it is very frustrating for me to hear those things the whole time because it creates a lack of confidence in the Civil Service and actually the civil servants I have met are good and equally competent to a number of the people I have seen over the years in the private sector.

Q43 Mr Liddell-Grainger: The difference, is it not, that millions of people's lives are going to be affected by an incompetent CSA, by incompetence in tax credits, by incompetence in tax credits, by incompetence in single farm payments and by incompetence in pensions. As MPs we deal with this all the time, because people come to see us. We know. People have sat in those seats, the Ombudsman and many others—public administration covers all this—who have said, "Yes it is a cock up, because nobody came forward soon enough to say, 'What's going to happen?'" Even the Cabinet Office. £120 million worth of computer equipment! "What are you doing with all that? You only employ 1600 people." That is pretty incompetent. What is going on? If this was private, they would have said long before. It would have been spotted long before this went wrong that there was a problem and it would have been solved, not to have the fiasco of the IT in the NHS, *et cetera*. It never would have got that far. You would have been fired, if it had.
Ms Rider: I am delighted from my old world that you have such confidence in the private sector. I think that the important debate here is about how we make sure we improve the skills that exist in government. That is what we are trying to do. I think

it is also important that we just keep reflecting back, as you said, that what we are really trying to do is to improve the public services that we give. Everything that we are trying to do with skills is about doing that.

Ms Lawlor: I would like to pick up on one aspect. You talked about a number of IT-related things—and it is very, very important to take account here of the work that Ian Watmore has been doing and John Suffolk is now doing around the IT profession—but we now have a much more highly professionalised cadre of IT professionals. We have our Chief Information Officers Council, we have much, much more rigorous training and selection, and a number of people have come from all sorts of different parts of the economy to work in that profession, precisely to address the things that have not worked so well in the past. Looking forward, I think we are putting in place the things to enable us better to deliver these large-scale IT-based projects in the future.

Q44 Mr Liddell-Grainger: So the Cabinet Office being sued last year for £24 million by a company that then got it wrong was one of those things.

Ms Lawlor: Of course it was not one of those things. The point is that we are taking serious steps with the very strong commitment of Gus O'Donnell and the permanent secretary community to put right and address those issues that we need to put right.

Q45 Mr Liddell-Grainger: Does this not boil down to the ethos of the Civil Service and what it wants to achieve and what it can achieve. The gap is absolutely enormous. For you to change that around is going to take a very, very long time indeed. My suggestion is that you are going to need more external help, in the likes of Gill and others, to be able to achieve that in any sensible timeframe.

Ms Lawlor: To answer as a career civil servant, the ethos of the Civil Service is enormously committed to delivering first-rate public services and no one minds more than dedicated civil servants when things do not go right. Really, nobody minds more. So the ethos is absolutely committed to the right end and you see that at all sorts of different levels in all the different organisations I have worked in. Where we need to make strides and where we are putting all efforts is in making sure that alongside that commitment and that passion and that ethos are the skills that people need, including injections from other parts of the economy—absolutely including that.

Mr Liddell-Grainger: Thank you.

Q46 Julie Morgan: Before I became a Member of Parliament I worked in the voluntary sector. I know a number of individuals who have gone from the voluntary sector into the Civil Service and have found a huge culture shock and have found it quite difficult to forge their way. One of the things that struck them most strongly is the expectation that they can move between different departments with ease and the emphasis that you have put on and defend on skills rather than the knowledge base. To me, it is extraordinary that you could come in with the background of huge expertise in something like childcare and then be expected to move to another department, carrying the skills but not the knowledge. In your memorandum you defend this, but I find this extraordinary and I wonder if you could expand on that.

Ms Rider: I will leave Anne-Marie to deal with the detail on that, but I certainly have always believed what you are describing, effectively. People have functional skills (ie, sector experience) but they also have very precise professional skills (whether they are an expert in analysing information or they are an expert in project management or they are an expert in IT or HR, or whatever their general set of skills is)—it is a sort of 'T' model, of a broad set of skills you have and then some deep specialisation—and, I think, for people to be their best, they need to develop skills in both those areas, both special/general skills and functional skills. People can move and can be very motivated and stretched by going into a different environment and seeing things from a different perspective. When people move, I think it is hugely important that there is some set of skills that they have that they carry with them, and it may not be the sector skills that they have—the sector, the information, the functional area—but they will have some other set of skills that they carry with them. Clearly, if you were packing up your bag and going to do something completely revolutionary and totally different from what you have done before, that puts you into a huge learning curve, but human beings are pretty good at going through learning curves and doing different things. I would not suggest that you move from one thing to another thing completely, because we should all build on our strengths, but if you understand what your strengths are and what sort of skills you have then making moves is very good.

Ms Lawlor: Taking the Professional Skills for Government model, which is about both breadth and depth of experience, that is based very much on the fact that at particular points in your career different things are more important. Certainly in the early stages, up to the middle management stages of people's careers, that depth of knowledge of the subject specialisation (perhaps childcare) is very, very important, together with growing skills, including transferable skills. If you work in the field of childcare, you are acquiring skills about partnership working, about working with other people, about complex relationships, as well as knowing about the field of childcare. Professional Skills for Government also says that we should no longer enable people to move up a narrow pipeline, only ever knowing about one area, that if you want to progress through an organisation you absolutely do need to broaden your experience and get experience of different types of role, so you cannot just do policy but you must also get some operational corporate service experience. And, ideally, you will work in different environments altogether along the way as well, perhaps including the private sector, perhaps including the voluntary sector. I think that must be right for the people we want at the most senior levels of our organisation,

that they have that breadth of experience, the ability to see the whole picture and to have acquired the knowledge they have got from that. The other point I would make is that an important part of the career offer for many people who join the Civil Service at different points in their career is the richness of opportunity that we offer. As Gill says, it is not starting over here and hurtling off to do something completely different—I am not going to go and run something in the military of defence—but to take the skills and apply them in a different circumstance is a fantastically motivating and refreshing experience.

Ms Rider: If I could take my own career as a little example: I started out doing work in the financial services sector; I worked with health, the NHS, for a long time; utility companies; energy companies—so moving around the sector but all the time building on the set of skills I had and taking those from different sectors. And you do learn, because when you go in to see something different it is sort of like you can see the wood from the trees: you can really be clear about the things that are good and the things that need to change. It does not suit everybody—and perhaps that is part of the examples you have as well.

Q47 Julie Morgan: It seems extraordinary to me that you lose that depth of knowledge by moving between departments. When this does happen, how much preparation is there for this? Is this something that the individual would request or is it part of a pattern that happens naturally?

Ms Rider: To speak, again, from my own process of coming in, induction processes are in place. There is training about specifics that you need, there is training about the environment, there is training about how Government works. The National School for Government, when you do go down to Sunningdale you will see, provides a lot of different courses like this.

Ms Lawlor: To people already in the system, if you like, there are processes. There is a performance appraisal process that we have touched on, so you would expect each line manager and each individual to discuss twice a year, at least, and probably at least four times a year, how the individual is doing in their job first and foremost. Because that must be the most important thing, what their development needs are, associated with that job, and what their personal aspirations are based on the two former things. We would expect planned processes where people move on after they have done an appropriate length of time in the job to achieve the things they were recruited to do, and then, as Gill says, for there to be an induction when they move. When jobs are advertised within the Civil Service, they are advertised on a competence basis, so you then apply for the job on the basis of the competence you bring from what you have already done, both in your career and indeed in the rest of your life. That too prepares you for the new role.

Q48 Julie Morgan: Do you have many civil servants expressing dissatisfaction with this way of working?

Ms Lawlor: No. I recognise the situation you describe, where we recruit people because they have an expertise and the expertise is what they want to continue to work with. We are getting better at working with that model because we will recruit people. I referred to my experience in the Department for Education, which of course has people who know about childcare. In that situation, we will recruit people in to do particular jobs in a field of expertise whose career is purely in childcare, so they will not see themselves as career civil servants, they will come and do a post for a while and then move on to another part in their career. We need to be flexible in recognising that not everybody wants to be a career civil servant, and, indeed, it is good that not everybody wants to be a career civil servant.

Q49 Chairman: I am back to where I started when asking you who you think you are working for and are you not working for ministers. We have had a succession of former ministers in front of us who have been on the whole very complimentary about the service they have had from the Civil Service, but the one thing they all have said is that they were frustrated by this career progression model, which meant that they were losing people all the time, and you were not building up a critical mass of skills upon which you could depend. It may make sense in terms of individual career development but it does not make sense, as ministers see it, in terms of what they need. David Blunkett said—and it was echoed by Michael Howard, Tom King, Chris Smith—"In a logical structure a team that has done well would not be disbanded but given new responsibility . . . People would be promoted in post to do that rather than what is clearly musical chairs in which someone is moved every 18 months or two years to get promoted. That is a crazy system."

Ms Rider: I will not comment directly on the quote, but I think very specifically we are indeed looking at how frequently people move. Certainly I personally have a view that you do need to make sure people do not chop and change too soon, because it is very clear that when somebody takes on a job they go through a learning curve, then become very productive and then really deliver and get challenged, and we need to make sure that people stay in jobs long enough to get through that. I do think the private sector operates very much in the same way of making sure that people really get the opportunity to be continually stretched. You do not want teams to be sat in place and to last forever, because in that comes staleness. You do want people to be moved and to be stretched. There needs to be a certain amount of dynamism in the system always to make sure you are getting fresh ideas and new ways of working diversity into your teams, because out of that comes productivity. In terms of how we put teams together, we absolutely need to make sure we have the right skills on the teams. I have had it myself, working with many different people: often the person who is working with the team becomes reliant not on the skills of the team but on the

personalities that are in the team and actually the really important thing here is to make sure we have the right skills in the teams.
Ms Lawlor: I am sure you are aware that two or three years ago now, precisely to address the issues that the ministers you have referred to were talking about, we introduced for the Senior Civil Service an expectation that there was a four-year norm: that people should normally stay in a post for four years. That was introduced for two reasons. One was that there were some people staying in post for a very, very long time, and it made sense, both to ministers and in terms of refreshing teams, to move them on, but also to make sure that people stayed long enough to see a thing through, to be accountable for what was happening in it. We are still working on embedding that, but it is very much a part of, as Gill says, what we are working to do.

Q50 Kelvin Hopkins: I am interested in what you have been saying so far, and very pleased, if I may say so, having had a wide range of experience myself in the private sector and quasi-public sector. Bad managers you find everywhere and you find good managers everywhere, and you find skills everywhere and lack of skills everywhere. But is it not a problem that the politician's perception, rather like Ian's, is that the private sector is good and knows everything, that it is the Holy Grail to which we should all move, and the public sector is inherently bad and weak and flawed. We have to get rid of that perception.
Ms Rider: I think so, very much. I totally agree with you.

Q51 Kelvin Hopkins: Moving on from that, the Government has contracted out lots of services, as far as they can. They have introduced consultants to control things at every level, special advisors keeping the Senior Civil Service under control. Again, this strikes me as a lack of trust in the Civil Service by the most senior politicians. Has this had a damaging effect on morale in the Civil Service?
Ms Rider: You are asking specifically about the roles of special advisors or the different models for delivery.

Q52 Kelvin Hopkins: All of those things. Contracting out, and the fact that two billion pounds was spent on consultants last year, I understand, by the Government. It is almost as if there is a kind of commissar at every level checking that civil servants are doing exactly what the leadership wants. This must have some effect. Indeed, does it deter highly skilled people from applying for jobs because they do not want to live in that kind of world?
Ms Rider: I do not think that it is a deterrent to recruitment, and certainly when you look at both the percentages of people that leave the Civil Service and our ability to attract talent into the Civil Service, the data shows that we do not have a problem either in retention or recruitment at all, and so I do not think there is anything causing a problem there. I think what has happened and is happening is an attempt to get the best models of delivery and the best models of expertise into the way that things are delivered, and so you have a range of different ways of doing things, whether it is contracting out or setting up agencies, a range of different operational models all geared up to make sure we have the right objectives in place for organisations and the best possible ways of performing. Clearly there are things we can constantly learn, but I do not think it is becoming a recruitment or retention challenge.

Q53 Kelvin Hopkins: Even with training and intellect, some people do not make good managers?
Ms Rider: Absolutely.

Q54 Kelvin Hopkins: Yet, with a hierarchical system, one is promoted into a managerial role, and some people are not particularly good at managing people. Is that a problem particularly in the Civil Service?
Ms Rider: I have not seen anything to say it is any greater a problem in the Civil Service than it is in the private sector, because you have exactly that issue, and certainly in my old life that was an issue that we needed to deal with day in and day out, making sure that there were always going to be people who had really excellent special skills that you really wanted to encourage and have them succeed, but there were those very same people that you would not put in place of leading a large organisation.

Q55 Kelvin Hopkins: At a lower level, or perhaps at every level, we have a problem of basic skills—literacy and numeracy—The Moser Report, some years ago, identified the fact that more than 50 per cent of the population do not understand what 50 per cent means. This must affect the Civil Service, numeracy in particular. Is that a problem: finding people simply who are numerate, who are literate, who know a little about the world and can handle the world in a sense?
Ms Rider: I will get Anne-Marie to answer this one, but fundamentally this is a problem for every country around the globe. In my old life I spent a lot of time travelling in and out of different countries, and it is a problem that goes far broader than the Civil Service in terms of how our education systems work and how we bring people through it. Anne-Marie is able to do with this one; it is her expertise.
Ms Lawlor: Just to add a little to that, I referred earlier to the work we are doing through government skills on adult basic skills. One of the very exciting things about setting up government skills, like the other 24 sector skills councils that have been set up around the country, is that they give our group of employers, which is the Civil Service, non-departmental public bodies and the Armed Forces, though not in a military capacity, the opportunity to work together to identify what skills they need now and in the future and, very importantly, to influence the supply side, that is schools, colleges, universities. One of the things we are starting work on now, as the other sector skills councils are, is precise regional national locations around the UK talking to the providers of education about exactly what sort of

skills we need of people we want to recruit straight from education so that we do get the best possible fit between what is coming out and the people we are able to recruit.

Q56 Kelvin Hopkins: Finally, and I might betray some of my prejudices in this, in the past the administrative class of the Civil Service recruited the highest intellects from the best universities It was very competitive to get in, and the cleverest people often went into the Civil Service and became the leaders of our strong Civil Service, the Sir Humphrys of this world. Now we have got a much more diffused way of recruiting and that Civil Service world seems to be moving away. Are we losing something in that? Are we still recruiting those extremely able people? That kind of discipline, the sense of pride and privilege almost at being in the Civil Service. Is that going and, if so, is it going to cause problems?
Ms Rider: One of the very first things I looked at was that, because I remember when I was leaving university, a long time ago, exactly that perception of what joining the Civil Service was about, and certainly one of the things that did give me a great deal of pride in the place that I have joined is the Fast Stream, which is exactly what you describe, a very rigorous process of recruiting the brightest and the best from the UK today then taking those people and helping them develop their career through the Civil Service. You look at how Fast Stream recruitment works. It is an incredibly thorough, very demanding process. It is very, very popular. I think the figures are something like 14,000 applicants of which 500 places are granted each year. So, it is still very much where the brightest and the best out of universities look and want to come, and it is just generally a very high-class act in terms of getting the talent into the Civil Service. Certainly in the summer I had a wonderful evening going to visit one of the things that is run through Fast Stream, which is a summer placement programme for ethnic minorities, and the talent that was in that room, private sector companies would actually almost kill to get hold of them. It was a really tremendous, uplifting event to talk to these young people starting out on their careers. Anne-Marie, this is one of your areas.
Ms Lawlor: I absolutely agree with everything that Gill has said. We said in the memorandum that if you wanted to come and see the Fast Stream in operation you would be very welcome to do so, and I would urge you to do so. I am a product of the Fast Stream improvement process myself, so it is now my project, and I regard it very passionately. I am someone that came along to the Fast Stream not quite sure what to make of it and completely fell in love with the notion of working with government through what I learned through the recruitment process. The ways in which it has changed since then, or since the examples that you are talking about, are absolutely not in terms of quality. If anything, we have a better selection process. We are more efficient. We brought it in from the private sector about four years go and have knocked two million pounds a year off the operating costs, so that is something we are very proud of, without reducing the quality, and, of course, the diversity is improving without making an impact on the quality. In fact, on the contrary, we think it is benefiting the quality. We are absolutely confident that it is a first-rate graduate recruitment programme, always in the top ten, usually the top five, of *The Times* Top 100.

Q57 Kelvin Hopkins: In other spheres it is now clear that women are doing much better than they did in the past, in fact much better than men. There are now more women at university than there are men.
Ms Rider: Yes.

Q58 Kelvin Hopkins: Is this reflected through the Civil Service, talking about diversity? Are you recruiting more women?
Ms Rider: Yes, the Civil Service is 50 per cent women, so it is absolutely representative of the population, and certainly, coming from the world I have come from, diversity is very much better here than the private sector at all levels. Clearly, it is something that we care about passionately and we do want to improve, but I think there is a very good track record. The diversity ten-point action plan that the Civil Service has launched is very thorough and very results orientated in terms of making sure we make things happen. Again, in terms of invitations and things to do, there is a series of diversity awards and I think decision time is very close.
Ms Lawlor: Yes, the award ceremony is on 26 October.
Ms Rider: So, at the moment, actually just looking at some of the stories of what people have achieved in terms of diversity in the Civil Service is very good. I think it is an excellent story to tell, and while, as I say, everyone wants to improve, and we have some very demanding targets on diversity, there are a lot of lessons in terms of what the Civil Service has done that we really need to find the ways to take out to the private sector to help improve diversity in the private sector.

Q59 David Heyes: I think we have focused quite a lot on the top level of the Civil Service in the discussion today. We have perhaps led you that way, but I also feel it reflects a top-down approach maybe to your work. For us the Civil Service front-line delivery really is at the bottom up. That is where the public form their perception about the quality of the service. I want to explore this. The difference between your view of the Civil Service in your early days in it where you have detected the pride of the people in the public sector, engagement with the work, more so, you said, than in the private sector, I wonder how this sits with the pressure, very often an ideological pressure, to privatise services at the front-line level, at the bottom level, of the Civil Service. We have got fairly crude managerial approaches like efficiency savings. There will be a massive percentage of efficiency savings without real prior thought being given to the consequences of how that can be achieved and services to be delivered through the private sector. How does all this sit with

the top-down approach to a modern, efficient Civil Service where the staff feel motivated and part of your view?

Ms Rider: I think, as we said in an earlier question about looking at the best delivery models, to make sure that you achieve the best public services you can, and that is one side of the equation. The other side of the equation is absolutely making sure that we continue to build the people at the front-line, the right services and skills, and one of the things that a number of the departments that I have spent time with are very much putting at the heart of their business strategy is making sure that, if you like, they have turned the world upside down, they are very focused on their customers. So, however our citizens interact with them, they are thinking very much about how they bring all the services together to make sure we serve the public in the best possible way. I think, although our conversation has naturally gone a bit top-down, many of the departments really do think from the front-line.

Q60 David Heyes: I am sorry to interrupt you. How do you do that when the front-line service has been privatised, run as a private enterprise and the day-to-day decisions about the skills required, the training of the people, their developments, is no longer in your hands? That is part of a contractual arrangement and you rely on the contractor to deal with those things?

Ms Rider: I cannot comment. It is a very hard thing to comment on generally because you need to get to specifics very quickly, but I think in any contract that we make with a private sector supplier, we need to be very clear about the things we expect, and so that those things that we expect are not just tied up in your moving from public sector to private sector, it is very much about how do you continue to get the right outcomes, how do you make sure that the right terms and conditions are in place for your employees, how do you make sure that the way that the customer interfaces is the right one? That is all tied into how you structure that particular deal, and so I do not really see the concern, I suppose.

Q61 David Heyes: The reality, in my constituency, would be in the Department for Work and Pensions, where that work has been very much front-line service with, very often, quite needy people in difficult circumstances. It is a service which has been privatised for several years now and all the feedback I get from my constituents is that the quality of that service is far less than it used to be, that it is under-staffed, the people are under-trained, they do not present as having the skills required to do the job, there are changes of contractor from time to time. It seems to be a de-motivated, disillusioned workforce that is out there. All those same messages come back from the staff themselves through their trade union contacts. That reality is a world away from the picture you paint of, "Yes, we can do it through private contractors and we will specify the contract to avoid all those essential risks"?

Ms Rider: I clearly do not know the specifics of that, and it is probably something you need to talk to the department about.

Q62 David Heyes: I give it to you anecdotally as a piece of evidence. There are many more examples I can quote to you.

Ms Rider: All I can talk about is that I am certain that the intention would be to make sure that what we are doing is achieving better public services. I am very clear about that.

Ms Lawlor: Again, I do not know the example, obviously, but one of the things we are working to do in Professional Skills for Government is to work with the closely connected parts of a similar sector, for example, parts of local government or, indeed, privatised parts of the public sector, to extend that skills framework to other people doing similar sorts of roles. This is at a very early stage, but the intention is certainly there to do that.

Q63 David Heyes: The Chartered Institute of Personal Development have given us their views on these issues. They have done some research based on national surveys that central government employees have less positive attitudes towards their work than people employed in the private sector, that they assess the trust in senior management at being less than half of that in the private sector and conclude that overall the Civil Service could be better managed. That is the view of the top professionals in this game. In DWP, ironically, the one I just mentioned, "the top management not visible", "staff feeling that they are not listened to", "a lack of engagement in ownership by middle managers", "people management process underdeveloped and undervalued", and so on, a long catalogue of very severely critical comments. Again, I put that to you. That is a very different world to the one that you believe you preside over.

Ms Rider: I would not be idealistic about the world I preside over, and I would not be here if I did not think we need to make improvements. I do. I do not know the details of that particular survey, and I am always very cautious when I hear statistics because it is very dependent on how rigorous the survey is and how the question is asked, but I do know from our own staff survey results that there are clearly things that we need to do to improve.

Q64 David Heyes: That is from a professional organisation, and you say you need more of them to make a success of your work, HR Professionals?

Ms Rider: Yes. I do not know how much they sampled and I do not know how that would compare to our own surveys, but there are clearly things, when you look at our staff surveys, which we need to improve on. There are things about how much we work to develop our people, how much feedback we give our people. These things come out very clearly. They are different, but not entirely different, from what I have seen in the private sector. You always get people looking up at their leaders and saying they could do more for them. The question is how big is that gap and what do we need to do to fill it, and so

one of the things I am very clear I will work on is actually how we do make sure that each line-manager knows what is expected of them from all of us in terms of their people management skills. That is not to say that there are not a lot of very good things happening today; it is just that in any organisation, anywhere I have been in the world, there is always more you can do. It is one of those issues that you always need to keep the burner on to make sure you get better at it.

Jenny Willott: I have had every single question I was going to ask answered already.

Q65 Chairman: This is a very unusual kind of Member of Parliament!

Ms Rider: Did we give you the right answers? Did you get enough answered?

Jenny Willott: I think so. I think pretty much everything I was going to raise has been covered in one way or another.

Q66 Kelvin Hopkins: I have one thing following on from what David has said. The areas where this demoralisation has taken place is where there has been most public focus. But a lot of this derives from policy changes, the decision to go for heavy mean-testing in all sorts of spheres—the CSA, all the different sorts of credits—and it is in those areas that there has been most pressure. Is it not the case that civil servants have sometimes been asked to do the impossible with the resources given to them and that in fact it is government policies that have caused these problems?

Ms Rider: I am so early into this it is very hard for me to give you anything other than first impressions. What I have been involved in and have heard is a lot of civil servants doing very thoughtful processes, discussing the policies, discussing how you really implement them in an effective way, how you get the right balance between spending money and getting the best public services. I think that is going to be a constant dilemma, and I have seen a lot of discussions where people are very, very conscious of how to get the best out of it. It is a very hard environment if you are an employee and you get the sort of media attention that some of our employees have, and I think that that puts an extra pressure on things in terms of how you feel about your work.

Ms Lawlor: Could I add one thing to that? I cannot resist coming back to Professional Skills for Government because I feel so pleased that it is the right direction for us to be going in, but when we talk about having parity of esteem between the different career groupings—operational delivery, policy delivery and corporate services delivery—when we talk about people having to get experience outside their core area, that is precisely because we must not have people in the room making policy changes who do not know what it feels like to implement the policy change, because that is where all the complexity lies. A tiny change in a regulation can make enormous changes in a local job centre. I know because I have worked there. So, that is exactly what Professional Skills for Government is working really hard to tackle.

Kelvin Hopkins: What you are really saying is that you want professional skills for the politicians as well, so that they do not ask for the impossible.

Q67 Chairman: What you are saying, let us be clear about this, because this is at the heart of the Professional Skills for Government programme and the whole analysis of what is wrong is that nobody in future is going to get to senior positions in the Civil Service without getting a much broader range of experience along the way than they had in the past, and the old Mandarin model of someone who has just come through the policy route with no hands-on operational experience, you are telling us that in future no-one is going to get to a top position in the Civil Service without, in some respects, having run something?

Ms Rider: You have got to be careful about timeframe on this, because it could be interpreted as tomorrow. This will take time.

Q68 Chairman: This is the point, is it not?

Ms Rider: This is absolutely where we want to go to, that people will really have experience of operational issues and delivery.

Q69 Chairman: You have set this target that 75 per cent of the Senior Civil Service should demonstrate all six of these core skills that Ian was asking you about earlier on by September 2007. You say that by June of this year they have already done so in relation to three of the core skills, but then you are not certain that this is the right approach because you think this may just be box-ticking. That raises a variety of questions. First of all, how do you measure it? How do you know that 75 per cent of the Senior Civil Service will have these core skills?

Ms Lawlor: I can tell you how we measured it to get the data we have got so far, and that was by a process I talked about earlier, the performance appraisal cycle—that was about at the mid-year point, so roughly this time last year actually—requiring line-managers to have a discussion with people working for them against the core skills, and there are detailed definitions behind each of those core skills, so it is not simply a headline, and reach a mutual agreement about whether the person had those skills or had not. That gives us some information. I would be the first to say that is not perfect information, and that is why we are pausing, not pausing at implementation, but we are having discussions with HR Professionals in departments at the moment and with managers in departments about other ways of getting at this information and ways in which we can have absolute confidence. Clearly, talking to senior managers of departments about the people working for them and talking to ministers about the people working beneath them is a large part of the picture.

Q70 Chairman: You are not testing them, are you? You are having discussions.

Ms Rider: It depends on the types of skills you are talking about. Certainly, if you look at what is happening in the financial area, there are some very rigorous processes going in to make sure that we

have people who are professionally qualified, so using qualifications that are well established, making sure that we really assess them. It depends on the particular sector or the particular type of skills about how you are going to measure it.

Q71 Chairman: Let me also raise one question. This comes from Sir Robin Mountfield's memorandum that I mentioned at the beginning.
Ms Rider: Yes, I am going to get a copy and read it.

Q72 Chairman: You need to get a copy urgently?
Ms Rider: I am.

Q73 Chairman: He raises some interesting questions about the value of performance-related pay. One of the issues here is that, in some respects, the Civil Service seems to have been trying to ape private sector practices, including performance-related pay. Let me read what it says. He says, "Perhaps as a result of an inappropriate read across from private sector practice, it is wholly writ that performance pay forms an essential part of improving performance, yet I do not believe systematic evidence exists for this in the Civil Service." Does it?
Ms Rider: It has certainly been one of those areas that I have been looking at and trying to understand very carefully to make sure that I do not just automatically bring my perceptions of all this from the private sector but I understand what works around here. I do believe that performance pay is a very valuable tool in any leader's armour, because it gives you the opportunity to have very clear conversations with those that report to you about their objectives, to make sure that they have some skin in the game—that awful American phrase—in terms of actually achieving those objectives, and what the private sector does is the percentage of your compensation, your salary, that is based on those objectives is much, much higher than we have in the public sector. I am not quite sure from the words you read out which viewpoint he is coming from, whether he is saying there should be more of it or less of it, but I do think it is an important component of how we should be managing.

Q74 Chairman: He says it is inappropriate, because he says that much of what the Civil Service does is essentially collegiate, it is team work.
Ms Rider: Yes.

Q75 Chairman: It is not meeting individual quantitative targets which somebody in the private sector might be asked to do, putting up the sales figure, that kind of thing. It is a completely different model, and you need actually to develop the good working of team structures inside the Civil Service, which individualised performance pay does not do; in fact it tells against it.
Ms Rider: I would totally agree that teaming and collaboration is a really vital skill-set around here, but in the private sector we have exactly that challenge as well. You want individuals to perform, but you absolutely want them to perform to the good of the organisational unit they are in, and you simply set up objectives that are around objectives of what the team needs to achieve and objectives of what the individual needs to achieve. So, the two things are not incompatible at all, you just have to get the measures right.

Q76 Chairman: This is only a first conversation, and I am sure we shall have other ones. They ought to have warned you when you took on this job that one of the differences between the private sector and the public sector is that you often run the gauntlet of committees like this.
Ms Rider: I look forward to it.
Chairman: We have enjoyed it, I hope you have. I am sure we will see you again and we wish you well in the work that you are doing. Thank you very much to you too.
Ms Rider: Thank you very much.

Thursday 30 November 2006

Members present:

Dr Tony Wright, in the Chair

Paul Flynn
Kelvin Hopkins
Mr Ian Liddell-Grainger
Mr Gordon Prentice
Grant Shapps

Witnesses: **Mr Hugh Lanning,** Deputy General Secretary, PCS; **Mr Martin Furlong,** National Officer, FDA; and **Ms Sue Ferns,** Head of Research and Specialist Services, Prospect, gave evidence.

Q77 Chairman: Thank you all for coming in. It is a great pleasure to welcome Hugh Lanning, the Deputy General Secretary of the Public Commercial Services Union, Sue Ferns, Head of Research and Specialist Services at Prospect, and Martin Furlong who is the National Officer for the First Division Association. As you know, we are doing an inquiry looking at the Professional Skills for Government programme and issues surrounding it and we wanted to hear what the trade unions and the people you represent were thinking about the skilling of the Civil Service generally, and thank you very much for your various memoranda on it. Would you like to say something just quite briefly, I hope, by way of introduction and then we will ask some questions, if we may.

Mr Lanning: I will try and be brief, though it is not a common trade union official forte! I think there are three quick areas that we wanted to mention, and perhaps suggest some areas we would like to maybe follow up in questions and talking further. The first is the general climate that there is in the Civil Service about job losses, about privatisation and so on, that it is not a very good and conducive atmosphere, if you like, for talking about a positive skills agenda. In particular, I think we make the point that it is difficult for individuals as there is no clear roadmap for them to follow in terms of what their aspirations are and where they want to go. I noticed with interest, and I would maybe like to come back and discuss it in a bit more detail, the questioning in the evidence from Gill Rider and Anne-Marie Lawlor around the Professional Skills for Government programme because it struck me that quite a lot of what they were saying I would describe as "aspirational" rather than what exists in practice at the moment. Certainly our view is that there is not a strategic vision for skills in the Civil Service and what there is at the moment is for the Senior Civil Service and not for the Civil Service as a whole and it does not address the issues at grade 7 and below in particular. Also, I think there were a number of issues which you talked about with them about the movement of staff, mobility, private sector, privatisation and the use of consultants where there is not a strategic view which has been taken on the loss of skills and the acquisition of skills within the Civil Service which we think is key. The third area is that, even if there were that vision, we are sceptical at the moment about whether there is a structure to implement anything. There is not a picture about what skills the Civil Service has and the work on that has been put back at the moment and, if there were, the agreement between the Civil Service Management Board and the head of the Civil Service is for a non-mandatory approach to skills, ie, that it would essentially be left to departments to lead on the various issues. I can understand some of that, but it just strikes me as strategically difficult, that you spot a gap and then how are you going to make sure across the Civil Service that that is achieved if it is essentially left for departments to pick it up? I think that is particularly true when they are saying in Professional Skills for Government that the key objective for people below grade 7 is to share best practice and that is what they are aspiring to, which does not seem very high to me. I think there are four areas which we have identified where we think there is scope for quick progress. One, which the Government Skills Board on which both Sue and I sit has picked up, is the Skills for Life, and it was referred to, I think, in evidence. We do not think the issue is stonemasons and foresters. The issue is, I think, in the HMRC and in the DWP and the major departments of the Civil Service, but there is an agreement about a shared project to take forward Skills for Life. With IT skills, we think there is an obvious gap within the organisation of the Civil Service as a whole. Most of the skilled staff it had are now working for private companies and not for the Civil Service and there is a rapid need, I think, to do something to achieve the sorts of targets that e-Skills the Sector Skills Agency have set out. Diversity is the third area, especially at senior management levels. There is a reference to the Civil Service being 50% women, and that is true in terms of numbers, but it is not true in terms of what roles they hold within the Civil Service. If you look at the senior management levels, it is less than 30% and if you look for black and ethnic minority members of staff, it is even less. We think there is an immediate need to play a positive role to get a more diverse representation of staff at a senior level in the Civil Service. The fourth area we would just mention as a quick fix, which refers to moving staff around, is that there is no shared or agreed skills framework within the Civil Service; you cannot compare from one department to another department what is needed, what they have got or what compares to what, so the movement and control and making decisions about people's skills and what is needed is very difficult because they are not talking the same language across different departments and I think that makes the management of the issue very difficult. Quickly

galloping through, for us, I think they are some of the key areas we would like to talk about further in the questioning.

Q78 Chairman: That was really helpful and nicely and briefly put. Martin, do you want to follow on.
Mr Furlong: Certainly. There are just a few points I would like to make. You are probably aware that FDA conducted quite an in-depth survey of our members as to who had already been through the Professional Skills for Government framework and we did not expect the results to be a ringing endorsement of PSG, but I think we were quite surprised by how strongly some views came across. One of the main ones was that people were talking about the lack of resources which they felt they would have in managerial roles to develop Skills for Government for the people they had to manage it for, having been through it themselves. I think it is worth pointing out that, since the survey was conducted, we have had a few informal meetings with the Cabinet Office and Government Skills about what they want to do with the survey. Whilst they had some concerns about the methodology that we used, I think the underlying message was that we had a lot more work to do on actually getting the message across to FDA members and indeed members of the other unions that this was actually going to work. It was also quite worrying that the people affected by it generally had a view that it was a passing fad and something that in two or three years' time would not be there. Hopefully that is wrong, but the message we have tried to put across to the Cabinet Office is that we have a desire to work with them on this. We support the general principles of Professional Skills for Government, but I think they made a few mistakes in how they tried to implement it, but hopefully we can work together with them to actually make it work so that in two or three years' time, if we do a similar survey, we will get much better results. The main issue is that some of the people affected by it just do not believe it is actually going to achieve what it is supposed to.

Q79 Chairman: Thank you very much. Sue?
Ms Ferns: First of all, I would just like to convey Dai Hudd's apologies as he was due to be here today and unfortunately could not be and thank you for agreeing to hear me instead. What I would like to do really is just briefly comment on the application of PSG to specialists and professionals in the Civil Service and, in doing so, perhaps refer specifically to science and technology specialists, but the remarks I make also apply to other specialisms. In doing so, I would also say that, although much of the focus so far has been on the Senior Civil Service, we are very concerned about the rest of the Civil Service and believe that PSG will only succeed if it is applicable to all civil servants. First of all, we do welcome the recognition in the PSG framework of the importance of a professional Civil Service. We think that ties in with ministerial statements about the importance of evidence based and scientifically literate policy-making and, to that, I think we would also add the importance of the intelligent customer function being retained within the Civil Service. If that is the aim, what is the current position? If it is permissible to mention the report of another select committee, as I am sure you know, the Science and Technology Select Committee reported recently on scientific advice and expressed concerns about the perceived decline in scientific expertise in the Civil Service and the fact that civil servants themselves perceive specialist skills to be a hindrance to career progression. I have to say that those perceptions tally with what our members tell us and also with the facts, as far as we can discern them. As we stated in our written evidence, we know that scientific and other technical skills are seriously under-represented in the Senior Civil Service, we know that there has been an identified need for specialists skills to be valued equally to generalist skills and, perhaps most worrying of all, it is evident that the Government does not know how many specialists are employed and what their capabilities are. That is not just our view, but we have asked questions and it has also been borne out in parliamentary questions in the House of Lords and in answers we have seen from the Office of Science and Innovation. The question, I think, that raises is: how can scientists in the Civil Service progress to senior levels and will PSG actually help them to do that? Our view is very much that the jury on that is still out at the moment, but we have some concerns, and I think there are a number of unanswered questions. One of those is: can experts and specialists actually progress to senior levels without fulfilling the PSG requirements for broader skills and experience, especially, I have to say, where they already have the core skills analysis use of evidence and so on? The second question which we think is not answered is: how is the PSG framework actually applied in practice and what is the appropriate balance between central direction and central rigour, ie, giving it a meaningful brand and allowing some flexibility to allow for the fact that civil servants are a diverse group of people with a diverse range of needs? We, or certainly the specialists we represent, are not clear how the framework fits in with the CPD[1] requirements they already have to fulfil and we are yet to be convinced that all heads of profession, and I think there are some shining exceptions to this, have the conviction, clout and resources to actually champion the interests of the professional groups they lead. I think the fact that PSG is being rolled out through HR departments, but in parallel through heads of profession, is creating some confusion and lack of clarity. In conclusion, I would say that the most optimistic conclusion we could draw at the moment is that this is all work in progress, and, I have to say, that is the most optimistic conclusion we would draw. We could be much more pessimistic about this and say that this framework is not going to solve these serious problems. It is too early to make that judgment, but those are our concerns.

Q80 Chairman: Thank you for that. So it is sort of assent in principle, but, from your different perspectives, worries about aspects of what all this

[1] Continuing Professional Development.

means. Can I just ask whether we have ever had someone who comes from the specialist professional side of the Civil Service, a Prospect member or someone who has been a PCS member working at the coalface of the Civil Service, who has risen to the very top?

Ms Ferns: I think we have had a couple of Prospect members, scientists, who have become agency chief executives and that is the most senior level they have got to.

Q81 Chairman: But we have not had a permanent secretary, have we?

Ms Ferns: No.

Mr Lanning: Not that I am aware of, no.

Q82 Chairman: Is that a cause for surprise because you would think in an organisation like yours that someone, as it were, who starts off stacking shelves in Tesco's might one day run it?

Mr Lanning: It is not a surprise. If you look at the traditional structure of how you recruit, it is not trying to take the shelf-stacker and get them to the top, it is graduate entry, it is fast stream, it is executive officer recruitment level and actually trying to replicate the people already in senior management posts and bringing more of their ilk through. There is not a mechanism actually to reach right down into the large numbers of the Civil Service and give them a route to follow, and that is partly what we were saying about a skills framework. One of the issues when we raised Skills for Life, we got scepticism from the permanent secretaries and the then head of the Civil Service that there was a need for skills-for-life training. When we showed some of our evidence that actually on basic skills level 2 up to SEO level within the Civil Service, senior executives, which can be a major regional manager, there were problems, they only reluctantly believed us. I think that was because there was an assumption that, because we recruited lots of good graduates, we had the skills and you did not need to provide a route map for people through. I think there are a lot of people with untapped skills inside the Civil Service where we do not know what they are, so it is not a shock that nobody has risen up because it would be very hard to find your way through that route through the traditional methods and it would take a long time. You have to go step by step, there is no way that you can be identified easily and say, "Hello, I'm a bright person and I can do something bigger, better or greater", and you have to plod your way up the treadmill.

Q83 Chairman: I am interested in this because we are talking about leadership spotting and leadership development within the Senior Civil Service, but we are not talking about it across the Civil Service as a whole in a way which would enable someone to move through the ranks. Is it something to do with the way in which we recruit and structure the Civil Service that prevents it being that sort of straight-through career organisation?

Mr Furlong: Quite possibly. One of the interesting facts that came across from reading the evidence is that 35% of SES[2] posts are filled externally and that kind of influx of people at a level where you could progress up to being a permanent secretary and beyond does actually send the message out that the skills from outside are much more highly valued than the ones which have been organically grown inside. That is quite a high statistic and, if that was maybe higher, then it would be almost impossible for people starting below those levels to progress that way. It sends subliminal messages as to how your career is going to progress.

Mr Lanning: On diversity, as a union, we run a course called "Achieve" which is for black members on management and we run one called "Women into Management" which is for people who have not been picked up by the official structures. In the context of the Professional Skills for Government, there is not a view that we can provide positive training for people who have not been picked up by the traditional structures to enable them to get up, be identified or to come forward themselves. There is no easy mechanism for individuals, if you like, to aspire and try and find a way forward. If you look at the training that is done in most departments, it is short-term, functional training on the whole, "What do we need tomorrow? What skills do we need tomorrow?", and it is not long-term, strategic planning about their needs and their requirements. IT is a very good example of that where, if you like, in the period when large-scale privatisation was taking place, not only was there the issue which you may expect of our view on privatisation to be, but all the skills were given away, so they are still our members, they are working for Siemens, they are working for EDS, they are working for Cap-Gemini, Fujitsu, but they are no longer civil servants and there is a huge shortage. That strategic view of whatever we do in terms of how we organise our work and to try and retain the skills we need inside the organisation to make it function is not a judgment that is placed at the procurement stage when they are making major decisions about what they keep, what they do, what they do not do, and I think that is a big problem. We say in our evidence, I think, that in 2020 the majority of the workforce is going to be the existing workforce, so a big requirement, if you like, if we are going to meet the skills, is what training they are providing to existing staff to untap the skills that are there at the moment, and I do not think they are taking that as a serious priority at the moment.

Ms Ferns: From the point of view of specialists, I think there are three points I want to make. One is that I think the Civil Service does not value specialist skills. We have just done a survey of our members and that is one of the messages that comes out loud and clear. However good your specialist skills are, they are not seen as being of as high value as general management skills. In terms of the external markets, certainly if we are talking about people with scientific and technical skills, clearly there is an

[2] Senior Executive Service.

external market which in some ways looks more attractive to them than the Civil Service, not just in terms of pay, I have to say, but in terms of core funding for work and longer-term certainty about the environment you are able to pursue your career in. The short-termism, the contracting out, the amount of time that people have to spend actually winning funds to do the work that they need to do is a huge cause of frustration to specialists. Just as an example from another area of Prospect's membership, which shows how important this is, one of the electricity companies where we have a lot of members, quite interestingly, like many companies in that sector, has been through some waves of changes of ownership, changes of fortune and so on, but the reports back we had were that after one particular change in a period of time when engineers were brought in to the senior management team in that company, that directly translated into greater commercial success. I think the message there is that parts of the private sector are recognising it and the Civil Service is not.

Q84 Chairman: Thank you very much for that. The FDA, in your memorandum to us, and we are talking about leadership and management and so on, you talk about the "continued lack of sufficient emphasis within the Civil Service on leadership and management skills over many years", although you say that it has got better in recent years. Why was there that traditional lack of emphasis on the issue of management skills inside the Civil Service?
Mr Furlong: I suspect because it is the way the Civil Service has been over the years, for want of a cliché, the old boys' network which existed in the past which made it easier to get promoted if you were of a certain background which perhaps had more emphasis than leadership skills. I like to think that has changed, but that is possibly the historical reason for that. I think we also make the point in the evidence about conflicting interests that senior civil servants have about to whom their responsibilities are, whether it is to ministers, whether it is to the general public or whether it is to their staff and sometimes those lines are blurred and have been blurred in the past. Whilst we hope that Professional Skills for Government will help people provide leadership skills, it certainly has not been there in the past. Just to give perhaps a more concrete example, a large proportion of our membership are lawyers, and in fact something like 42% of the people who responded to our surveys were lawyers, and it is quite usual for groups of lawyers to be managed by another lawyer. There is nothing wrong with that in practice because they are probably very good lawyers which is why they have become managers, but they have become managers because they are very good lawyers, not because necessarily they have leadership skills which means that some of the things like personal development have not actually been high up the agenda. We would like to see that changed. It also explains why some people, the specialist members that we have, particularly lawyers, accountants and economists, look at Professional Skills for Government and actually see it as a barrier to them getting on because it says, "Unless you have certain core skills, you cannot get beyond certain levels". They say, "I'm a lawyer. Why do I need accountancy skills?", for example, and it is actually seen as a barrier to that. Unless that leadership is there, then it is hard for them to actually see how they can progress their careers.

Q85 Chairman: I wanted to pick up what you just said at the beginning of your remarks there when you said that there is confusion about the role of ministers and then you went on to talk about the different kinds of people to whom civil servants could be accountable. You say, "Civil servants must be clearly and properly accountable and any widespread perception of poor leadership, except where it has been shown to be the case, is deeply troubling". I did not quite understand that. What were you trying to say there?
Mr Furlong: I think sometimes we feel in FDA that, whenever things go wrong in public life, it is a very quick and easy solution to blame the civil servants. We have always sort of held the view that civil servants are accountable for their actions, they are accountable for what they do, but they are not the only people who actually get the blame when things go wrong and sometimes it is far too easy to blame the hired help rather than perhaps the people who developed the policies in the first place. That is a general view.

Q86 Chairman: But you have just told us that there has been a traditional lack of emphasis on leadership and management skills inside the Civil Service.
Mr Furlong: That is our view, looking back over the history of the Civil Service, and something we would like to see changed obviously. Hopefully that is something that is changing and we would like to see it change even more.

Q87 Chairman: So would you like to see civil servants being more visibly accountable for their performance?
Mr Furlong: Providing everybody else is as well. For example, senior civil servants in particular are always given tasks to do by, for example, ministers, by chief executives and by other bodies and actually developing policies that have come from other people. It is not necessarily the civil servants' fault if those policies are inherently wrong, but certainly civil servants, like any other employees, are accountable for what they do, they have to be accountable, so we have no problem with that, but we do also make reference to the blame culture and I think that is partly what we were talking about there as well, that it is far too easy to blame civil servants if things go wrong. You only have to look at what happened in the Child Support Agency where everything that went wrong was blamed on the people running the system. Now, I would not necessarily think that was true and I think some of the people who made the policy decisions maybe were just as accountable as the people working on

the ground. Certainly civil servants are accountable and should be accountable, just like everybody else, but they are not the only people who should be accountable.

Q88 Grant Shapps: On that subject, we are looking at Skills for Government and a very obvious area of skills is skills for the ministers themselves, bringing on your point, Martin. I know you are very keen that ministers are given greater training, formal training in fact. Is that because of this potential for civil servants to get the blame otherwise?
Mr Furlong: Possibly, but also I think there is a public interest element to it as well. The sort of cyclical nature of politics in one way or another probably means that ministers could well come into a department, stay there for varying lengths of time depending on other circumstances and then move on and are replaced. It certainly seems to us that a formal type of training for ministers or MPs in general would actually be helpful in helping them to be able actually to go into departments.

Q89 Grant Shapps: If that minister in question happened to be John Reid, he would just be permanently on training courses, would he not? He has been in so many departments, he would be doing nothing else.
Mr Furlong: I think the point has been made there earlier. Learning skills and Skills for Life are very good for everybody and I think everybody should be learning skills all through their life.
Mr Lanning: I think that is a mistake. You are not talking about politicians and MPs being taught to be micro-managers of their department, you are talking about how they could acquire the skills, whatever their policies or politics, to ensure that their department can get through the policies that they want and that is a different skill from the one which is saying, "I know how to run a Jobcentre Plus office". I think that is the mistake of quite a lot of the thoughts about training and actually quite a lot of the mistakes I have seen of ministers, some of whom are friends, where they do get immersed in the day-to-day work and they are not actually holding the department accountable for, "These are the big policy objectives we want you to implement. What are you doing on them?", and I think we need to be careful.

Q90 Grant Shapps: No, that point is definitely understood. I think this quote is from you, Martin, it is certainly from the FDA, where you cite, for example, basic IT training or perhaps the ability to offer others tactful assistance in interpersonal skills might be beneficial. Are we really at that sort of level? What has happened to the quality of ministers that they come in without the ability? Is this because ministers these days do not come in from outside business where they have had real-world experience, but they have been politicos all their lives and they have just missed out on these basic skills?
Mr Furlong: My view is that ministers and politicians generally come from all walks of life and that is one of the beauties of the system that we have in the UK, that anybody can become an MP, from any background.

Q91 Grant Shapps: We are all proof of that.
Mr Furlong: Exactly. Therefore, everybody coming into a new job, whether an MP, whether a minister, whether a civil servant, whether a permanent secretary or even a trade union official, you do need actually to have some sort of training, everybody needs training, and I think it is for their own protection as much as anything else.

Q92 Grant Shapps: So if there is this obvious and pressing need to train our ministers and ministers have always been under-skilled, in your view, why has it taken until this September, do you think, to have the first ever training college for them?
Mr Furlong: I could not possibly comment on that. I am not sure I know the answer, to be honest.

Q93 Grant Shapps: Either, I assume, the answer is that it was not required or it was not required with the standard of ministers in the past or it was always required and this was an obvious shortcoming, in which case you wonder why in hundreds of years this has never been done earlier or perhaps it is not really adding much to the value of ministers' work. Is there enough evidence—there probably is not after just one college—to say one thing or the other?
Mr Furlong: I think you are probably right, that there probably is not the evidence to say one way or the other, but it would seem to me that the need has probably been there for some time and perhaps it has only just been recognised.

Q94 Grant Shapps: Do you detect a lot of resistance from ministers to going off and being trained in this way? I think you have referred to the potential stigma attached to it and I am not sure why there should be stigma attached to it, but is there?
Mr Furlong: I think the point in the evidence was more about people not necessarily wanting to admit that there is a training need. Particularly people in public office may not want to say, "I've got a training need" because it may be seen as a weakness. I think actually the people we look after in the Civil Service, if they say they have a training need, it is generally seen to be a good thing. A few years ago, perhaps it was not. We have mentioned before about people always learning through life and I think that is a fact and the same applies to ministers, MPs, shadow ministers as well, that people always need to learn new tricks.

Q95 Grant Shapps: Is there ever a sense that the permanent secretaries might rather wish the ministers were not too helpful about this stuff if they are over-trained. There is a fundamental complication, is there not, because you will have a minister and a permanent secretary and there has been a lot of discussion about who takes orders from whom?

Mr Furlong: I would not have thought so. The permanent secretaries I have met through doing this job either in formal meetings or informally tend to suggest that they would prefer the ministers they are dealing with to actually be more knowledgeable about what is going on because it makes it a bit easier actually to operate, so I would not have thought that was the case.

Q96 Mr Prentice: Can I just continue the theme and I want to talk briefly about the capability reviews. The FDA's submission said that the first four capability reviews highlighted differences between departments rather than any failings in the quality of leadership demonstrated at senior levels. Are you being serious there?
Mr Furlong: Probably the point being made at the time this was written was more that the capability reviews were at the very early stages and the main thing we had seen from it was people saying, "That works there, but that does not work in other departments". Perhaps it might well be that, as there are more capability reviews, there will be more evidence to look at what the outcomes are.

Q97 Mr Prentice: On the capability review on the Home Office which the Home Secretary has famously slagged off, it says that 15 immediate changes were needed at director level in order to strengthen leadership in the most important areas. Fifteen immediate changes. Surely that points to a weakness in the leadership of the Home Office?
Mr Furlong: I think one of the other points we made in the submission about the Home Office was when we talked about the change around of people at certain levels, we talked about, I think the phrase used was, "a lack of corporate knowledge", corporate memory, when people actually move around. That is one of the points we brought out in our evidence and particularly about the Home Office, and I think that is quite an important point as well.

Q98 Mr Prentice: I am just trying to winkle out from you really whether you think that is unfair, 15 immediate changes, immediate changes, as the Home Secretary said, to strengthen leadership in the most important areas. Was that justified or not?
Mr Furlong: To be honest, I have not actually read the Home Office paper in complete detail, so I would hate to commit myself to anything.

Q99 Mr Prentice: Okay. Can I just switch then to the PCS on the same theme because in your submission you said, astonishingly for me, that neither the findings for the individual departments nor the common themes identified contained any surprises or any new insights. The fact that the Home Office was, and I hate to use this phrase but in the Home Secretary's words, "not fit for purpose", that the Department for Constitutional Affairs was on a journey to reach its vision or whatever and all that kind of stuff, which came as a complete surprise to me because I am just an innocent in these matters, but for you, when you read the capability review, there were no surprises there and no insights?
Mr Lanning: And would you expect there to be? You have just commented on the Home Office and one of the things we got back from our representatives in the departments was the speed with which the capability reviews were done, it was very quick, so essentially what is going to happen in a speedy, quick process is that what will come up as the answers are the answers that already work in progress. If they were instant solutions that came out of thin air in the Home Office or anywhere else in that period of time, you would think, "Well, where's that come from? How does somebody, who has come from outside, in 30 days work out a new solution?", so most of the things that come forward in the capability reviews are pulling out the things that are there.

Q100 Mr Prentice: But the Home Secretary made instant judgments. He had hardly got through the door of the Home Office when he was condemning the organisation for being totally useless, not fit for purpose, you know the kind of words that he uses, and it was all done in a terrible rush actually, the capability reviews. Can I go on to another topic which you mentioned in your evidence, the PCS, and that is deskilling. I was rather taken by what you said about Revenue and Customs. I always thought that the Civil Service would encourage job rotation, job enrichment and make people feel good about working for the organisation, but you are actually telling us that many jobs have been kind of stripped of their content in order to meet targets and so on and people are just locked into repetitive jobs. How does that tie in with the skills agenda which we are exploring?
Mr Lanning: It does not at all actually. We had a presentation to the Government Skills Board from Paul Gray who is at the moment in charge of HMRC. He gave us a presentation, which was good, about Professional Skills for Government to the senior level and I asked him just this question because we have members who are now actually in dispute, but around the effects of what has been called "the LEAN management process" inside HMRC and it is very much as you describe. You take one form, parts A, B, C, D and E, and get everybody working on just part A all day or part B all day or part C all day and it is deskilling. I asked the question, "How does that link up with the need to have more skilled people?" to which he said, "We have not worked on that yet", and there is a contradiction between what they are doing in practice to implement efficiency measures and the long-term objective of upskilling people. I do not see how you can do that by deskilling the tasks on a day-to-day basis. Actually my understanding of the LEAN management is that they are meant to rotate and move people around and work more on a team basis rather than on a fixed, "Here's your job" basis. I think they have not thought it through.

Q101 Mr Prentice: Morale must be pretty low then across the Civil Service because we have the cuttings here from the press, saying that "unions are preparing for public sector strike action", "civil servants may strike over job cuts", "concern about restructuring plans and relocation", say the FDA, "unions have issued a joint warning on unfair pay systems", and "lack of consultation". It is pretty bleak, is it not?
Mr Lanning: It is and morale is low. It is the point I made about the general climate. I do not think it is because there is change; the Civil Service has always been changed by every government that has been in. I think the problem, and again it is historic, is that people at the moment do not understand what the purpose of the change is, why changes are being made and, therefore, why they are having to go, faced, if you like, with the change which is taking place. It is the blame culture in the Civil Service and there is not much that is positively said. The investment is going into other areas of the public sector in terms of jobs and they do feel under attack, we are getting that, but I think the management issue is: how do you manage change within the Civil Service? Skills is potentially a positive part of that agenda, but it is not if you cannot get access to those skills and you are, in practice, being deskilled.

Q102 Mr Prentice: I am sorry to stick with you, but just going back to these capability reviews which were rushed off so quickly, we are told that the Department for Education and Skills is developing a new "people plan" in consultation with staff and trade unions and it is going to be in place by 2006. I have just been reading in this precursor to the Pre-Budget Report on the Comprehensive Spending Review, and it is the Prime Minister and the Chancellor together here, so it is really important, it talks about, and this is in 2007 and thereafter, "establishing pay and workforce plans for each department", so presumably the Department for Education and Skills has got its people plan and the Home Office has some other kind of plan. What are the implications of that deciding pay, reward levels, people plans department by department and not comprehensively across the entire Civil Service?
Mr Lanning: Again it is an issue that came up in the Government Skills Board and I think this was in the context of the MoD presentation about the position. We have argued for a long time that the delegation of pay from department to department not only leads to unjustifiable differences between departments and some of them running at 30 and 40%, but it exaggerates the gender pay gap which is now over 20%, and actually in the context of skills and mobility it is the point I was making earlier on about there being no skills framework. You cannot, either by pay, by grade, by title, know what is the same, so if everyone has their own thing, the idea of trying to move people around within the Civil Service, you cannot do it knowing what you are getting for your money and there is a real problem, that you cannot compare like with like from department to department. You used to be able to. We would say we used to be able to do it in the old days of central bargaining, but there were common Civil Service grades that we used in terminology in terms of skills and in terms of the types of things that were described in all departments. Now, although there are the specialist and technical areas, if you look at the mainstream administrative grades from, if you like, front-line, clerical administrators through to middle and senior management, the old AA to HEO, SEO principal sort of level, they exist in most departments. You can track them and they are still there, but they are all on different rates of pay, they are called different things and there is no easy route for them to move across, so you are getting big disparities for no real reason.

Q103 Mr Prentice: The Government are committed to reducing the size of central government departments very, very considerably. The Department for Education and Skills, it is planned to reduce by one third by 2008 compared to 2003 and the figures are here for the other departments. Is it possible for departments, and perhaps the FDA can come in on this, to maintain the system just by pedalling faster with fewer people or does there come a point when you just cannot deliver the services and it actually threatens the purpose of the department and they just cannot deliver?
Mr Lanning: We think the quality of service is at risk. Do not take our word for it. Gershon, when he did his report, said that the scale of cuts which were identified for the Civil Service in this Spending Review was, in his view, the most that could be done without eating into the core fabric of the core roles of the Civil Service, and we share that view, perhaps more so. Our fear is that the next Spending Review will go even further than that and will start making it really difficult to deliver. I think also, just linking it back to the skills agenda, the point I made about 2020, the workforce, although less, is largely going to be comprised of people who are currently working in the Civil Service. It just seems to me that that must make the upskilling of current staff a huge priority if you are going to succeed in running faster. If you are not focusing on upskilling your current staff, then where is this resource going to come from in this dwindling world? I do not think they are facing up to that at the moment.

Q104 Paul Flynn: There has been a history of outsourcing of jobs in the Civil Service and there have been opportunities where the Civil Service operation could have been expanded within areas which were possibly commercial, but were hampered by Treasury rules. Have any of your organisations ever campaigned for the insourcing of jobs in the Civil Service?
Mr Lanning: Yes, although perhaps more intermittently, but there have been some examples of it being done, and most recently in the Criminal Records Bureau where we have been campaigning for the agency staff who are used there through Adecco to be made full-time, permanent staff so that the skills are not lost. It has not really happened a lot on the big, major projects, like HMRC, their biggest contract which recently changed. One of the

problems, and it is the point I was making about the transference of skills, once the big block of IT staff went over to companies like EDS and so on, there was not the inhouse capacity left inside to be able to say, "Yes, we could run that project", because all of the people, all of the managers, all of the skills had moved to the private sector, so even in constructing the bid, it was quite difficult to get the management to agree that they were in a position to think about an inhouse alternative. There is now quite a lot in the departments and at the Civil Service level as a whole that they need to almost have a fast track to redevelop procurement and IT skills within the Civil Service so that they are in a position to look at these contracts, but logically you should not be in a position where you have made yourself completely dependent on the contractors who are working for you, otherwise they are in a sort of monopoly of supply, which has tended to happen. In the big areas I think there is a real, great difficulty at the moment in us being able to argue for that to come back because the skills do not exist, they have gone.

Q105 Paul Flynn: Do you feel that the nature of the Civil Service is such that in a time when there has been great change, technological and IT change, because nobody is motivated by profits on this, when opportunities arise for expansion into those areas, it is inevitably being taken by the private sector and not by the Civil Service, and should there be a way of changing that if the Civil Service can do their job more efficiently? I am thinking in terms of the Patent Office, for instance, which has a unique body of knowledge and other people are drawing on that knowledge from outside and making profits for the various agents and bodies, trademark agents, and so on, whereas that service could be carried on almost certainly and more efficiently and at less cost to the customers than being run by the private sector, but there does seem to be a great difficulty in the Civil Service operating in what is traditionally a commercial field. Should the Treasury rules not be changed to allow that to happen?
Mr Lanning: I suppose the short answer to that is yes, but I was going to quote a discussion we had with Ed Miliband about the role of the third sector which was a similar debate where you need the private or the third sector to innovate inside the Civil Service. The argument and discussion we put back to that was that you are not going to get the Civil Service to innovate unless you ask them to and unless you give them the resources to be able to do it. This was DWP trying to get people back into work. Actually the best pilot project they had was one done in the public service by civil servants and it was better than the private sector and it was better than the third sector in terms of delivery of the service because they were given the opportunity. Normally it is the point you are making about the private sector, that the Civil Service is not given the opportunity to do these things and there is an assumption that they can only do, if you like, mainstream bureaucratic tasks and roles rather than whether they can innovate. Of course they can innovate.

Q106 Paul Flynn: It is a fashionable move to have jobs done by the third sector, the not-for-profit sector, which we saw in the United States recently. Is there a great weakness in this, that in the not-for-profit sector they have a vested interest in continuing the area of work that they have? For instance, in America, it was homelessness and there was the suggestion there that, as the number of people who were actually homeless declined, the bodies that are responsible for looking after them do not reduce their activity, but they actually expand their activity by widening the definition of "homeless", for instance, into the hidden homeless and so on. The weakness is that the Civil Service would have a vested interest in diminishing the problem, getting rid of the problem altogether if possible, but the not-for-profit sector have a great interest in continuing the problem and is that not a fundamental weakness and is there an advantage the Civil Service has which should be emphasised?
Mr Lanning: You ask nice questions which always have the answer "yes" from our point of view! One of the things we found, looking at the voluntary sector in the States, is that what you actually get is a growth of bureaucracy within the voluntary sector to deal with getting the money and accounting for it and within the Civil Service or the public service to hold it accountable, so you get a double bureaucracy taking place for managing the process. I think with the third sector there is a role—taking into account their independence. I think there is a problem about accountability. If you are talking about, say, the statutory delivery of incapacity benefit or something like that, you can be held accountable. A constituent can come to you and say, "Why was this decision made?", and you will ask the Department. If you are off to a third-sector body who is making judgments about these sorts of things, then I think that line of accountability becomes very, very vague, and I know that some of the voluntary organisations share that view. I think it is true in the private sector as well, that one of the things that the public service does do is provide a route to where people can be held accountable and that line must be drawn somewhere.

Q107 Paul Flynn: What do you say about the experience of the Accounts Services Agency, which was a tiny agency which employed about 60 people and did an enormous amount of work in invoicing for various government departments and now is in the private sector. It is spelt "Liberato", but pronounced "Liberator". They employ six times as many staff and there is a huge amount of work gone in. In view there, within half a mile of Liberato's offices is the shared services of the Prison Service set-up doing almost identical work, identical machines are there, the skills are the same where the two services are running, one, the Prison Service and the other with all the accounts and invoices handled by the Civil Service. Do you see any lessons to be drawn there in the fact that the skills of the individual staff are reduced because they have a great knowledge base, they operate on machines where virtually every question which comes up is answered in the

knowledge base, it does not require anyone with any great skills, and their process of deskilling is inevitable? That is what happened in the difference between the Accounts Service Agency and Liberato and it is going to happen inevitably throughout the Civil Service, otherwise there is going to be an increasing gulf between the operating costs in the Civil Service and the private sector.

Mr Lanning: As trade union officials do, I did a speech at our conference which was a bit ironic about shared services and the new trend towards them. I just mentioned in passing that we used to have an organisation that looked after the property of the Civil Service which was the Property Services Agency and we used to have one that looked after the pay across the whole of the Civil Service, the Chessington Pay Centre. Actually over the last 15 or 20 years a lot of the old shared services that the Civil Service had have been decimated and now there is the thought, "Well, wouldn't it be a good idea to put them back together again in some places?" You can see in procurement and some of the other areas that there is a logic, but when, I think it was, Andrew Turnbull first talked about this, and they were going to have a pilot test of shared services involving the Treasury, the Cabinet Office and Whitehall basically, the core Whitehall, I just asked the question, "Who's going to decide who's going to share it? Where and what?" They never were able to answer. The problem you get into is the territorial discussion between departments of, "Let's share it, but who controls it and who's going to run it?", and I think that is one of the difficulties of the theory of shared services, the control. The sort of independent agency model that used to exist where there was a common provider of some of these things across a number of departments, in the example you give is a good one and there were lots of old, good examples of that sort of practice, but they were not run by one department.

Q108 Paul Flynn: We had two ex-ministers before us who were liberated from office and talked as human beings rather than the automatons that ministers sometimes talk as. One of them, David Blunkett, said that, "in a logical structure, a team that has done well would not be disbanded, but given new responsibility. People would be promoted in post to do that, rather than what is clearly musical chairs where someone is moved every 18 months or two years to get promoted. This is a crazy system". Would you agree?

Mr Lanning: I would. It goes back also that it is partly about Professional Skills for Government and what we were saying about the skills framework. If you have not got a picture of the skills you need and the skills that individuals have got, how can you be moving people intelligently? You do not know if you are moving them into a job where they are giving up using a skill that they have got that is rare or you are moving them into a job where it is a general skill, loads of people have got it and there is no problem. Our view is that, until there is both a better framework and map that can enable you to move people intelligently around, random or "informed guesswork" is the best way you can describe it of how you move people around at the moment. "We think they might have the skills for the job that we're thinking of, so let's try it and see", rather than having knowledge of what the skills are which are required for the new job and what the skills of the individual are and doing a match. They cannot do it at the moment.

Q109 Paul Flynn: Does that not suggest that there are endemic problems in the nature of the Civil Service? Another criticism made was that most of the staff had little respect for the skills of their superiors in the Civil Service compared with the public sector, which was in an independent analysis. Do these problems not have to be solved if the jobs in the Civil Service are to be protected and we are going to see an expansion of jobs rather than a continual erosion?

Mr Lanning: I think there is a problem about under-appreciation and in our various evidence, we have talked about it. The skills in the Civil Service are not accredited. In a lot of areas, in a lot of professions, you can acquire skills and there is a skills framework. You can come in with a degree, you can come in with certain skills and you can get promoted on the basis of competencies, but there is no way that you can match what the Civil Service skills are with the outside world because very often there are not qualifications. They are not equated to either degrees or NVQs or any other structure like that, so it is under-appreciated because it is just assumed that civil servants have only got general, unspecific administrative skills, but that is not the case. There are a lot of highly skilled people, but can they prove it? Have they got some way in which they can demonstrate from the jobs that they have done that they have got these skills? There is no way that that can be done in most areas of the Civil Service at the moment.

Q110 Paul Flynn: Would you expect an improvement in skills in the Civil Service to be matched by a reduction in the use of consultants?

Mr Lanning: I would. I had an interesting conversation with one of the chief executives of European Airbus who was at a fringe meeting, though I cannot say which party conference it was because they all blur into one.

Paul Flynn: We know the feeling!

Mr Lanning: He was working with the MoD and he was just expressing surprise actually to me at the number of consultants who were on the same train down to Bath to talk to the MoD and there was never any skills transference. Okay, you can understand a consultant in the short term where you have got a problem and you have not got the answer, but why is it always the case that you then need another consultant or someone else and it is never that the skill is transferred back into the Civil Service? Actually quite a lot of these people are ex-civil servants in a lot of cases who have left and come back and then re-advised the Civil Service on what is needed. It is the point you made, that skills transference, skills capability is rarely a major issue

at the point of procurement. When departments are talking about, "We need this job done. We need this task", do they have skills in their minds at that point? Very rarely. The skills they need to manage, the skills they want to keep, the skills they want to acquire in the future and even the expected skills of the people that work for them is very rarely part of their thought process, so they end up needing consultants to fill gaps that they previously had.

Mr Furlong: I would agree with the point Hugh has made about the use of consultants. It does seem to me quite bizarre sometimes that you do have people who have problems at work and sometimes are downsizing departments and it starts with a visit from a set of consultants and then three or four years later another set of consultants or quite possibly the same ones are coming back and saying, "Well, actually you need more resources in there", and sometimes there is far too much reliance on consultants. If there could be one good thing that could come out of Skills for Government and Professional Skills for Government, it would be the improvement of skills inhouse to actually lessen the use of consultants in the first place. We go back to the point about being efficient and I think that is a much more efficient way of doing it, using the organic skills that are already in the Civil Service and to actually look at what they are doing.

Ms Ferns: Of course many specialists and professionals are civil servants who do have recognised qualifications. The problem for them is that they are often managed by people who do not share their specialism or professional qualifications and who do not value them and that is a huge source of frustration certainly to our members. In terms of consultants, I agree with what my colleagues have said. The issue is not just transferring the knowledge into the Civil Service, but, even where that knowledge goes into one organisation, it is never shared with other organisations, so we have consultants selling the same services and the same knowledge to any number of departments or agencies, so they are getting paid many times for delivering one message. There are also consultants who offer specialist and technical skills, some of whom are ex-civil servants, but I do think it is important to recognise that in those areas, when those people move out of the Civil Service, it is not as easy to bring them back in as consultants and sometimes that knowledge is lost altogether.

Q111 Chairman: Would it be sensible for government to have its own consultants, a consulting unit inside government which would in a sense sell consulting services across government or supply consulting services across government?

Mr Lanning: It does try to in some areas. Through the Office of Government Commerce, there is meant to be a service so that, when people are talking about major IT projects and they are talking about procurement, they can get specialist advice, but it tends to be more at the level of giving advice about departments as to how to do the job rather than what a consultant might do which would be to actually do the job for them. I cannot recall really there being that sort of, "Here, we've got a pool at the centre of people who have an expertise that departments can draw on". I do not think that model has ever been around. You could see some areas where it would be useful, project management, procurement, human resources. There are a number of areas where there are specialist skills so, if there are shortages, could they not be drawn on at times of change because that would be helpful.

Q112 Mr Prentice: We made one of our periodic visits to Sunningdale last week, I think it was, the National School for Government, and there are a huge number of courses undertaken and carried out there, but, as you said, they are not accredited and there is no civil service qualification, I suppose. Should they be accredited and, if so, who would do the accrediting because it could not be the National School for Government itself, I suspect?

Mr Lanning: Yes, I think there should be accredited skills. Some of them are looking towards doing that. If you look at the various sector skills agencies and so on, there are accrediting bodies for most skills that you are talking about. There is a discussion going on in the Government Skills Board about whether there ought to be a sort of unique civil service qualification, if you like, which is about how you operate in a public service-accountable environment, but people have had difficulty, as I am having, in describing what it would actually be as opposed to whether there is a course in management, a course in IT and communications and so on. We would like there to be a situation where both the inhouse training or the outhouse training that the Civil Service has done is accredited and where people could show what they have done and acquired.

Q113 Chairman: Some years ago in a report we did we talked about a public service academy to try to think in this way across the Civil Service and indeed across the public service. Following what you were just saying, would it be a good idea if we could try to develop some kind of certification for what it meant to be a public servant of a generic kind?

Mr Lanning: I think there is merit. It has got to have quite a lot of work. Again Government Skills is now looking to take over a similar responsibility for local government, servicing the governance bit of local government rather than the delivery bit of local government and there is talk about having a diploma or a qualification and so on. However, there is a resources issue about if you are going to develop this and do it and make it available, that there have to be the resources made available to enable people to take it. The pressure on departments on the whole is that you have very focused departmental training rather than the sort of thing that you are talking about, but there is not a body of excellence or a body of, I suppose, standards that people aspire to, other than those which are self-defined within the Civil Service.

Q114 Chairman: You see, the unions do not just want to be against things. I am trying to think of a certificate in public service that every public servant in the country could acquire as part of an accredited skill that was distinctive to working in the public service. That is something that you could surely adopt and run with. I agree about resourcing and all that, but at least it would be a positive flag that you could run up.
Mr Lanning: Yes, and we have. We have responded positively to the idea in Government Skills.
Ms Ferns: I think it also comes back to the point you made about workforce planning because if you had some kind of accredited qualification, it should make your workforce planning both easier, more rational and fairer to people because they would have something to show in terms of their skill base. The world we live in is about relocation, it is about change, it is about civil servants having to move. Our experience at the moment is that, even in closely related departments, jobs are being lost in one area at the same time as external recruitment is taking place elsewhere. Apart from the cost to the individual, that is very inefficient for the Civil Service and, if you had some kind of accredited qualification, maybe that would be a way of overcoming that.

Q115 Kelvin Hopkins: I wanted to pursue the argument about IT a little further. There are hints at the idea of government developing more skills itself so it has more power, as Sue puts it in her paper, as an "intelligent customer". She understates the case perhaps in saying: "Recent adverse procurement experience demonstrates that it is vital to retain technical skills inhouse". Given the disasters almost across the board in the public services and the Civil Service in IT, surely one wants to go rather further than that? I have suggested in the past that government could develop its own IT corporation, if you like, which would do the job currently done by external companies and get rid of the contract relationship altogether. Would that not be a sensible idea?
Ms Ferns: I think it absolutely would and I think part of the reason it would is that, whatever skills you apply within government, you are applying them within a particular context. As we are now reliant on private-sector contractors, I am not saying they do not have a skills base, but I think part of the problem is not just the lack of IT skills, but it is the lack of understanding and knowledge of the complexity of the government environment and it is operating in a very different context. Unless we do something along the lines you suggest, we are going to have more disasters, more, very expensive disasters.

Q116 Kelvin Hopkins: There is a parallel in railway privatisation which I have touched on in the past. Network Rail found that, with the contracting out of track work, the contractors would work to a specification and they would work very precisely to it even if they knew it was wrong. There would be weekend working and by Monday morning the work was finished, but it was not quite right. Network Rail people then came along and said that the work had not been done correctly and it had to be done again, so the contractor got two lots of work instead of one. They were perfectly happy and almost had an incentive not to get it right first go because the work then continued as they had the job of putting it right. Is that a feature of IT in government with private companies?
Mr Lanning: I understand the analogy, but I would not necessarily put it the same way round as you have with Network Rail. In the old days, actually there was the National Computing Centre which did exist and did exactly the role you are talking about for the Civil Service and the public sector and it was shut down and hived off. In those days, the inhouse skill you are talking about was literally civil servants developing their own programmes, developing their own hardware, developing everything to do the totality of it. That clearly is not feasible now. You are not talking about civil servants sort of developing the next iPod or developing the next stage of technology and probably you can see a role for the large providers in actually the maintenance of the network. Where I think there is a problem in the Civil Service is in the training analogy, it is the people who run the services, and where you see the big IT projects going wrong is where they do not actually understand the public service that they are trying to deliver and they are trying to apply it to the technology, so that understanding of, "What is it we're trying to do in the Child Support Agency?" or, "What are we trying to do in the DWP?" is not in the companies, it is in the Civil Service. That is what I think we have got to get back, that those people who know and understand the public service that they deliver have enough control and understanding of the IT processes so that they can do it. What we are trying to think is that suddenly EDS or somebody like that is going to be able to come along and understand what is required in the public service. They have not got a clue. They know how to put a computer together and they know how to design a bit of software, but not in the context, so I agree with your point that we want to get those skills back, but I do not think it is us pretending we are going to be the next technological hub; we will be the users rather than the creators of the new technology.

Q117 Kelvin Hopkins: I am talking about software, not hardware.
Mr Lanning: Yes.

Q118 Kelvin Hopkins: Software development could be in the public sector, a very specialised field. It could be undertaken by people who are driven by the public service ethos, who are publicly accountable, accountable to Parliament through ministers, and we would know it would be loyal to the public service rather than loyal to the shareholding interest, if one likes. If the boxes could be bought in, being a monopoly buyer at that level would give more power to the public interest and the relationship would change. It would be power in the hands of

government and the public services rather than in the hands of the providers of IT services, which is the situation at the moment.

Mr Lanning: Interestingly, talking to the employers of our members in areas which have been privatised like Capita and EDS and so on, one of the biggest worries of the employers is that the Government will ever get its act together and make them pay once for the same thing rather than two or three times. They are really worried about efficient procurement on the part of Government because it would squeeze their profits considerably. We are worried about it at the moment because it would mean us losing jobs in those areas as well, but I think we would take the longer term strategic view given the choice.

Q119 Kelvin Hopkins: It is a point that Gershon made when he came before us, talking about schools ordering their own computers, I even tentatively suggested that we reinvent local education authorities who would be able to order computers in bulk for schools. They might then get better deals for them and perhaps give them a professional service as well in using them. At the moment they rely perhaps on somebody's partner being a bit of a computer nerd who can sort out the school's problems. That is the way it operates at the moment.

Mr Lanning: I agree.

Q120 Mr Liddell-Grainger: I am intrigued by what you said about skills because it strikes me a lot of the cabinet secretaries seem to have got that wonderful skill of classics, they all seem to read classics. Is that still relevant in today's age? Is it good to have the head of the Civil Service being a sort of great Greek or is it all Greek to me?

Mr Lanning: It is nice to have well rounded people in senior posts but is it a requirement, no. I know there is the sort of caricature but Civil Service departments are major things to run, manage and organise. You get this conflict between who is a good policy adviser and who is somebody who can talk cerebrally about the issues and who can deliver what is needed. There is not a lot of priority, I do not think, given to the operational side where a lot of the big issues come up. You need a blend and I think probably our blend has not been right. The Professional Skills for Government programme sets out a framework that is trying to say that there is more of a balance between the skills that are needed at the Senior Civil Service level but it is a long way from being there.

Q121 Mr Liddell-Grainger: We have seen a subtle trend, or not so subtle trend. Let us take the example of Sir Nigel Crisp. He was sacrificed because of the problems in the Civil Service, he was chucked out, let us be honest, by Government to save the minister's trousers. The skills required, what was wrong there? There were not the skills, there were not the communicating skills or they did not cover it up enough?

Mr Lanning: I am not commenting on the individuals. I think there is a lack of transparency. I was having a discussion last night about the health service and the Government's commitment to only having an 18-week wait from the point until delivery. That is not a shared aspiration of all the staff in the health service or at each level. The manager, whoever it is, is always going to come unstuck unless there is a common shared purpose about why the change is taking place and what you are wholly accountable for. I think the difficulty we find in a lot of areas is that it is easy to point the blame when it is not clear what the people are really being asked to do in the first place. There has to be a matching between what is asked of the individual and what they are being held accountable for. Often they are not being held accountable for what they were told to do and that is the mismatch.

Q122 Mr Liddell-Grainger: In this there is a thing in *Whitehall Focus* saying "top staff attack lack of consultation", and I am just talking about the Revenue and Customs. Does that not go throughout the whole of government now? It does not matter how good your skills are or your communication, there is no actual consultation. What you just said is, I suspect, absolutely right, there is no transparency at all. You as unions are over here somewhere, "they are a nuisance let's get rid of 45,000 jobs". Is that not the problem? You are never going to upskill because there is no consultation, there is no discussion at the highest level, the permanent secretaries are either going to be moved or, like Brian Bender, promoted to make a mess of it, that is the problem. There is no lack of clarity any more in government.

Mr Lanning: My experience of 20 to 25 years as a trade union official is it is not a new problem that we have had with governments in terms of the delivery of change. If you are trying to change round a department like the Department for Work and Pensions—we accept that things were not perfect—to just issue an order like it was done four or five years ago—"the screens are coming down"—we can understand all of the logic why people do not like them, they are not the right culture, they are not the right atmosphere—but without the effort to get staff on board and understanding the change in the first place, then you are going to run into problems. I think that is true in virtually every area of the Civil Service. If you point to a difference, at least in the health service there was an attempt at a discussion around *Agenda for Change*, to talk about where it was going. There is no equivalence in the Civil Service. There has never been a dialogue with us about what the end game is, how are we going to get there, what is the framework in which we are going to do things and that is the reason why you read the press cuttings you do at the moment because civil servants are fearful of the future and do not understand, other than the job cutting, why things are happening. It is not just communication, I think it is going through a genuine process of consultation and it is more speed less haste, whichever way that thing goes. There is a temptation at the moment to drive on change without people knowing and, therefore, you are not getting to where they want. The PSG, which we have mentioned, has been launched and it has been sort of rolled out. This is

not me quoting, this is from a document going to the next Government Skills Board. It says: "Round one has essentially been a box ticking exercise. Self assessment has not produced an accurate picture. On people management and strategy, strategic thinking, the scores were unrealistic. There is no measure of the impact. Staff below grade 7 do not perceive PSG has been rolled out and they are delaying the information". What was said to you on that was that, "PSG is an extremely comprehensive well thought through process". That is a common example where there is an attempt to move on with these things without thinking them through and let us bash them out and then you find afterwards, "That has not worked".

Q123 Mr Liddell-Grainger: I come back to my main point that there is no consultation. You are being told "We are going to do this". There is a great foreword by whichever minister it is who says "Rah! Rah! Utopia." The reality of the situation, the chances of you being properly skilled in the Civil Service are getting less and less because it is either box ticking or there is no consultation or you are privatised or you are not left, as I think it was either Gordon or Paul said, in your job long enough so the whole thing is pants, is it not? It is just going wrong.
Mr Lanning: I think the issue is they do not know if it is going right or wrong. Under the Sector Skills Agreement they are meant to come up with a map of what the skills shortages are, where the skills gaps are, and what you are going to do to rectify them. Now they are behind target on developing the Sector Skills Agreement at the moment. They just said they want to put back doing the survey work of employers and employees on skills and they are also now saying to departments they are not going to be required to put their own skill strategies forward to the centre. I just do not see how they are ever going to develop a map to know whether they are doing right or wrong at the moment. There does not seem to be a determination to tell departments to let us know at the centre, whoever the centre is, about what the position is so that rational judgments can be taken. It might be pants or it might be great but I do not know at the moment how they can make a judgment about what they are doing.

Q124 Mr Liddell-Grainger: Let us just take it the other way round. You have read classics, you are now a cabinet secretary. What are you going to do to change that? You are now going to look at your crystal ball. You are on the other side, you are advising the prime minister, you want to roll this out, you want to upskill civil servants, laudable, no problems, how would you do it?
Mr Lanning: Five things. I would look at what our requirements are for 2020 and try and work backwards to what our long-term needs are and that means the fact-finding exercise to assess what you have got and what you think you are going to need. At the moment they are not looking at 2020, they are not looking down the path. I have been advocating strongly that there are some quick hits and I mentioned Skills For Life, IT and diversity. You do not need a huge fact-finding exercise to know there are not enough women and black staff at the senior levels of the Civil Service. You do not need a rocket science exercise to know that we have got a basic skills issue. Similarly we do not have to have a huge programme of investigation to know that we have not got enough IT skills. You could do quick programmes to try and tackle those things. You would have to think how you do them but there are obvious areas of weakness. The last thing I would say is developing a skills framework which will enable you to map, plan and move people to where your requirements are.

Q125 Mr Liddell-Grainger: Can I ask you one other question before we close. I see you may be preparing for strike action, and that is obviously the Civil Service. How many union members do you have in the members who have been privatised?
Mr Lanning: About 25,000–30,000.

Q126 Mr Liddell-Grainger: Would they be striking as one?
Mr Lanning: No, not unless they have got their own dispute.

Q127 Mr Liddell-Grainger: Is that the same for Martin and Sue? I know you are not quite the same.
Ms Ferns: A different employer so we cannot ballot over the same issues.

Q128 Mr Liddell-Grainger: What intrigues me is they are doing exactly the same jobs, they are civil servants in everything but name. They are doing the same, protecting us and all the rest that they do. They are part of the grandiose scheme to which we have discovered there is no coherent or long lasting hope and yet they are not civil servants, therefore you cannot do anything to help them even though you have got 25,000–30,000 members. Do you feel frustrated?
Mr Lanning: Yes, but the impact is different. If you look at EDS, which is one of the major companies, or Siemans, the immediate issue that people are facing is whether the work there should be offshored or not. The concern of our members there is not the job reduction that is taking place in the Civil Service until the impact comes through on the contracts, it is how the current company is managing the work. They have much more immediate issues. I think there is a public sector issue that this work has been contracted out with no assurances or guarantees about how it is going to be done five years down the path and so on. When you are living in the global economy clearly companies are going to try and do things so that the issue that is coming back to us from our private sector is what are the constraints around these public contracts that give some long-term guarantees about how this work is going to be done and protected in the future. It has the same root but it is showing itself in different ways.

Q129 Mr Liddell-Grainger: That comes back to my first question, does it not, that in fact there is no coherent strategy whatsoever, it is crisis

management because of the finances of the country and yet nobody has any say or understanding of where you are going to end up in five years' time, therefore skills in government is a little bit of a panacea?

Mr Lanning: It is. When the Chancellor made his statement—this was the last Comprehensive Spending Review that there was going to be a major reduction in the Civil Service and there was going to be a transfer to front line skills in education, the health service and so on, partly we challenged the front line back office description. At least in the health service there was, as I was talking about, a feeling of "We want to get to these improved qualities and standards. We want to achieve more teachers". What was the equivalent message that has been said about what you are trying to achieve in the Civil Service—

Q130 Mr Liddell-Grainger: There was not one.

Mr Lanning:—there was not one.

Mr Liddell-Grainger: I think that sums it up.

Q131 Chairman: Can I just ask you, we must end now, we were talking about skilling and you all seem to be saying in a way taking the Civil Service as a whole that it has been deskilled over this last period. I do not want to get into a great long elaborate argument now but is that broadly the consensus that as an organisation, for the reasons that we have been talking about it has become deskilled?

Ms Ferns: I think the answer to that is that in some areas it has become deskilled. However, that paints a very pessimistic picture, there are an awful lot of skills in the Civil Service. The other part of the problem is that they are not recognised. There are lots of civil servants who have the potential to perform at higher levels but do not have the opportunity to do that. We have talked about leadership today in terms of top teams but actually leadership is something that happens at various levels, where is that recognised? Where are those people giving the support to exercise their roles? That is just as important to the Civil Service as what happens at the very top.

Mr Furlong: I think one quick point to make is yes, we agree that generally speaking there has been deskilling within the Civil Service but, conversely, at the same time the amount of blame that goes on the Civil Service has gone up which does not seem to be proportionate and it does not seem to match up.

Mr Lanning: I think you would have to say the trend must be if you are privatising, reducing and people are leaving, a number of people, unless you have a focused, targeted plan that is trying to give you back the skills that you are losing and making sure you have the right ones, that you are losing skills because people are going and you are not sure what you are replacing them with. Without an active upskilling plan deskilling must be the result.

Chairman: It has been a very interesting discussion. Thank you very much indeed for coming along.

Thursday 7 December 2006

Members present:

Dr Tony Wright, in the Chair

Mr David Burrowes
Paul Flynn
David Heyes
Kelvin Hopkins
Mr Ian Liddell-Grainger
Julie Morgan
Mr Gordon Prentice

Witnesses: **Professor Colin Talbot,** Chair of Public Policy and Management, Manchester Business School, and **Mr David Walker,** Editor, *Public* magazine, gave evidence.

Q132 Chairman: Welcome to our witnesses this morning. We are delighted to have Professor Colin Talbot, Chair of Public Policy and Management at Manchester Business School, and David Walker from the *Guardian* who edits the *Public* magazine. You have both been very helpful to the Committee in the past. We have drawn upon your work a good deal. As you know, we are looking at "Skills for Government", the Government's attempt to improve the skills set of the Civil Service. We want to ask you some questions about that and no doubt about related issues too. Thank you for the memorandum from Professor Talbot. You may want to say something at the start. We could go straight into questions.
Mr Walker: I hope I am not going to offend parliamentary etiquette by urging you to subscribe for free to *Public*.

Q133 Chairman: We have taken steps to subscribe, as a committee, so that every committee member will be receiving copies of this excellent magazine.
Mr Walker: The main question, surely, you will be addressing is whether the conjunction of the existing Professional Skills for Government programme and the uncovering of deficits through the capability reviews can be brought together in some fruitful further movement. If one is an optimist and positive, there does seem to be objectively some kind of opportunity to meld the PSG programme on the back of the capability reviews. I gather we see the Cabinet Office's own capability review and others next week, and doubtless you will pay some attention to that. They will tell us more about where the deficits lie.

Q134 Chairman: That is a good way to start.
Professor Talbot: I too would like to start from the capability reviews. First, I was pleasantly surprised at how rigorous they were compared to their predecessor, the Peer Review Process, which was basically a non-event. I think the capability reviews have been seen to have been much more rigorous, although it would have been interesting to know a little more about exactly how they conducted the process rather than just the outputs from them. The outputs are, frankly, disturbing. After 20 years or more of reform of the Civil Service focused supposedly on improving management in government, we have a situation where they are at best moderate on strategy making, and I would suggest a lot of that is formal rather than real, fairly weak on leadership and very weak on delivery, according to the capability reviews, and of course the capability reviews did not look at—and I find this quite extraordinary—departmental capability on policy making. I have yet to find anybody who can provide me with any sort of rationale as to why they did not look at that, given that is one of the main things departments do. I think also that the capability reviews were flawed in the sense that they did not take an integrated view of departments by looking at their past performance, and particularly around PSAs. It would have been much more sensible to have had departmental reviews which looked at the whole of what they do in terms both of their performance and their capability for the future, but that is another issue. All of that affects the Professional Skills for Government agenda because it is quite clear that if you have, from the capability reviews, weak leadership still at the top of the Civil Service—and that is their own verdict, not mine—poor delivery and at best moderately good on strategy-making, I think there are some pretty serious issues that need to be addressed.

Q135 Chairman: To take the point that you have started with, does not the capability review process validate the Professional Skills for Government process? If we had the findings from the capability reviews but we had not in place a serious up-skilling process in government, then, surely, the charge would be more serious?
Professor Talbot: It validates the need for a serious up-skilling process; it does not necessarily validate Professional Skills for Government as being the answer to that problem. I do not think it is particularly.

Q136 Chairman: Can I start with this, and this is clearly something that you wrote in the *Guardian* in the summer on the back of all the trouble at the Home Office? You talk about "the continuing disdain across the Civil Service's top ranks for management as a profession". It dates back to Fulton 40 years ago and there have been various reform initiatives since then. You say: "The solution then, as now, was to professionalize the business of government". I want to know what you mean by that. If you set about professionalizing the business of government, what would you do?

Mr Walker: The most obvious thing to do, and it sounds like a no-brainer, as they say, is to require entrants to the upper echelons of the Civil Service to be skilled in organisations, to have a grounding in organisational theory and the practice of administering/managing complex organisations. The intellectual apparatus for that exists in academe, outside; some of it comes from the private sector and some from the public. It can be mobilised. It seems to me so obvious a requirement for the business of government that you have studied government, you have acquired some conceptual apparatus that you can then deploy on the back of the practice that you will be enjoined to meet when you are in the business, so a postgraduate qualification in organisation, a master of public administration, a specialised MPA[3]. It is easy to see what the thing would look like that you have to have either in course or before you become a civil servant of a managerial kind.

Q137 Chairman: You would have all the fast-track people coming in with these masters in public administration?
Mr Walker: Yes. They would have attended a course perhaps that Colin or his colleagues would have provided and on that course they would have learnt that Whitehall departments exist in a complex delivery chain, that the relationship between those departments and their satellites—NDPBs, quangos—is a complicated one which needs to be managed as opposed to the present situation where people seem to confront problems in government on a totally unprepared, empirical basis, on the basis of no previous theory, experience or body of reflection, which certainly does not exist within government.

Q138 Chairman: Obviously, if you are not going to be an academic and people need qualifications, I know what the answer is going to be.
Professor Talbot: Obviously, and thanks for the advert, David. I would completely agree that studying organisation and management for people who are going to be in charge of Whitehall departments ought to be a requirement before they reach the senior levels. However, I do not think that is sufficient. I would say, first of all, I would not want people to have to do an MPA before they enter the service. I would want them to do an MPA, for example, after they had entered the service and had gained some experience of actually running organisations. For our MPA in Manchester, we do not have an experience requirement because we find it is a waste of time trying to teach immediate postgraduates about running organisations when they have no experience at all of being in them. I would want to see that at a later stage in people's careers. It would be much more useful if they took time out after some experience of different types of roles within the Civil Service. This, I think, is where we come on to Professional Skills for Government and there being a real danger of increasing segregation between the different roles. After 10 or 15 years' experience, it would be quite useful for people to take time out and re-skill and think about how they are going to operate at more senior levels before they go up to those sorts of levels.

Q139 Chairman: I am anxious to build up our check list. I am sorry to do it that way. If we can agree that the objective is to professionalize the business of government, which we think is not sufficiently professionalized at the moment, and we think that is borne out by things like capability reviews and so on, the first thing on our list is that we want to make sure these people get some proper qualifications, either pre-entry or post-entry, in organisational management.
Mr Walker: This is not just us. Earlier this morning, before the Committee met, I went to the launch of a rather interesting study, paid for by Veredus delegates, based upon interviews with 75 chairs and chief executives of non-departmental public bodies and the like. One very experienced chair of CAFCASS spoke about poor skills around organisational development. I think you could find that critique echoed throughout the public space. We should not underestimate the scope of the public.

Q140 Chairman: I am registering this as an important part of the agenda. I want to add more things to it. What else do you put on the list?
Professor Talbot: To make that point, I would say that it is not just about qualifications; it is also about experience. That is an interesting issue. One of the questions you have posed is about the tendency in the Civil Service to move people around every 18 months to two years, and that happens throughout their career. That is a good thing in early career stages when people need to gain experience of a number of different roles across the Civil Service. I would be very interested the day that they propose that people coming into the fast stream and into policy jobs spend at least two years working in a front-line service. That would be really radical because they do not do that at the moment. If they spend two weeks, it is a major triumph. That experience is extremely useful up to that stage. Once people get through the mid-career stage and are starting to move into senior jobs, then there is an argument for more specialisation and more stability in what they do. It is not a question of move round or not move round. It is appropriate at different stages of their career.
Mr Walker: PSG gives you the headings: finance, IT, management of people. That is where the expertise needs to be built in. It is a scandal, is it not, that you can rise through the ranks spending public money, without properly understanding finance. It is not being required of you to have an accountancy qualification but to have a basic understanding of the flows of public money. I do not think we can be assured that enough people in senior positions have that.

[3] Master Public Administration.

Q141 Chairman: If the Professional Skills for Government programme is what it says, then that point is met in terms of the bundle of core skills that people are going to have to acquire along the way?
Professor Talbot: I am not sure that it does. There is a lot of ambiguity in Professional Skills for Government about how far it requires everybody who gets to senior levels to have skills across the range of things which it addresses. It seems to me that with the professionalisation into these three sets of chimneys—the operational, policy and the more functional management jobs like finance and IT and personnel—there is a real danger that people will end up in those stovepipes and we end up with a situation where people who have tremendously well-honed policy analysis skills who have never worked in front-line service delivery in their lives and know absolutely nothing about it. That has been the situation with the fast stream for the last two decades. They conducted a review of the fast stream over a decade ago where they asked if they should have some experience of running public services, and they concluded that no, they should not, and there was no point in bothering.

Q142 Chairman: To add to our developing list, I take it that we are saying that people who move to senior positions inside the Civil Service should have some front-line experience?
Professor Talbot: At least, yes, and I think we need to review how we view senior posts within the Civil Service as well. Roughly speaking, I would guess that about 85% at least of senior posts are actually policy jobs in the ministries, and a very small proportion is senior jobs in the operational side of what the Civil Service does, which we have to remember is only a small part of public services. As a result, if you are looking for a senior post, it is a bit of a no-brainer to think "I will go into policy because that is where most of the top jobs are", despite the fact that most civil servants work in organisations that deliver services.

Q143 Chairman: As I understand it, the Professional Skills for Government prospectus is that someone will not be able to sit in one of these silos any more; they will have to acquire some skills in at least two of these three streams to be able to rise to the top. Is that not an improvement?
Professor Talbot: That is an improvement but I do not think it is sufficient. I am sceptical about how far that is actually being implemented and how far it is rigorously being applied.
Mr Walker: One test is where those skills might be acquired. Is the Civil Service really able to train up its own? We have seen with some of the rhetoric surrounding PSG that the implication is that departments, despite the evidence of their deficits, are somehow going to be capable of equipping their own people with these missing skills. If the next argument is that they will be sent out to the National School of Government, I think we are then required to examine that institution's capacity, given the chequered history of the Civil Service College, its predecessor, as to its capability to provide these much required skills.
Chairman: I want to try, if we can, to keep developing this idea of what professionalizing the service would mean. We have some ingredients, but I am sure colleagues would want to try to build up further.

Q144 Mr Liddell-Grainger: What view do you think the outside world has of the Civil Service? Do you think it is a sort of resignation and if this was a business it would not exist?
Professor Talbot: I certainly think, particularly in the rest of the public service which is the main area I can speak for and have most contact with, there is a deep scepticism about policy-making within Whitehall, that it is usually done too fast without sufficient consultation, without thinking through what the organisational implications are, how you would actually make this work on the ground and particularly without, in most cases, consulting the 90% of senior public managers who are not in the Civil Service who are running the rest of the public sector. Even on the core skill which Whitehall supposedly prides itself on of policymaking, I think there is a deep scepticism out there amongst the majority of public sector leaders about Whitehall's ability to make policy that is implementable and can actually be made to work.
Mr Walker: To answer your question, I would say that people generally who have anything to do particularly with the upper echelons of Whitehall recognise deep levels of commitment to the business of government that their identity is bound up with keeping the show on the road. That speaks to the fact that there is a "can do" culture. Civil servants do, generally speaking, give ministers in situations what ministers want but behind that, paradoxically, lies this deep reservoir of what Fulton rightly identified as amateurism and continues to be identified as amateurism—the absence of skill, the absence of organised knowledge. Somehow the two exist together.

Q145 Mr Liddell-Grainger: Taking your article on public finance, Professor Talbot, the best performing department was Education and Skills and that was not good. In fact, it was pretty appalling. I suspect the worst are Work and Pensions and DEFRA.
Professor Talbot: It is the Home Office.

Q146 Mr Liddell-Grainger: I forgot about the Home Office! Have we got to a crisis of confidence in the Civil Service? Is it a crisis of the civil servants themselves and the morale and their feeling that they can achieve? Although they have a "can do" attitude, is the underlying trend "we actually cannot do" in the psyche of the civil servant because "we cannot get further than this"?
Professor Talbot: First, let us be fair. The defence of the capability review results would be from the

Cabinet Office, "We did four of the worst ones first, so the results are biased because we only have four sets of results in so far but we will see what comes out of the others". Even if that is true, you have four rather important departments managing very large areas of public policy and public funds shown up to be, on their own admission and through their own processes, not to be excellent. You would have expected at least some five star ratings. Some of you may have seen the piece I did in *Public Finance* where I gave them star ratings and five stars would have been best. No department gained five stars on anything. That is pretty appalling really. Among some senior civil servants there is a real recognition that they have a problem. I am not sure it is quite clear at the top of the Civil Service yet that they have really recognised how serious the implications of the DCRs are because I think it is very serious.

Mr Walker: One surely has to add to that that civil servants' appreciation of the problem can only ever be as acute as that of the ministers they serve. If the Prime Minister, the Chancellor and others do not seem to register a fundamental problem, which we might see in the Civil Service, then it is no fault of the Cabinet Secretary and his colleagues that they do not give this the urgency they want. There is a problem of metrics here, is there not, how we do measure performance. DWP is a case in point; there is not question, and this is not a partisan point, that labour market policy in the past 10 years could be said to be pretty good. Employment levels are high and unemployment levels are low. Jobcentre Plus is delivering a lot of what it says on the tin in terms of equipping people to move back into the labour market after periods out. That has to be balanced against the internal evidence of the capability review that this department could be a lot better than it is.

Professor Talbot: To add to that, I did a review of the Next Steps Agency initiative a couple of years ago, which I published. The original title of the Next Steps Review was "Improving management in government". In my conclusion I said: "Has it improved management in government?" The answer was: "No. It has improved management in agencies". That is not the same as improving management in Whitehall. That is part of the problem that David was just describing that some of the agencies have done remarkably well in improving what they do in service delivery within the confines of those agencies, and quite often despite the ministrations, gentle or otherwise, of their parent departments. There have also been cases the other way round. It has been pretty clear that some of the major agency disasters have been caused by parent departments, not by the agencies themselves.

Q147 Mr Liddell-Grainger: Is it partly because ministers or secretaries of state are not there very long; they come and go quickly and have no real understanding of what they have to achieve using the Civil Service, which is probably fault on both sides, but also is it the politicisation of the Civil Service that is causing part of the problem?

Professor Talbot: I do not think it is necessarily politicisation. The underlying problem, and this is much more under Professional Skills for Government, is about the constitutional relationship between civil servants and ministers in the UK system because they are tied so closely to the politically elected executive in a way which is very unusual in Western democracies. That means that perennially we have this accusation about politicisation because, whatever government is in power, the Senior Civil Service is wedded very close to it. As I said in my memorandum, I have previously described this as serial monogamy. That is rather unusual. Most other civil services are relatively bigamous in the sense that they report to both the executive and the legislature in a more open way. That is the problem there. I totally take your point: if you think that the turnover in both ministers and senior officials is 18 months to two years at most in most departments, they do not have sufficient time to get to grips with the organisation of the departments, particularly the more outlying parts of agencies and non-departmental public bodies, and even further arm's length organisations. As a result, they tend to just grab the nearest levers. For example, I did a study a few years ago looking at agency key performance indicators. We found that there was a phenomenal turnover rate because they are set by ministers and ministers would come in, look around for levers to pull and say, "Oh, annually I have to agree these key performance indicators for agencies. Even though I know very little about them, I will change some of these things because it will show that I have done something". So you get inconsistency in agency performance objectives and instability in management of the system.

Q148 Julie Morgan: Following up Ian's point to start with about the turnover of ministers, in Wales we do not have such a turnover in ministers. The Education Minister in Wales I think has actually seen four Education Ministers in England while she has been the Education Minister. I wonder whether you have any more comments about the length of terms that ministers should serve because you obviously think there is too quick a turnover in England.

Professor Talbot: I think it is the national government rather than the English government, but that is another debate. In that sense, both Scottish and Welsh devolution has given us what has been called a natural experiment and the one bit of it that has not been looked at sufficiently is the natural experiment in terms of the change in public administration arrangements. It is something that needs to be studied further. I have not looked at it in detail. I have looked at one or two of the policy issues but not at that. It is certainly the case that the turnover of ministers in the UK system tends to be higher than in other similar democracies. There are one or two cases where there are similar sorts of turnover rate for ministers, but it is pretty unusual. That does create problems. Part of the problem is not just the turnover rate of ministers but the turnover rate in ministries. If you sit down and try to

write a history of the last 10 years, just what ministries there have been over the last 10 years and what functions they have discharged, you would find a phenomenal churn rate in terms of administrative structures in the centre of Whitehall. That happens because ministers can do it. Tony Blair can get out of bed tomorrow morning and think: I should amalgamate a couple of departments and it is done. There is no review process; there is no consideration of whether it has worked or not; there is no evaluation afterwards; and there is certainly no consultation by Parliament to see whether or not this might be a good idea.

Q149 Julie Morgan: Do you think a lot of changes are just *ad hoc*?
Professor Talbot: Yes.
Mr Walker: It is not just a matter of personalities. If John Reid were not a historian of the Industrial Revolution but were a historian of recent periods, he might, in confronting crisis at the Home Office, have reached into institutional memory in Whitehall and looked at what Michael Heseltine confronted, or thought he confronted, in 1979 and the remedy that Michael Heseltine produced, which was a ministerial information system—MINIS. As a non-partisan point, MINIS disappeared under the Conservative rule but was, Heseltine thought, one way of establishing flowed data up to the top so that the minister and his senior civil servants could understand what was happening in his own department. Nobody said to Reid and Reid did not know and so Reid begins, as we see, to re-invent the wheel in terms of the organisation of the Home Office. It is a paradox. We have a deeply historically continuous system. We have not had a revolution, cliché, since the middle of the seventeenth century, but we seem to have an amazingly short run perspective, as Colin has just exemplified in terms of the turnover. There seems to be no central body of lore, data, that allows an incumbent, however transient, to reach in and pluck out the wisdom of the ages.
Professor Talbot: If I could add to that example, and take the Home Office as an example, I did a lot of work with the Home Office in the mid-1990s when the agencies were being created: the Prison Service and the Fire Service College and so on. I kept asking senior people in the Home Office: why is the Immigration and Nationality Department not being created as an executive agency? The answer I was given was: we cannot possibly afford to let IND have arm's length agency status because it is a basket case and we do not trust it at that sort of length. It will be disastrous if we allow it to become an agency. Lo and behold, it was a disaster anyway, so what is the solution? We will turn it into an agency. Maybe that is the right thing to do. I do not know. I deeply suspect that nobody in the Home Office has sat down and analysed why they came to that conclusion in the mid-1990s, why it was clearly wrong and led to the situation we have with IND at the moment, and why now it is the correct solution to IND. I suspect it is something that was plucked off the shelf as an immediate response to a political crisis.

Q150 Julie Morgan: Going back to ministers when they come in suddenly taking over a department with maybe 24-hours notice, what do you think should be done for those ministers to enable them not to fall into the traps that you have illustrated?
Professor Talbot: This is slightly off what I was expecting to be talking about today. I think there have been some improvements in the sense that we now at least acknowledge that ministers may actually come into office without some of the requisite skills that they need to think about how they are managing their ministries. There have been some small attempts, certainly prior to 1997, to educate ministers on what they need to know about organising ministries. I understand some of that still takes place, although probably at a much lower level than has happened in the past. Certainly, I would have thought there could be some sort of induction programme for ministers which enables them to understand how ministries operate. I would again suggest that that could be handled with at least some external input so that people get a critical view of how the Whitehall machinery operates, because at the moment, to the extent that ministers are told how the Whitehall machinery operates, they are told it entirely from the insider perspective, unless some of us may tell them something slightly different about how they could pull levers and make things operate.

Q151 Julie Morgan: I turn to the other points I wanted to make. You talk about the insider perspective. It seems it is really important that there should be a lot of movement in and out of the Civil Service in order to bring the reality of what is happening outside the Civil Service into the Civil Service. How much do you think that is happening and how much more do you think it could happen?
Professor Talbot: There has certainly been an opening up. A lot of people with specialist skills have been brought into areas like finance and personnel over the last 10 to 15 years. That in itself has its own dangers attached to it. There is a danger that the outsiders who come in with specialist skills are then ghetto-ised into "they just do finance issues" or "they just do personnel issues". They are not seen as being part of the core management of ministries in terms of the real policy job that ministries have to do. I take David's point entirely that it is not sufficient to have a finance director on the board of a ministry for it to be financially literate. It is important that everybody who is on the board of a ministry on the Civil Service side is financially literate for the board to be financially literate. It is not sufficient just to say, "We have brought in an expert financial person from the private sector. Therefore, we have now sorted out our finance problems". That is clearly a mistake. The other point that I have made a number of times in public and I think to this committee is that we have in Whitehall a "Whitehall in Industry Group", which organises secondments for civil servants out into the private sector, which is entirely laudable and a jolly good idea. We also seem to have an Industry into Whitehall Group operating, and there are plenty of consultants coming in from the other direction from

the large consultancy firms. What we do not have is a Whitehall in Public Services Group, which actually organises interchanges between the 10% of public servants who work in the Civil Service and the 90% who work in the rest of the public sector and amongst whom there are many extremely good leaders. It is quite noticeable (I think we all know this) that some of the best people that we have seen in Whitehall in recent years have come from other parts of the public sector, but for some reason there seems to be a cultural block in the Civil Service to seeing the rest of the public sector, the other 90% of the public sector, as a major resource for helping to fertilise what goes on in Whitehall.

Mr Walker: Surely one of the things which Wales might begin to teach other parts of the United Kingdom, as time goes by, is that the public service is a unity, that there is a delivery chain and it is futile to attempt an artificial distinction of this bit as Civil Service, this bit as local government, and this bit as health. We have not begun that process of thinking about the public service in England, although some note has been taken of what has been happening in Wales, and to some extent in Scotland. It is an artificial distinction. If you are Leigh Lewis, who is by all accounts a good leader of the Department of Work and Pensions, he may be a career civil servant but I think most people would accept that he knows in detail how job centres work. It is odd that his remit does not extend into the local space in which jobs services are provided not just by DWP officers but by a range of other local agencies. We cut the cake in an odd way.

Q152 Chairman: On this point about outsiders, it is still unclear. On many topics you seem to be saying the same things but on this you are saying quite different things. Colin, your line is one that we must open up the Civil Service rapidly to the outside world, bring new people in, and so on. The piece that you wrote, David, building on the experience of Leigh Lewis, the Chief Executive that you quote, is that you have to grow your own culture and actually not follow the fad of thinking what the outside world offers you.

Mr Walker: Yes, although taking Colin's point about movement within the public space, the Permanent Secretary for Education (a former teacher, a former Chief Inspector) and the Permanent Secretary in the Department for Communities and Local Government is a former local government chief executive. That kind of movement seems to me admirable. What we do not need is the idea which this Government and its predecessors seem to have given too much attention to, which is bringing in organisational panjandrums from the private sector.

Professor Talbot: When I talk about opening up, it is primarily about public sector space. That is important. I totally agree with David about that. We have had over 100 years of Western governments thinking that the answer to public administration is to bring people in from the private sector, and it has never worked and it never will.

Q153 Kelvin Hopkins: Following your last comment, it seems we have been through at least 20 years of permanent revolution in the Senior Civil Service and throughout the public sector. Is there any evidence at all that it is really better now than it was 30 years ago?

Professor Talbot: It depends what you mean by "it".

Q154 Kelvin Hopkins: I am talking about the Civil Service and generally the public services.

Professor Talbot: There is certainly evidence that public services have improved in a number of ways. Again, this is not a partisan issue because some of the improvement started under the previous Conservative administration. When I worked as a public servant 20 years ago, public services, by and large, took no notice of their users at all and had no real responsiveness to user needs. They organised services around the interests of the people who worked in them almost exclusively. A lot of that has changed. It is not perfect. There are still areas where there are major problems, but there have been huge improvements in the way in which services are delivered; they are much more responsive; they tend to be more courteous and helpful to people when they come in—not everywhere and not all services are like that but, by and large, a lot of those things have improved. I think there has also probably been some improvement in the organisation of management of services and some improvements in the efficiency with which they are delivered. There are plenty of examples of that. I also think there is a huge amount of overblown rhetoric about what has changed and what has not. To that extent, at the service delivery end particularly, there have been some changes. I am deeply sceptical about how much has changed at all in Whitehall itself. Some evidence is emerging around us now. My academic colleague, Rod Rhodes, has had some extraordinary access and has been wandering around with ministers and senior civil servants doing an anthropological study on what has changed. His conclusion seems to be that nothing much has changed and that you could parachute in somebody from 30 or 40 years ago from Whitehall now and, apart from the language, most of the things that happen would be more or less the same at the most senior levels between ministers and permanent secretaries and their ilk. I do think that is the major problem and that really Whitehall has cosmetically changed in terms of the language that is used. It has slightly changed in terms of the make up; we do have some permanent secretaries now who have experience of something other than working in the Civil Service. As a whole, the Whitehall village is not that different from the way it operated 20 or 30 years ago.

Mr Walker: I am not sure I would agree with that. Briefly, I think there is a loss of nerve in the sense of a realisation from the Cabinet Secretary downwards that there is a skills deficit. The very reason you are having this inquiry is that they lack something and they are told that by ministers; they are told that by us, the media; they are told that by you. The intellectual struggle at the moment is, to be fair to

them, to keep the show on the road while reaching for what we might say are partial means of trying to redress the skills imbalance. I mentioned in my piece on Peter Hennessy's book about the Fifties that the hauteur which senior officials in the Fifties had has gone. They simply do not have that self-confidence as a corporate body which existed. That does not mean to say that individual officials are not as arrogant as they always have been because they are possessors of power, after all, but corporately there is a sense that, although they know what is expected of them, how they deliver it is the challenge.

Q155 Kelvin Hopkins: This is all impressionistic and I might have a slightly different impression. I have been around a long time and worked in bureaucracies myself. Is there not a sense in what has been happening, particularly under the Thatcher and Blair governments, that a political revolution has been advanced by them, in an extreme parallel with Mao and his cultural revolution? What gets in their way is this block, this Civil Service. They have to churn it, to bring new people in from outside—not quite workers and peasants driving out the intellectuals—electors but there is an element of that, that they will not get their kind of change unless they break up this monolith. Blair uses that term, break up the monolith.

Mr Walker: Undoubtedly, and I do not know if you have thought of having a conversation with Peter Gershon, but since he produced his Efficiency Report, his thinking has moved on. He made a speech, which did not receive a lot of attention, very recently where he in fairly detailed terms advocated the hollowing out of Whitehall departments to diminish the space between the political will to secure a service and its front-line delivery. That sort of thinking very evidently has influenced the Prime Minister and some other ministers. If the Chancellor puts that into effect, and I again draw your attention to David Varney's report issued yesterday as part of the pre-budget report, that attempts to remove functions from the centre—regulatory functions and delivery functions—and to shorten the chain, which seems to be very much part of our future.

Professor Talbot: I think there is a very important constitutional issue here about the role of public administration in the sense of non-elected officials in democracies, and it is a very big debate. The traditional problem is stated relatively simply, which is that we rely on public bureaucracies and non-elected officials as a way of guaranteeing continuity in the systems that we operate and interestingly, and this is something which is not addressed properly necessarily, guaranteeing the buy-in of the public to the institutions as they operate so that people pay taxes regardless of who they voted for, that people obey laws regardless of who they voted for because they trust the public institutions to be operating in a public interest and not just in the narrow political interests of whoever happens to be in power at the moment. To that extent, public bureaucracy plays a conservator role, which I outlined in the note that I sent to you. I think there is a genuinely helpful and useful way in which civil servants occasionally have to say "No, Minister" and to block things which ministers want to do. That can be a positive thing; it can also be an extremely negative thing. If you go back to the "Yes, Minister" and "Yes, Prime Minister" series and look at that fairly carefully, you will see there are examples in those programmes both where civil servants play a very sensible role in saying "no" to ministers when they want to do something which is clearly unconstitutional or stupid, and other times when they do it in their own self-interest. One of the problems of democracy has always been: how do you balance that? How do you make sure that civil servants are not simply operating in their own self-interest and blocking duly elected ministers from doing what they want to do and, at the same time, making sure that they do play a role in protecting the public interest when that is needed? Sometimes they have to do that against what individual ministers or sometimes collectively ministers want to do.

Q156 Kelvin Hopkins: We are getting off the subject. Is this not even more important where we have a weak parliament relative to the executive, as we do here, and indeed increasingly prime ministers who are contemptuous of Parliament and the democratic process and are wilful?

Mr Walker: If I may add to that, I would wish they said "no" occasionally on the basis of demonstrated professional expertise in organisation and organisational development and said to ministers, "Look, this is a fantastic idea but to deliver it you are going to need to take time; you are going to need to do the IT". That professional voice based upon understanding of systems does seem to be missing.

Q157 Kelvin Hopkins: Reflecting my own prejudice really, do you not think when all the hurly-burly's done, when we have been through this period of what I think are great political mistakes in administering the state, we will we get back to a world where, once again we just simply go all out to recruit the best minds into the Senior Civil Service, with the right character and commitment to public service, and then we train them, train them and train them again to produce the best and most skilled administrative leadership we can and forget about trying to dig around in the private sector to find supposed geniuses who are going to sort it all out?

Mr Walker: Yes, absolutely, provided we add to that a sense of the modern skill set: that is to do with communications, to do with persuasion and to do with leadership (that terrible cliché).

Professor Talbot: I am a professor in a university so you would not be surprised that I am all in favour of recruiting the finest minds to do things but that is not sufficient. One of the problems about the whole way the fast-stream system has operated is that it has recruited people on the basis of their cognitive ability, their analytical abilities in terms of playing with ideas. Certainly we have as a cadre probably one of the most intelligent civil services in the world in terms of the general level of IQ amongst our senior civil servants. Do they have, as described in David's discussion about organisations, what I would call

organisational intelligence? The answer in most cases is: no, they do not have a clue about how organisations operate, how they could be made to operate to deliver the things that they want to do. It is not good enough just to recruit the finest minds; it is also necessary to have minds which actually operate at the level of making things happen. That is where traditionally the problem has been in the Senior Civil Service.

Q158 Kelvin Hopkins: It is a question of training them at the beginning with thorough courses?
Professor Talbot: That should be done all the way through their careers and then engaging with them. I am not opposed to some degree of specialisation. Obviously government as a whole, the public sector as a whole, is an incredibly complex organisation. You cannot have generalists who do everything, but there is a need for people to have some experience at least of doing a range of different things within public services before they specialise and become senior leaders in a particular area.

Q159 Mr Burrowes: Picking up on the last point, the concern is getting the right skills. One has to be able to get those from wherever one can get them. That is the priority, is that right, rather than whether it is from the public or private sector?
Professor Talbot: Yes.

Q160 Mr Burrowes: To take this further, David Walker, are you not perhaps overplaying your hand in terms of the need in the Civil Service for proper recognition of management as a profession? You refer to that as perhaps the main reason for failings in the Home Office, but, at the same time, you also pray in aid the collective memory failure. Is it not a problem internally in effect rather than the need to change the skills base? Is there not just an internal problem about the collective failure to rely on Heseltine's MINIS or the like?
Mr Walker: I suppose I feel, I hope not naively, that were there a more professional organisational function, and it is not the only function—clearly government will continue to need various specialist expertise, statistics and so on—that would automatically reach for and create much more of a sense of movement through time, responding to changes in the environment, and so be able to deliver to a succession of ministers, whatever their policy priorities, an organisational capability, which we now have evidence does not exist or needs to be recreated.

Q161 Mr Burrowes: Is not the problem the way things operate in departments rather than the skills issue? It is the issue of senior civil servants not sticking around for long and moving on after short periods of time, the fact that the good people as well as the bad people move on, and so ministers are left with people who are sideways moved to other areas. There is a problem internally of them not sticking around. There is also a problem of not being able properly to get rid of those who are not performing.
Mr Walker: As a journalist, one can only go on anecdote. Certainly, there would be deep assent to both your propositions. I think the Cabinet Secretary himself would agree that Whitehall needs to change the duration of tenure of positions and the idea that you can do a job within a year and move on clearly does not work. I think there is a sense, particularly perhaps a stage or two below the director general level, that there is a difficulty with moving poor performers onwards and outwards. Again, I can only repeat what one is told on a subjective basis. Certainly, in such departments, as indeed the Home Office, that is part of the problem.
Professor Talbot: I think there are major problems about the managerial structures within some departments. If you take the Home Office as an example, and it is quite a good example because it has all the problems embedded in it, you have the problem that it has to manage a very large service delivery organisation, the Prison Service, two or three relatively small service delivery organisations which are directly within it—IND and the Forensic Science Service but that is moving outside—and a number of non-departmental public bodies, but then more than half of what it does in finance terms is outside the Home Office in funding the Police and Fire Service and so on, which is much more at arm's length to it. If it was a private sector company with that sort of structure to it, it would be incredibly difficult to manage. Most private sector companies tend to have structures which simplify those sorts of arrangements so they only have one sort of arrangement between a corporate headquarters and a number of subsidiaries. The Home Office has an amazingly complex array of different arrangements with its subsidiaries, if you were to use that language, and so the management arrangements are actually extremely tricky to get in place. That is just compounded by then having people moving in and out of jobs so rapidly and not necessarily with the right skills. I have known examples where the head of personnel in the Home Office was somebody who had never done a personnel job in their lives and was suddenly parachuted in to being the head of personnel for an organisation with 60,000 people.
Mr Walker: I hate to correct a distinguished professor but I think Fire and Rescue now—
Professor Talbot: They have moved. I am sorry. I am showing my age!

Q162 Mr Burrowes: My proposition is that it is not so much perhaps a problem of skills as of performance management and the need for greater accountability top and down and maybe even looking at radical ways of performance management with performance-related pay and the like.
Professor Talbot: That is absolutely right but the issue is who holds civil servants to account. I think the IPPR report that was published at the beginning of the summer raised this issue quite well. The problem is that from the top down, who does hold civil servants to account? Allegedly ministers hold permanent secretaries to account, but they cannot very easily. Therefore, where is the accountability particularly of senior civil servants in these roles? To

some extent, Parliament can examine some of these issues but it certainly cannot hold senior civil servants to account in the way that committees in the US Congress can, for example, or in one or two other parliaments in Western Europe. There is a major problem about who externally and internally holds people to account for mistakes they have been making. The cultural tradition in Whitehall is simply to move people around if they make mistakes, move them into other jobs and put them somewhere else, and sometimes even for individuals to carry the can for mistakes which were not theirs in the first place and were higher up the food chain; they are moved and promised later promotion. We have seen plenty of examples of that happening in the past.

Q163 Chairman: The answer is to get a better system of performance management inside the Civil Service and not to think that you have some mythical system where politicians hold civil servants to account.
Professor Talbot: The whole of the accountability arrangements need looking at again but I agree with you totally. I think there is an issue about performance management within the Civil Service. The tradition of not dealing with poor performance adequately is something that is still to be tackled, even after all the performance of the last 20 years.

Q164 Paul Flynn: The PCS union, the HMRC, is systematically de-skilling staff in the name of efficiency. Is this really happening?
Professor Talbot: I have not looked in detail at HMRC. I have looked at some of the issues about the structural changes to what has happened with HMRC and its predecessors but I have not looked in detail at the efficiency changes that are taking place inside it.

Q165 Paul Flynn: When you appeared before this committee in 2004, you said that you did not believe that the impetus for real efficiency was there within the Gershon recommendation and that the main effect of the report would be to demoralise civil servants by unnecessarily making them fear for their jobs. Do you still stick with that?
Professor Talbot: I do. I am all for having campaigns to improve efficiency in the Civil Service or anywhere else in the public sector. That is fine. There may be a case for having periodic purges on these issues. On the issue in particular of using head count as an instrument for managing this, I think the Conservative Government in the 1980s abandoned using head count for very good reasons, and so did most other OECD countries because it is an incredibly blunt and counter-productive instrument to use. I was flabbergasted, frankly, when it resurfaced in the Gershon proposals as a way of dealing with issues of efficiency inside the Civil Service. The reason it was dropped in the 1980s and 1990s by most governments in the developed countries was simply because it does not actually help you to improve efficiency at all; it is a mechanism simply for cutting numbers and cutting budget. It does not even necessarily do that. There are plenty of examples where we have cut head count and administrative costs of departments have gone up because the jobs still have to be done and we simply outsource them to somebody outside to whom we are usually paying more than the people inside.

Q166 Paul Flynn: What are the examples of that?
Professor Talbot: We did a count in the mid-1990s of the administrative running costs of departments. We looked at the administrative overheads of departments at that point as their accountancy figures enabled us to do, and we found that the administrative budgets remained stable while head count was going down. The only explanation for that was that they were spending money on outsourced jobs replacing people who had been weeded out from the departments. That was across the board, across Whitehall. That is why people abandoned it as an instrument and moved on to the idea that the way to control administrative costs in departments or agencies is to have an administrative budget for them which ring-fences the costs of running the agency or department and then saying to the departments or agencies, "It is up to you how you spend that money, how many you employ and what skill mix you use in order to deliver these services". That is what decentralised personnel management was supposed to be about. This predisposition of a centralised head count measurement is quite bizarre in the system we now have.

Q167 Paul Flynn: As I understand it, at the moment there are 12,500 jobs being lost at HMRC, and there has been an announcement that another 12,500 will go. Is this the result of arithmetic determinism rather than an analysis of what is going to produce better efficiency?
Professor Talbot: As I say, I have not looked at that in detail. I would suspect there is obviously a degree of both things going on. I suspect there are some real changes taking place in the organisation of the work to be done in HMRC and certainly the introduction of new technology will eliminate some jobs. Whether that adds up to the numbers that are being eliminated in this process or not, I doubt. I suspect there are some political drivers saying, "We want some headline figures here about the numbers of civil servants that we have cut".

Q168 Paul Flynn: We seem to have moved towards shared services. In that case there are specialised skills at individual places like individual prisons for instance; people are doing certain jobs that only they and two or three others are doing. Now that is being done in the Shared Service Centre, or will be shortly, and the level of that skill diminishes because it is shared by everyone and because of the efficiency of the equipment they have and knowledge managers who specialise in creating a knowledge base, not an individual one but it is there, on the computers at the touch of a button. Is not this process of de-skilling and glorying the satisfaction that the civil servant gets from the job an inevitable one in the name of efficiency?

Mr Walker: There is a counter-argument about shared services which says that you can actually increase specialisation but narrow it and make specialisation available to a broader array of government agencies.

Q169 Paul Flynn: Can you give an example of that?
Mr Walker: Human resources is a case in point. There has been, as you may know, a scheme around for some time to provide a single human resource function for the central departments—Treasury, Cabinet Office and so on. It has not come to fruition for all sorts of reasons. It would in theory mobilise and concentrate a limited stock of skills to do human resource planning and so on and make it available perhaps to a broader array of departments than is currently the case. Clearly, HMRC is on a specific trajectory but one surely has to accept that the engagement of the citizen and the tax authorities should change in an age when IT is changing rapidly, when people might want a different kind of relationship, and one consequence of that could well be a large-scale diminution in the traditional clerical staff of both Customs and Inland Revenue. You might well ask why Sir David Varney was there so shortly and why he did not stay to manage the merger, which is a complex and ongoing process. There are specific questions to be asked about HMRC but you should not stand patiently on existing boundaries of the state and say, "That is it for ever" as it were.
Professor Talbot: There are always issues about whether or not you concentrate functions in order to achieve greater efficiency or you spread them out across a number of different organisational units. Taking personnel, the argument is: do you have personnel closely tied to the delivery of the service and the management of people who are directly delivering the service so that you make sure that HR functions are closely tied in to the needs of the business or do you have some sort of common service which provides it for a number of different businesses? There are swings and roundabouts arguments about both of those. I do not think either of them necessarily mean deskilling of the staff involved. The other general point is that, in so far as we are seeing automation of some services in the public sector and this is vastly overblown, there is certainly scope for automating some sorts of processes. By and large, they tend to be the processes which are the least skilled because that is what the computers are good at, doing dumb jobs relatively quickly. That ought to be increasing skill levels of people who are working in the system.

Q170 Paul Flynn: We had a report that Paul Gray of HMRC told the Government Skills Board that he had not even considered the skills implications of the efficiency savings that he was trying to produce. Is this not alarming?
Professor Talbot: Yes. I cannot see how you can possibly implement efficiency savings which do not look at the human resources and skills necessary to deliver the job to be done. It is quite a strange way of thinking about how you might achieve efficiencies. Most of what we do in the public sector is not capital intensive. Most public sector businesses are human resource intensive. They are labour intensive jobs and therefore how people work and the skills that they need to do that job are absolutely crucial elements to most of what we do. If you look at the Gershon efficiency savings, a very large proportion of them are meant to come from different working of front line professionals, in particularly education and health. That is probably one of the most difficult areas in which to achieve efficiency savings.

Q171 Paul Flynn: Mr Walker, you say in a comment about Peter Hennessy's recent volume about civil servants in the 1950s that they misunderstood Europe, technology, migration, social dynamics and the evolution of capitalism. You say they did for the most part because they were not trained and they came from narrow backgrounds, preferring gentlemanly accoutrements to professional knowledge or analytical rigour. Is this still a fair comment on the Civil Service of today?
Mr Walker: To be fair, one can only make a judgment of the Civil Service in relationship to a political environment and a different set of ministers who have an ideological or other project. One question one might ask contemporaneously is: what is the capacity of the system to think ahead, to try and plan for changes in personnel, changes in the skills set and so on? Subjectively, I feel we are not terribly well equipped with a cadre of officials who have the apparatus or a recognition of their capacity. It may be that they can themselves do that forward thinking. They could reach into academe and engage with Foresight and various schemes to try and think about the economy governing society in future. I have a sense at the moment that that criticism about an imagination that plans for government in the longer haul is still absent from our system but again, to be fair, civil servants will clearly need to have the permission or the implicit permission of a given set of ministers to think ahead. This government, like its predecessors, has been mired in short-termism on many dimensions.

Q172 Paul Flynn: You said it was unimportant to be right in the Civil Service. Those civil servants who were courageous in the individual line and took on the establishment, the Civil Service and ministers were the ones whose careers withered; and the ones who followed the line that was required and were never found in possession of an original idea or a determination to reform anything were the ones who prospered and reached the top. Was that fair?
Mr Walker: I can think of a couple of examples. Colin mentioned Peter Kemp earlier. The Civil Service gives you examples of organisational innovators and in certain policy domains one can think of policy innovators but, by and large, the Civil Service is a bureaucracy and classically a bureaucracy favours those who toe the line rather those who buck the trend.
Professor Talbot: It is not just inward looking in the sense of only looking in Whitehall for solutions, as opposed to the rest of what goes on in the UK. It has

also classically been extremely bad at looking at international developments in other governments and other systems and having any real knowledge of what goes on elsewhere. That is starting to change very slowly. Policy debates are much more often now about international comparisons but compared to European civil servants, for example—I have worked with a number of other civil services in Europe—there is very poor knowledge in the British Civil Service, generally speaking, of what goes on anywhere else outside of the British Isles.

Q173 David Heyes: I do not think we have really explored David's opening comments about using the skill gaps and the shortcomings that might be identified through the capability reviews to reform and reshape the professional skills for government. I want to give you the opportunity to expand on that. Whilst you are thinking about that, I want you to comment on what Colin said. I am really taken with this idea of converting the capability reviews into a star rating system. I cannot wait to get back to my local authority and health service chief executives and tell them about this because they are so dispirited by what they say is a flawed system that produces wrong results about their achievements. I tend to agree with them but it is also the case, is it not, that the capability reviews have similar flaws? They are largely self-assessed. It does not have the rigour of proper, external assessment. If that is true, does that not undermine David's argument about using it as the basis to determine the Professional Skills for Government Programme?

Professor Talbot: In the first half of the article that I wrote on DCR for public finance which had the table with the star ratings in it, when I converted their own figures into star ratings, I described the results of the DCRs. Half-way through the article I said, "If there are people out there squealing at this point, "It is not fair; it is inaccurate; it is self-assessed" and so on and so forth, welcome to the party, guys, because that is what everybody else has been going through for the last 15–20 years." Does that completely invalidate it? No, of course it does not. It is like the development of school league tables. The initial, very raw school league tables told us something about what was going on but they did not convey the whole picture. They did not include value added and a range of other issues. They have become more sophisticated since then. The only way we have of knowing what is going on in public services is in some way to measure it. We do not have the discipline of the market and the bottom line to tell us whether or not public services are being successful. Therefore, we have to do something at least to try and measure whether or not we are being successful. Are those systems always flawed? Yes, of course they are. They are never complete. They are never totally objective. There are always going to be problems about them and they are there really to aid us in thinking about whether or not we are delivering well. They are not a substitute for thinking about those issues. DCRs fall into that category. They raise a whole series of important issues. On the basis of their own evidence, they are saying that there are major problems here. Maybe somebody can come along and counter that and produce evidence that says to the contrary. I have not seen any of the four departments jumping up and down, saying, "Actually, this is completely unfair. It is wrong. We do not agree with this assessment. We have a load of contrary evidence that says we are not as bad as that." Most people seem to have said, "We do not like the judgment but it is probably okay." For that reason I think we need to take it seriously.

Q174 David Heyes: Are they good enough to build your Professional Skills for Government programme from?

Professor Talbot: I think there are a whole range of issues about Professional Skills for Government. If I could start with the supply side, where are they going to come from, who are they going to be supplied by, we have to say that in the British Civil Service it has probably one of the least interactions with the academic community in terms of providing education, training and research of most civil services in the advanced world. The National School for Government, which is probably the right title for it rather than the National School of Government, is an arm of the Cabinet Office. It has very limited academic input into it. The last time I looked at their staffing, I do not think there was anybody with a PhD there. They have seconded in one or two people from academia to help them but it is literally one or two. That is the main place for providing education for civil servants. Even Whitehall recognised originally that as it was then the Civil Service College was not capable of providing leadership development for senior civil servants. Up until the late 1990s, that was not done in the Civil Service College. It was done within the Cabinet Office through things like the top leaders programmes which were run in the Cabinet Office, not by the Civil Service College. Things have changed slightly since then and that stuff has moved into the Civil Service College remit or the National School of Government as it is now. The basic organisation has not changed at all. The National School of Government is primarily a bulk training organisation for front line civil servants. It does not have, in my view, the intellectual capacity to provide the sort of training for senior managers that David is describing which is why, in other countries, it is not done like that. Probably the most interesting example for us to look at would be the Australia and New Zealand School of Government which was set up a couple of years ago, which is a joint initiative between the two governments, three of the state governments in Australia and 12 universities, to provide serious training for public sector leaders across the Australian and New Zealand public services, which draws on the expertise of a dozen academic institutions. The National School of Government does not do that at the moment. It has very little interaction with academia at all apart from one or two selected universities that it has decided to get into bed with.

Mr Walker: The capability reviews substantially delivered a shock to the system. Civil servants say quite sincerely, "We want to absorb these lessons and move forward." Departments are waiting with trepidation for the rest of the reviews to come out. The next question is the obvious one: where in the system will the results of these reviews be driven and connected with remedying a skills deficit if such a thing is found? The official answer you will have heard from Sir Gus O'Donnell and his colleagues, which is, "We will restructure the governance of departments. We will recreate their corporate boards and these boards will, with permanent secretaries, drive through agendas of change." The danger now is that that will not actually happen and departments' own capacity to move forward and reskill in the wake of the capability reviews just will not be there. As the financial climate changes, training budgets, budgets for development, will be cut because obviously that is already happening in the health service. The opportunity which I think exists to join together these two agendas could easily be missed. If this Committee reports, I hope perhaps it might add some momentum to stopping that likely outcome occurring. In the Cabinet Office there is the question of fast-stream entry and whether you could do a restructuring of entry into the Civil Service, taking Colin's point about in-service training as well as preservice training. That would require some move by the Cabinet Office itself. Its capacities are being reviewed and on that report hinges some sense of whether it can drive forward this process. We have the bits of the jigsaw and the thing is to put them together.

Q175 Chairman: Unless you have things still to tell us that you think we ought to know about, I think we have covered the kind of territory we wanted to explore with you. I was going to ask you about the National School of Government at the end but you seem to have just told us about that. We went there recently and also we went to the Kennedy School in Harvard briefly. I think we are looking for models that will get hold of this training in a serious way.
Professor Talbot: In terms of putting something more positive in, if we were going to have a National School of Government, it would need to be much more clearly independent of government itself so that there was intellectual space there for people to explore ideas in a critical framework. Having a National School of Government, whose mission is to deliver the business priorities of government, limits enormously the opportunities for real intellectual debate and discussion in an organisation like that. It is far too narrow. It would need to embrace the other parts of government outside of Whitehall. It should have a government structure in that case which would include the devolved assemblies and local government being involved in it if it is genuinely going to provide space for all public servants to develop what they need to know about management and organisation of government. I think it would need to have some sort of relationship with the top academic institutions in this country that can supply the sort of intellectual input that it needs. If you turn my quip about PhDs round, we probably have 200 or 300 people at Manchester with PhDs in public policy and management areas who could contribute adequately to that. I do not think any of us ever get invited to the National School of Government to deliver anything. That is clearly a massive opportunity that we are missing. We are not the only people who have that sort of ability.
Mr Walker: You might in your report encourage the Prime Minister on his retirement, given that we have heard talk of a Blair School of Government, to use his undoubted capacity to raise resources to create such a thing. The LSE says it could be a willing home for such a thing and without going all the way to Manchester one could create such an institution near to Whitehall.
Professor Talbot: The best institutions like that are not in the capital cities. Witness the Kennedy School of Government is not in Washington.
David Heyes: When we were at the National School we made a bid to get them to relocate to Ashton under Lyne.

Q176 Chairman: Whenever we mention Blair we have to mention Brown. It is pretty clear that Gordon Brown has some interesting ideas for the machinery of government changes from what you were saying earlier on. You are saying that instead of just simply producing these it would be a very good idea to set out a prospectus and the reasons for them and then have some serious discussion about those.
Professor Talbot: I would hope so. If, for example, we took Lord Hutton's article in *The Observer* over the weekend to be a genuine possibility in terms of a fundamental restructuring of the centre of Whitehall, the reorganisation of the Treasury into separate finance and economic ministries and so on and so forth, I would hope it would not be a case of Gordon Brown turning up in Parliament and saying, "Here's one I prepared earlier", but it would be the sort of thing which would be debated and discussed. We would have some preliminary attempt to see whether or not that would work and discussion around it, rather than it just being rolled out on the basis of a very small number of people in Whitehall having had discussions round that.
Mr Walker: With the proviso that, if we recollect history, we have had a Civil Service Department before. We need to understand the reasons why it was dismembered, dismantled and deemed by some people to have failed.
Chairman: We will see. Thank you very much for a wide ranging and extremely interesting session. We are as always extremely grateful to you for coming and sharing all that with us. We shall shamelessly draw upon what you have been telling us. Thank you very much indeed.

Thursday 14 December 2006

Members present:

Dr Tony Wright, in the Chair

David Heyes	Mr Gordon Prentice
Kelvin Hopkins	Paul Rowen
Julie Morgan	Jenny Willott

Witnesses: **Rt Hon Charles Clarke,** a Member of the House, **Rt Hon Nick Raynsford,** a Member of the House, and **Baroness Shephard of Northwold,** a Member of the House of Lords, gave evidence.

Q177 Chairman: May I welcome our witnesses this morning. We are delighted to have Gillian Shephard, Baroness of Northwold, Nick Raynsford and Charles Clarke. You are here because you bring formidable ministerial experience to the table and because the Committee is looking at the skills which government needs to be effective. We wanted to get the ministerial side of things. We are very pleased to have you. I notice in your book *Shephard's Watch*, Gillian, you say "for a minister an appearance before a select committee can be an ordeal". I presume that for ex-ministers it is pure delight. Would any or all of you like to say anything by way of introduction?

Baroness Shephard of Northwold: I am delighted to be here. I have to say that the experience on which I draw at today's Committee is out of date, but, nevertheless, the principles which I tried to use when I was a minister do remain very relevant. They are the principles outlined by Gus O'Donnell in the evidence in the issues paper that you sent to all of us; in other words, the importance of the existence of an expert, independent, impartial Civil Service to provide advice to ministers and to deliver action on policies is a clear and entirely essential part of our Constitution. It is one of the pillars of the Constitution. That is all I want to say at this stage.

Chairman: Thank you very much.

Mr Clarke: I would like to make a very brief point. In the speech which you quoted of Sir Gus O'Donnell, and which is at the front of your issue paper, he said, "To ensure that the Civil Service is admired worldwide for the quality of its policy advice, we need professional, highly skilled civil servants . . .". All that is true but my big question, which I think runs through the whole of this inquiry, is the role of the Senior Civil Service. It is not simply one of policy advice; it is of ensuring that the system runs properly. I was acutely aware of that at both Education, with big issues like school funding and financing and how those systems operated, and the Home Office, with the Immigration and Nationality Department, Prisons and Probation, and having people who have the calibre and quality to operationally run our public services is absolutely crucially important. I would give that at least as much priority in looking at the Civil Service as the question of "its policy advice". I do not dispute a word that Sir Gus writes—he is right—but it is only half of the job, at best.

Q178 Chairman: Thank you. Nick, do you want to add a word?

Mr Raynsford: I agree very much with Charles about the importance of implementation as well as policy advice. In my experience the problem is often to do with unrealistic expectations on the ministerial side, both in terms of what can be delivered to a particular time scale and what to expect from different elements within the Civil Service. I am particularly interested in the whole scope for extending the training and expertise of ministers to be able to manage essentially very large, very complex and very challenging operations which, in many cases, they have had no previous experience of doing before coming into post.

Baroness Shephard of Northwold: I note what Charles says about the Department for Education and, again, this is one of the points I make in my book—now also very out of date, but I am pleased it is a set text for the Committee! The fact is that when I was a minister there were departments that were used to running things—for example, social security: the Department of Employment actually ran their own things and even MAFF dispensed grants—whereas the Department for Education—and it was just undergoing a transition at my time—ran nothing, because, of course, education was run by LEAs and universities were run by themselves—so it was, in a sense, unrealistic to expect officials in the Department for Education to be able to run, basically, a bath! But at the time when I was Secretary of State, we were introducing grant-maintained schools run from the centre, nursery voucher schemes and so on. Those initiatives certainly pointed up an inability to run things on the part of officials in the department, but, in their defence, until then they were one of the departments that had not had to run things directly. Now everything has changed, with agencies, with NGOs, with a number of other initiatives that the present Government has taken, and, after all, I agree with Charles, things have changed immensely in the last 10 years and the ability to run things is about as important as it could be.

Q179 Chairman: Let us try to unpack some of this, particularly this "running things" business, and try to talk about who is responsible for the "running things" business and then what skills are required for running things. Could we start with the ministerial end, which is why we particularly wanted to hear from you. When John Reid came into the Home Office recently, he told the Home Affairs Committee: "It is not my job to manage this Department—it is

my job to lead this Department, to set a policy, to give the leadership, to give the strategic direction; managers are there to micro-manage it and, as they expect competence from me, I expect competence from them." If I read you, Gillian, you say in your book, "What is the job of being a minister? Being a minister involves leadership—political, of course, but also managerial—of a large organisation, the department. It therefore involves administration, team leadership, time management, priority identification meetings, decision and policy making." I want to get to understand whether ministers are to be seen as managers of departments, requiring skills to do that, or where the boundary line is between what they do and the running of departments that civil servants do. Where is that boundary line?

Baroness Shephard of Northwold: My view is exactly as expressed, as you have just read it out. But one has to be realistic and to understand that ministers bring different skills to their jobs and not all their skills will have been honed on running large organisations before they become ministers. At the very least they should satisfy themselves that parts of the department are being run properly by examining what is being done; by looking at objectives to see if they are being realised; by—if it really gets to the ridiculous—testing help lines to see if there is anybody on the other end. You really do have to. The reason you have to is that you are the one who is accountable. You are the one at the Despatch Box when somebody says the whole issue is not working. It is you. It is not your permanent secretary. It is not anyone else. You are accountable to Parliament, to the electorate, to the public to see to it that it is right. If it is not right, of course, then you can take action or you can ensure that action is taken so that things are run correctly—and that may be where you have to start, because everybody has a first day in their department. If you have no experience of running large organisations yourself—I had; others have not—then the least you should do is to satisfy yourself that things are being run by those who are in charge of them.

Q180 Chairman: We have former ministers going around saying, in relation to various problems: "It was all the fault of the civil servants." David Blunkett has just written a book saying this and others have said similar things. You have, quite unusually and exceptionally, former senior civil servants going around saying, "Oh, no, it was all the fault of ministers." What is the public to make of this?

Mr Clarke: I have always deplored—maybe because my father was a permanent secretary—the "all the fault of the civil servants" school of argument. Barbara Castle made it famous and it since recurs throughout life. It is not exceptional as a way of thinking about things. Even during the foreign national prisoners' issues at the Home Office, when many other people, not me, said it was "all the fault of civil servants", I was never prepared to go down that course because I think in the way you put the question at the beginning of what you said, the Secretary of State has the leadership of the department and should bear responsibility for that. But I think the word "management" which elides into micro-management in the quote that you gave from the current Home Secretary is not helpful. I think a much more powerful and important word is "leadership". Leadership is shared between two individuals: the Secretary of State and the permanent secretary. Gillian is quite right to refer to the accountability of the Secretary of State to Parliament but it is also the case that the permanent secretary has responsibility, as the accounting officer to Parliament, for what the department does. That is formal parliamentary accountability and rightly so. Those twin leaderships are absolutely critical. If you do not have both of those in place, then things will go wrong at various stages. I also believe that if the relationship between those two individuals does not work for whatever reason you have a set of problems which comes into place. You cannot, for the reasons you identified in your question, assume that the Secretary of State will have had any experience of leading large organisations. In fact there are different roles in government, even in the Cabinet, in terms of the quality of leadership. A number of the roles in Cabinet are political jobs. The Chief Whip, the Leader of the House, the Party Chair, even the Prime Minister, to an extent, are jobs which are principally political rather than principally running things, but the main Secretaries of State, for Education, Health and so on, have tremendous operational responsibilities in the areas where they are. They vary, as Gillian says. For example, in education, Fred Mulley, our predecessor, once said that the only thing he had responsibility for was air-raid shelters in the mid-1970s—because of some legal requirement—and then no responsibility for the education system. But that has changed, as Gillian has said. The fact is that there are massive differences in the level of operational responsibility but unless you accept as your cardinal point that there are two leaders who lead the department, the Secretary of State and the permanent secretary, I think we have a right as politicians to expect that, as leaders, the permanent secretaries do have that experience of running large organisations, are equipped to do it, are able to get there at that point and their training formation should lead to that. That should be a pre-requisite. It is also helpful if the minister has that experience but it should be an absolute pre-requisite that your permanent secretary can run the organisations for which he or she is responsible.

Q181 Chairman: We would like to know from you what you think the skills are that civil servants need for that job and whether you think they have got them, and also on the ministerial side as well, but could I just drill down slightly further into the question. We are now getting these departmental capability reviews; the argument being—and, Nick, you will know this well—that local authorities have been having these assessments made of them for a long time, yet the central Government departments were not, and so we now have the departmental

capability reviews. We are just having the first tranche, with another one being issued today. If you look at what that has produced—again, particularly mindful of the recent troubles in the Home Office—the Home Office came out dreadfully from this departmental capability review. It was not well placed or strong in any of the 10 assessed areas. There were "serious concerns" about the ability to "build capability" and to "plan, resource and prioritise" and its abilities to "set direction" and to "develop clear roles, responsibilities and business models" were marked out as urgent development areas. If that is what we discover when we do an assessment of departments, then the question arises: Whose job is it to ensure that it was not like that? Did ministers know that it was like that? Did civil servants know that it was like that? Who acted? Who did not act?

Mr Clarke: Let me answer for myself, first of all. I knew. We acted. That is why I, as Home Secretary, was very keen to have the capability review, for precisely the reason that it was there. What you have just read out was no news to me or, I suspect, to other senior individuals in the Home Office. It was an issue that had been completely dominant, even at the point where I was appointed Home Secretary after the 2005 general election. I discussed it with the Prime Minister at that time and was of the view and remained of the view that there was a very long reform process that was necessary to address precisely the problems that were described. The capability review I strongly supported because it was designed as a process for understanding more precisely, if I may put it like that, what the generic problems were of which I was certainly well aware and others too were well aware. The problem of how you solve it, once you are clear about the problem, becomes critical. To give an illustration: we appointed three deputy secretaries to the department during the time that I was Secretary of State. One of them was a former chief executive in local government; one of them was a former chief executive of a voluntary organisation; one of them was a policy officer originally from central government. None of them were Home Office civil servants who had come through the process. This was after extensive advertising. Carrying through, they all had and have massive operational responsibilities but the Civil Service did not have within it individuals to carry out these responsibilities at deputy secretary level or so it seemed. That is a state of affairs which is very serious. To the question you raise, as you do, of who knew, the answer is everybody knew. The question of what was being done was the appropriate question. I could go through a long list about my period of stewardship of things that were done about those questions to try to put them right, but the capability review was an important, and I think welcome, contribution to more specifically identifying what needed to be done to address those points.

Q182 Chairman: When I read Martin Narey, top civil servant in the Home Office during this period, his analysis—I guess, partly in response to the Blunkett book—is quite different. He says, "A new Home Secretary is interested in anything except whatever the last one was interested in" and "We spent a lot of time drawing up five-year plans, only to see them abolished by the next man." He goes on to say: "What's needed is more control from No 10 to stop this random policy-making based on personal vanity projects." He is then asked about his new job running Barnardo's and he says, "I used to waste 70% of my time managing ministers; now 90% of my time goes on managing the organisation."

Mr Clarke: I do not intend to get involved in a bandying of words with Martin. He is completely wrong in what he said, certainly as far as I am concerned and I think as far as David Blunkett was concerned as well. I do not think it is constructive to go through Martin's own qualities in relation to these things. The fact is that it was, and certainly when I became Home Secretary still is, it seems to me, critically important to get hold of the whole offender management agenda, for which Martin was responsible, and where major decisions still need to be taken to get those issues right. That was a priority from the day I was interviewed on the *Today* programme, that I was appointed Home Secretary. I do not think it was a question of fashion or anything of that kind; I think it was a question of getting right and running the situation properly in the way that it needed to be done. I do not think David's diaries are an accurate reflection of what took place—at least as far as I am aware of any of it—and I do not think the practice of diary-taking helps good government in any respect whatsoever. I said that directly to David. The fact is that this kind of remark, whether it is a David Blunkett remark or a Martin Narey remark, is an entirely unconstructive way of going about addressing what I think are very serious, fundamental, intrinsic problems in the way that we run the country.

Q183 Chairman: If we leave aside the individual cases, my reading of what you, Nick, have been saying in your analysis of what you call the "malaise of governance" is very much consistent with what he is saying here.

Mr Raynsford: I am not going to comment on Martin Narey because I did not work with him. However, I will say that I have absolutely no doubt that while there is, as Charles has rightly said, collective responsibility between the senior civil servant and the senior politician, between the Secretary of State and the permanent secretary, there has to be an understanding on the part of the politician about the impact of political decisions on the ability to manage organisations. I am critical of a failing of some of the leaders of this Government and previous governments who have believed that essentially political decisions could be taken without a proper appraisal of the impact on the running of a department. I am going to give two illustrations. Charles may disagree with me on it but I am quite clear, as an individual Member of Parliament, that the Immigration and Nationality Division of the Home Office was failing in a very spectacular way to ensure efficient and thorough processing of the many

applications. I understood entirely the pressures on the department because of the increase in numbers, but the backlog of cases not properly dealt with, of wrong decisions, of failure to implement decisions where those were taken, including appeals from what is now the Asylum and Immigration Tribunal, is an indication of an operation that is not operating as efficiently as it should. When, in the midst of that, you get short-term decisions to refocus attention driven by political concerns about whether or not people who have been former asylum seekers and have been subject to criminal proceedings are being deported or not, and that becomes a focus, inevitably it takes attention away from the routine administration of a main function. I have the greatest of sympathy for Lin Homer, the former local government senior officer who was brought into the Home Office. My discussions with her undoubtedly confirmed my view—and, as I say, Charles may not agree with this—that what was required was sustained long-term commitment to policies that would sort out the administrative failures without attention being diverted by short-term political priorities. I believe politicians have a real responsibility to say, "I cannot do this without it disrupting my department." I do not think we are as good as we should be at doing that.

Baroness Shephard of Northwold: I think senior civil servants ought to realise they are involved in a political process. When a new minister takes charge of a piece of department or a new Secretary of State comes in, basically testosterone takes over. I am sorry to put it this way but it is a reality that people come in and say, "What am I going to do to make my name?" They are entranced to have the opportunity for legislation. Some departments, of course, have legislation every year: social security and the Treasury notably. It is part of the political process. It is no good saying it should not be like that; it is like that and nothing is going to change the human nature of people engaged in the political process. Senior civil servants, including Martin Narey, really should understand that and not be surprised at what they have got caught up in. I would have said that most permanent secretaries should be very clear about that. But there is a bigger question. There really needs to be a trust and understanding in both sides of this question, both from politicians and from permanent secretaries. I say this as somebody who was a minister under Mrs Thatcher, who definitely did not trust the Civil Service because she felt they were not one of them or us or whoever. Our Constitution, such as it is, rests on these two pillars: one is the public democracy, the accountability of politicians to the electorate through Parliament, and the other is the existence of an impartial Civil Service. You have to have mutual trust, otherwise things go wrong. If I could be so bold—because there were touches of it, certainly when I was a minister and in the government in which I served—I do think that may be where things have gone a bit wrong. We had a party that had been in opposition for a long time and had run itself very well: they did not need Parliament, they did not need civil servants, and, then, when they are in government, they certainly do have these huge considerations which they did not need before. I think there has been an education process—looking at it from the outside and said benignly of ministers—that, in the end, each side needs the other.

Mr Clarke: Could I make two very quick points. Firstly, for the avoidance of doubt, I agree with what Nick Raynsford said about the need for consistency of purpose in a particular policy area, immigration and nationality. We tried to do that, in my case, in a White Paper in February 2005 to establish that basis. But it is very important, in agreeing with Nick, to appreciate that the immediate short-term political pressures, particularly in a very highly charged field like immigration but also more widely, are very, very intense and are a reality. Secondly, I should put on record that I do not agree with both Gillian and Nick that ministers come in wanting to make their name; implying that Martin Narey's analysis had some substance. I simply do not think that is right. I think most ministers become ministers as part of the team for their government trying to move things forward and I do not accept that that is a correct description of the way that ministers have worked, certainly in this Government and in other governments as well. That is obviously a difference of opinion between the three of us, but I should put that on record.

Q184 Jenny Willott: I would like to ask some questions around training for ministers. We went to look at the Civil Service training organisation a couple of weeks ago. There is a huge range of training for civil servants but up to now there has been very, very little, if any at all, for ministers. Do you feel there is stigma that prevents ministers from wanting to have some training?

Baroness Shephard of Northwold: I will start because my experience is historic. We had some training. It was 20 minutes with Mr Butler now Lord Butler and it consisted of the three new ministers, John Redwood, David Maclean and me, going into a room with Lord Butler and Lord Butler saying, "I wonder if you've read Edwina Currie's memoirs. It is so impressive that she began her ministerial career by setting out a list of objectives." I thought: "Where have I come? What is this organisation that thinks it is curious to have objectives?" That was my training. I was very, very glad that when I became a minister I had had local government experience and experience as chairman of an extremely large health authority, of managing huge budgets and large groups of people, as well as small groups of people—because, of course, the most delicate thing is managing a team of a few ministers with whom you work every day. I really do think training or some sort of discussion of the issues you would be likely to face would have been useful in my case. It may now exist but I am telling you what happened to me.

Mr Clarke: "Stigma" is an interesting word to use. There are some people who are very resistant to it and everybody knows that in training it is critical that the leaders themselves go through training in order to demonstrate to the organisation that is how it operates. I do not think that is very general. I think a more difficult problem is what kind of training to

give to ministers and what kind of training would be helpful. When I was on the backbenches, first, and then going into government, but I also experience it now the other way, it is very striking that there is a gulf between those people who are in government and those who are not, in terms of both access to an enormous range of different connections and activities and understanding of what goes on in government. A relatively small number of Members of Parliament, before going into government, have any idea at all of what it is to be in government, if I may put it like that. I also think there are some cultures within the Civil Service which are quite unfriendly towards politics and Parliament and do not regard that as a very serious thing, and that needs to be addressed. There is really a serious lack of mutual understanding that goes on, so I am a strong supporter of training in this area but I think it needs to be very carefully constructed.

Mr Raynsford: I do not think stigma is the problem. I think the problem is the lack of a culture being inculcated from the top, encouraging and indeed requiring ministers to take part in appropriate training events. Secondly, it is the timetable to which most ministers work, where pressures are enormous and it is very easy to commit yourself in advance to something and then on the day to say, "I really cannot justify this because there are so many other pressing requirements of time." I remember doing a training session for the Civil Service College (I forget the official name of the body at that time), based on the experience of taking the Greater London Authority legislation through Parliament which it was thought would be likely to be helpful to incoming ministers, in about 2001 or maybe slightly before. A number of people signed up. I think only one turned up on the day, and it was explained that there simply was not an opportunity for people to come because of other pressures. That was a shame. I had put quite a lot of effort into thinking about the general conclusions from a relatively inexperienced minister having to cope with a huge piece of legislation which posed all sorts of interesting interfaces with other government departments—which it did, because it was changing the whole structure of government in London and had implications for policing, transport, environmental issues, economic development and so forth. It was across government, in that sense, and there were very important lessons, but, to the best of my knowledge, those were never disseminated or picked up. It is, in my view, to do with a culture which does not raise the expectation that ministers should be equipping themselves and training themselves and to do with the timetable.

Q185 Jenny Willott: Given that departments vary incredibly, as you were saying earlier, both in terms of whether they deliver or are mainly policy, and the range of different issues they cover, as well, how departmentally specific would training need to be? Are there general transferable skills that all ministers need? How much do you need to know specifically about the department in which you are getting involved?

Mr Clarke: Every new minister gets an enormous quantity of briefing material—which you then study about the specifics. There are problems with some of the specific areas, some quite difficult problems. I remember having to be trained, when I became Home Secretary, in how to shoot down a plane, if necessary, and other rather shocking processes. I was one of the two or three people in the country who was able to do this, if necessary, following a 9/11 event. So there are some specifics but the genuine issues are much more generic across government. It is about the relationship between the Civil Service, Parliament, the media, public life across the whole range, and I think it is those generics which are important rather than specifics.

Q186 Jenny Willott: Do you both agree with that?

Baroness Shephard of Northwold: Yes.

Mr Raynsford: Yes.

Q187 Jenny Willott: You do not feel there are difficulties involved with people moving from one department to another? Would the idea be that once you take up your first ministerial post you would receive training, but you do not feel you would need it if you were then transferring across departments?

Mr Raynsford: I think there is a potential for learning from each other's experience and that there should be much more of an expectation that people would want both to share and impart experience as well as absorbing it. I just do not think there is currently a culture that encourages that process.

Mr Clarke: That is right. Also, changing government departments frequently for ministers is, in my opinion, a very, very bad thing indeed and has been a very significant problem in some areas. But I do not think that is just about the training. You have to be a very, very, very talented individual to get hold of your department, if it is a major department, in less than about a year.

Baroness Shephard of Northwold: Yes.

Mr Clarke: It really is difficult. If you are not simply just to talk from briefs and all the rest of it, you have to give time. The change problem is very, very serious. But that is not really about training. You cannot really solve that problem by more intense or better training. It is about how you politically structure the personnel—ministers, in this case—in the government department. I notice that in your inquiry you raise similar issues about civil servants. I think the tendency to two or three year placements for senior civil servants is absolutely disastrous and in completely the wrong direction for the Civil Service to go.

Baroness Shephard of Northwold: What Charles said there is extremely interesting and I agree with it. It does seem to me—and I have always thought this, I must say—that the political process and the whole system of reshuffling and preferment and reward for loyalty and all of this thing is an HR-free zone. It just is. You cannot be surprised if it does not always work because there are other considerations. That ought to be understood by civil servants. In my experience, it was. I always found, with the exception of perhaps one department, that the senior

civil servants were very prepared to help, in a very discreet way, to prepare new ministers. Charles has mentioned the briefing but it was really rather more than that I found—but I happened to be in perhaps a couple of benign ministries. It is no good looking to the governmental process for successful HR operations. You will not find any there.

Q188 Chairman: You have strong views, Nick, about this shuffling of ministers all the time.

Mr Raynsford: I fully understand that the political considerations have to play some role in appointments but I agree wholeheartedly with Gillian that there is not a proper focus on the management aspects and the running of existing departmental programmes when people are appointed. Looking at the constant chopping and changing, with people being moved at, literally, annual intervals, and the expectation that has now grown that the sign of success as a minister is being moved onwards and upwards quickly, I think this has a very damaging impact on the process of carrying forward programmes which, by their very nature, will take several years to implement. Perhaps I could give one example from the area of responsibility I had as Housing Minister. There has been an extraordinary succession of housing ministers under all governments. Under the Conservative Government they came and went at an extraordinary pace and it has happened again under this Government. Some of the programmes that are essential to tackle the longstanding problems, such as the poor condition of a lot of the public sector housing stock, require long-term commitments. The Decent Homes programme that we put in place around the year 2000 has carried on and has achieved very considerable benefits. But that is an exception. On the whole there is a focus on novelty. I disagree slightly with Charles here and his view that ministers do not come in wanting to make a name. Inevitably, a new minister coming in is going to look at "What new can we do to make an impact?" because they have their reputation. If there is a culture where they are assumed to have to make their mark within a year or two in order to move on and up, they are going to want to do something quickly. The last thing they are going to want to do is to focus on maintaining a programme that is going to take 10 years to produce results when they will not be there to get the benefit and the praise. That, I think, is an insidious culture. I also slightly disagree with Charles on the movement of civil servants. In my own experience, those sections of the department in which people stayed—a department which had four names in the times I have been associated with it: from Department of Environment to DETR to DTLR to ODPM and now to DCLG—tended to be technical ones, like building regulations, and actually there was a case for movement there because thinking tended to get rather ossified. Those sections in which there was frequent movement—and certainly in the local government area there was very high turnover—saw a lot of very good, creative thinking, partly because some of the people were coming in from outside. I think particularly of a director in the local government division who had spent a period working out in the local government community and came back into the Civil Service with that improved perspective and made a huge impact. I am not wholly in favour of keeping civil servants in place for a long period of time; I think it is a judicial balance. Certainly the three-year term for civil servants compares very favourably with the one-year term which is becoming the norm for politicians, which I think is completely disastrous.

Q189 Jenny Willott: As well as having ministers in post for longer than they currently are, what else could be done to mitigate the impact of having people move on quickly? For example, should there be a hand-over period between ministers? Should there be somebody holding the role of Secretary of State as an interim while the new person gets to grips with the job, with an identified period of training and induction at the beginning? What sorts of things could be done to make the situation better?

Baroness Shephard of Northwold: I think it is very difficult to answer that. You are a politician—all of us are—and you know that there are other imperatives always for a prime minister when he is doing a reshuffle. Management would be likely to be, sadly, at the bottom of the list, which is why I place so much importance on a good Civil Service, whose role is clearly defined and in whom politicians have trust, because they are the permanent pillar. I cannot answer your question because I think the political process militates against ideal management.

Mr Clarke: I do not think hand-over periods or transitional periods would help a great deal. I know that does happen in some walks of life but I do not see how that would improve the situation here. I think the most important thing is stakeholders. Certainly for a lot of jobs, like the one Nick did, like some of the jobs I have done and Gillian has done, with a whole range of stakeholders who are critical to the delivery of any government programme and who speculate the whole time about what the nature of the new ministry is going to be, how it is operate, whatever it is, I would say that the single most important quick thing to do is for the new minister, whether Secretary of State or Minister of State or Parliamentary Under-Secretary, to have a direct meting with key stakeholders, with very clear messages about the way in which that new minister is going to conduct his or her responsibilities.

Q190 Jenny Willott: Right at the start?

Mr Clarke: Right at the start. I think the uncertainty about what a new minister is likely to be like is exceptionally debilitating.

Q191 Julie Morgan: Carrying on with the training issue, when I worked in the voluntary sector and as an officer in local government there was certain basic training that we were all expected to have: training in equal opportunities, in particular; race equality training; and disability awareness training. When I was a councillor and we arranged a seminar for the councillors to come along to have some similar training, like Nick's experience, three out of 60

councillors turned up. Is there any case for having access to some of this general training, which is so important for people who are officers and civil servants as well, at a political level?

Mr Clarke: My answer would be that it depends on the quality of the training. In principle, I would agree with the implication of the training, but I also, to be candid, have seen chunks of training in these areas which is pretty mundane and ineffective. If you do that, then politicians, like everybody else, are not going to be interested. If you have some good quality training, that really is worthwhile, it is worth doing, but, to be quite frank, I would put much higher priority on the general "what is the responsibility of the minister" training than on some of the anti-discrimination issues which are there. There are ministers who would benefit from training in those areas, if I may put it like that, but I think that is less acute as a problem, certainly in the current Government, than some of the real issues about how you conduct yourself as a minister, how you run your role.

Mr Raynsford: If the operation is working properly, then on those kind of issues ministers should be properly briefed by civil servants before taking any decisions where they impact.

Q192 Julie Morgan: Does that happen?

Mr Raynsford: On the whole, in my experience, it did happen. I would agree with Charles that that is probably less of a focus for training, but, as I said earlier, I do believe there is enormous scope for experience sharing, which does not happen to the degree that it should. Encouraging a culture where people learn from each other's successes and failures would help to improve the quality of ministerial performance.

Baroness Shephard of Northwold: I have nothing to add because I agree with what has been said.

Q193 Julie Morgan: Let us go on to what is probably the key relationship: the relationship between the Secretary of State or the Minister and the top civil servant. Charles said you have to recognise there are two leaders. How, in your experience, did you set off at the beginning of your time at a particular department in defining the relationship between yourself and the permanent secretary? For example, how did you define the boundaries? Did you talk about who takes responsibility for what? Gillian said that ultimately you have responsibility as a politician. Did you do any of that definition and did you lay out the boundaries as you saw them?

Baroness Shephard of Northwold: If you become a Secretary of State during the life of a government rather than at the beginning of the life of a government, you are not hurtled into position as a Secretary of State straight away. When the Labour Government took power, there were people who had to become Secretary of State immediately. I am not talking about that category because that did not happen to me or to any of my colleagues, therefore, you do have a training period while you work your way up. As a junior minister you learn a lot about the way the department works, who the officials are. You develop a relationship, or not, as it were, with the permanent secretary and obviously you talk to your colleagues about how things are in their departments. I personally found, when I became Secretary of State, that I needed to know who was responsible for doing what and exactly what they had to do, what they had to deliver. The jobs that I had were very much less complex than being Home Secretary, for example. The Home Office is a reef on which many a person has been dashed, simply because of the huge complexity that it has and also for its propensity to throw up difficult and unfortunate events with no notice whatsoever. It is well known as the difficult department. In the departments which I ran, I felt I had a need to know who actually ran the Jobcentres: who was responsible for that and how much they got out. I just needed to know, but that was because of the background that I had already had in running quite large things. I can only speak for myself, but what I demanded from the permanent secretary was a very good hands-on knowledge of how it worked. It is also true to say that not all permanent secretaries are interested in how things work. You can come across those who are much more interested in the political process. They are the most irritating because they think they are the politicians, so they will say, "I think, Secretary of State, a really very positive way of doing that would be this" and they practise their amateur politics on you. This is not what I look for in a permanent secretary and, indeed, would not tolerate it. I set out my boundaries from the start but I was helped by having some rather relevant experience before I became an MP.

Q194 Julie Morgan: Do you think you wanted to know things in more detail than other people in your position?

Baroness Shephard of Northwold: I certainly do. I know I did. When one chatted with colleagues who had also then gone into the Cabinet, saying, "I have 395 Jobcentres and they are all painted blue" they would look at me as if I were mad. You work according to your own abilities and your own needs and I just felt voracious for information because I felt accountable. I thought it would be a fine thing if I were to be standing there at the Despatch Box when somebody said, "How many Jobcentres do you have and how many are without a permanent manager at the moment?" and I did not know. I think, of course, that I was exaggerated in my demands on myself and perhaps on the permanent secretary but that is how I worked.

Mr Clarke: I think that is a very appropriate question that Julie has asked. My own answer is that I think the single most important relationship in how the country is governed is that between the Secretary of State and the permanent secretary in each of the departments. I agree very much with what Gillian just said in her description of the situation now. I think the quality of those relationships that I have experienced—and I do not mean personally but that I have observed across government—has varied immensely in a wide variety of different ways. I have certainly experienced the permanent secretary as a

leader, which is what I respect, and also the permanent secretary's *eminence grise,* which is what I do not respect. I think it is very, very, very important indeed, in just about any government department, actually, but certainly those which have major operational components, that the permanent secretary leads his or her team in running the department in the way that it should operate. It is a relationship which has to be based on candour and complete openness between the two individuals. In my view that has not always been the case, on both sides of that discussion. It has to be based on self-confidence—which is not always the case, either with Secretaries of State or with permanent secretaries. It is sometimes, even itself, rather a political relationship, in the way that Gillian has said, in some areas. I think it is a relationship which needs a great deal more work. If it breaks down for whatever reason—and I think there have been examples during this Government where it has broken down—then it is very serious for government in every respect. I think it is very important to give attention to making sure it works correctly. As ministers are of variable calibre, so too are permanent secretaries of variable calibre. If you are, as this Government is, a reforming Government, you cannot drive a reform programme in any area unless the relationship between Secretary of State and permanent secretary is very strong, mutually supportive and effective. A "*Yes, Minister*" operation, of one seeking to undermine the other in some context, is suicidal both for that department and for government policy as a whole. My own view is that not enough attention is given to the importance of this very particular relationship, both informing, in the education and training sense, the individuals concerned and enabling it to move forward.

Q195 Julie Morgan: If you do not meet with candour and openness, what can you do about it? How do you deal with it?
Mr Clarke: It is a very constrained position. I personally have never experienced a situation where there has not been candour and openness. All the permanent secretaries with whom I have worked have been extremely open. I do not feel there was any dishonour in the relationship, if I may put it like that, so I cannot talk from personal experience, but the fact is that if, for other reasons, not to do with candour and openness but to do with the effectiveness of doing the job, the relationship does not work as it should, it is very difficult to move change. At the end of the day, change is driven by the prime minister and the head of the Civil Service/ Secretary of the Cabinet. They have to decide how they are going to approach a particular problem if it arises. And they do. That is what happens. At the end of the day, it is for the prime minister (and it is the prime minister's government) and for the head of the Civil Service and Secretary to the Cabinet, in what is the most important of those bi-polar relationships that exist in government. The relationship between the Secretary of State and the permanent secretary is very important, but so too, perhaps more so, is the relationship between the prime minister and head of the Civil Service and secretary of the Cabinet.

Q196 Chairman: I think you insisted on taking your permanent secretary with you, did you not?
Mr Clarke: No.

Q197 Chairman: I thought that was the story.
Mr Clarke: It was the story. One of my marginal experiences of life is that stories in the papers are not always accurate in every respect.
Chairman: Is this so!
Mr Clarke: I know it will be shocking to you, Dr Wright, to say that to you. Sir David Normington was my permanent secretary at the Department for Education and Skills. I thought, and think, he was an outstanding permanent secretary and when a vacancy arose at the Home Office and he applied to that I was very keen that he should do that job. I thought and think he is a very good permanent secretary. I was not of the view, actually, that you should have a transportable permanent secretary that went with the Secretary of State; in fact, I think that is a very bad way of working.

Q198 Mr Prentice: Is the Prime Minister a good people manager? We know he is an awesome strategic thinker.
Mr Clarke: He has strengths and weaknesses in that regard.
Mr Raynsford: I have already said that I think there inevitably has to be some focus on political considerations when appointments are being made but I do think there has been an unfortunate lack of focus on managerial competence on the part of some of the appointments that have been made. I do think we should do more to inculcate a culture where people are appointed with an expectation that they will serve for a period of time. If they fail, obviously they must go, but they should not be in a climate where they think they are going to be moved on within a year or less, and that promotion is the key objective rather than delivering a programme over a period of years. That particular ethos needs to be inculcated if we are to get effective, good government.

Q199 Mr Prentice: I would like to come back to that but, Gillian, you think that is just politics. You said earlier it is a human resources free zone; best to rely on the permanent secretaries, the permanent Civil Service because it is inevitable that politicians will just be shuffled around so let us live with it.
Baroness Shephard of Northwold: There is a difference between people management and governing well. The two ought to go together of course, but they do not depend on one another, and it seems to me that if you do shift people about every year then you risk governing not very well because you are not getting the best either out of the skills of a minister who wants to make a permanent impact, or indeed out of the Civil Service. Indeed, I have served under two Prime Ministers and they are also variable, like everybody else, and some are

interested in their fellow ministers as people and there are other Prime Ministers who are not. However, it is also partly the job, is it not, of the whips? Government may appear like a one-man band but the existence of whips and indeed party officials ought to be some kind of restraining or encouraging influence as well.

Q200 Mr Prentice: Who actually tells the Prime Minister—and we are on our seventh Europe Minister, or maybe it is our eighth, and Geoff Hoon has come round for a second time, and we have had Europe Ministers like Joyce Quin and Dennis MacShane, accomplished linguists, I think Dennis MacShane can speak four languages—that it is not clever to move Europe Ministers around so often?
Mr Clarke: It is the wrong way of looking at it.

Q201 Mr Prentice: Is it?
Mr Clarke: I will tell you why. I do agree with what Nick Raynsford said earlier on about long-term strategies, and having an ambition for what you are seeking to do as a minister over a period of years and being held to account—I completely agree with that. I also agree with the implication of your question that changing Europe Ministers frequently is a terrible mistake, particularly that job. If you talk about stakeholders, the range of contexts across European politics which the individual has is an absolutely prize asset, which is why many countries have foreign secretaries who are very long-standing because those networks are very important, so I am not disagreeing with the assumption of your question. However, what I am disagreeing with is the idea that this is not thought about. I think there is a very, very intense process that goes on around any reshuffle where a significant number of people around the Prime Minister, including the Senior Civil Service, including his own private office, including Cabinet colleagues, including whips talk about these things. The question is what weight is given finely in the judgment to exactly what you implied about the rotation of Europe Ministers versus other considerations, what Gillian describes as "political considerations", or whatever. The issue is not that it is not thought about; the issue is what all of us are saying, that insufficient weight is being given to the considerations which you are implying.

Q202 Mr Prentice: Maybe I phrased question in the wrong way. Nick, in your very thought-provoking article *Changing Leader is Not Enough* you gave me the impression that decisions on who got promoted and who got demoted bore no correlation to their performance, and that essentially the whole thing was just capricious, that people could be out of the Government for no good reason. That is what I got from your article.
Mr Raynsford: I would agree very much with Charles's view on this one that the way that decisions are taken reflects a number of different influences and pressures, and I do not think that sufficient weight is given to the ability of individuals to carry through and implement programmes in the long term, and that the culture of frequent movement and chopping and changing, the damage that does to delivery, is not as understood as it probably should be.

Q203 Mr Prentice: Okay but ministers are not judged—and I am trying not to speak in code, I am just trying to be very frank—on their performance.
Mr Raynsford: There is no mechanism whereby ministers' performance is appraised and reviewed. I am not suggesting there should be some highly managerial structure, it could not work, but I was very surprised in my eight years as a minister that at no time was I asked to account for my performance as minister of state responsible for quite major programmes, whether it was the Fire Service, whether it was the local government area.

Q204 Mr Prentice: That is shocking, is it not?
Mr Raynsford: The assumption was that if I did the job well then it would be fine and I would stay there or go on to other things; if I did not, I would go. That is a perfectly correct assumption, but there was no way in which one's performance was appraised in any sense other just the occasional friendly remark of "you have done very well".

Q205 Mr Prentice: That is shocking, is it not?
Mr Raynsford: I was surprised.
Mr Clarke: I think there is an important point here, Mr Prentice, which is—

Q206 Mr Prentice: Gordon—
Mr Clarke: — Gordon, which is to say that it varies. Certainly when I was Secretary of State I used in both Education and Home to have regular meetings with my junior ministers. In fact, it was a weekly event that I would have meetings with the ministers concerned, both to look at immediate events but also at particular landmarks in the parliamentary year or whatever to have a very serious assessment of how we had done and what we were doing. We would have "away days" and so on and go right through what we were doing in quite a lot of detail and that would include, as far as I was concerned, significant one-to-one discussions with junior ministers about their performance and what they were doing and what they needed to do. I took that as part of my duty and job and I thought that was the right thing to do. At the other end with the Prime Minister there was a regular series of stock-takes of events, including again one-to-ones with me about how I was doing, in his view, and so on. They would be a very frank set of discussions about particular issues, which I regarded as normal and correct as a way of operating. What was absent was any kind of formal process properly carried through other than in terms of agenda setting of assessment or appraisal, but it was not that there was none. I also think, if I am being frank, that the practice that I had as a secretary of state was not one that all secretaries of states carried through, so there were other government departments where the kind of discussion that I have just described simply did not take place.

Mr Prentice: It is all very *ad hoc*.
Mr Clarke: It was *ad hoc*.

Q207 Mr Prentice: I was looking at the Number 10 website, which is a real gold mine if you are prepared to dig and you do not have to dig very deeply, and I saw the letters that the Prime Minister sent out to colleagues who were given jobs in the May reshuffle. It was a personal minute that he sent out to everyone pointing to milestones, setting objectives for the Government, asking secretaries of state to report back to him. Is this a recent innovation? Did this happen before in previous reshuffles?
Mr Clarke: I think it did happen for reshuffles but certainly it was a relatively regular event for the Prime Minister to set out what he thought ought to happen at particular points. He certainly did after the General Election of 2005. I read about those letters, although I did not receive one, and I did not regard that as an exceptional thing at all. In fact, there would be a process of discussion about the content of the letters in some of those cases. As I say, I cannot speak about for the ones that you are describing in 2005 because I was not there, but I did not think that was a bad way of operating.

Q208 Mr Prentice: It kind of begs the question, does it not, if this was not an innovation and right from year zero, ministers have been getting letters setting out the strategic objectives of the Government, why we needed almost 10 years later the Capability Reviews that described the Home Office as a "basket case"—my words.
Mr Clarke: They are quite different things. The letters that are being described are letters from the head of the Government setting out what he thinks are the priorities for the coming period now defined. The Capability Reviews are processes which are designed to establish the capacity or otherwise of government departments to carry out their functions correctly. They are different things.

Q209 Mr Prentice: I suppose the Prime Minister's famous mantra is "we do what works" but, Nick, in your article you tell us that that has been ditched. There is not as much evidence-based policy-making as you would like to see. You say that in your article.
Mr Raynsford: The two comments I would make on that is that there are areas where decisions appear to be taken often against a very short time span, prompted often by media pressures. It is understandable that those pressures come. What I do not think is satisfactory about current arrangements is that there is often not enough thought about what the consequences of some of those short-term decisions are. Just to give an illustration from an area that I had responsibility for—housing—we spent a lot of time looking at the inefficiencies in the house buying and selling process. After considerable research and consultation with the stakeholders, we developed a scheme for a reform which was due to come into effect in June of next year. Because of a short-term flurry of adverse publicity on this last summer, the key component in that, the home condition reports which would be required in all house sales beyond June of 2007, was dropped very suddenly and unexpectedly, and a great deal of work that had gone in over a long period of time based on sound evidence was essentially sacrificed because of short-term media pressures. I think that is bad government myself.

Q210 Mr Prentice: Your article is a pretty damning indictment. I read it through a couple of times. It points to really a dysfunctional Government. I jotted it down here "over-centralised decision-making", "promotion and demotion not linked with performance"—I mentioned that—"downgrading traditional safeguards"—and you mentioned the Cabinet committees—and you talk about the "ethos of the court", which points to cronyism. You talk about the remorseless search for novelty, that policies are not always evidence-based, disruption of work programmes, the extensive reshuffles that we have talked about extensively, and you say that the PM is all-powerful, and you suggest to me that some kind of rebalancing is needed. That seems pretty damning to me.
Mr Raynsford: I certainly think there is scope for improvement in the way that the Government runs the country!

Q211 Mr Prentice: My friends will want to come in in a minute but just let me conclude on this. You spent a long time in local government and so on, and I do remember at one stage you held a local government portfolio and you were also speaking in the chamber on aerospace matters or something like that which was outside your brief, which I thought was a remarkable achievement. Looking at the new Department of Communities and Local Government in the Capability Review it says here that basing choices on evidence is an urgent development area. As someone who spent so long in that department, why is it that it is so weak on that area of strategy?
Mr Raynsford: My view is that that department had considerable strengths and weaknesses. In general I think the areas where there was a continuity, both a ministerial continuity and an official continuity, tended to be the areas where you had the greatest strengths because there was an opportunity for the collective knowledge of the department to be used and deployed and it was very important it was in relation to all the complexities of say local government. Some of the areas which the department has moved into more recently there probably is not that yet and that does need to be built up.

Q212 David Heyes: One way of addressing the weaknesses that Gordon has just been referring to would be to look at bringing in new blood at the senior levels, the top levels in the Civil Service. I think there was mention of a couple of examples where local authority chief executives have finished up as permanent secretaries. Should there be more interchange between the Civil Service and other public services at that top level?

Baroness Shephard of Northwold: I think there is an effort to provide that. I do not know what evidence you have had from those who are running these matters in the Civil Service, but I think the National School of Government that goes on at Sunningdale does attempt to get a lot of networking between people who are heading up big businesses as well as senior civil servants and people who are running local government. If you are talking about actually bringing people in who have come from a different background, I also think that the Government has been trying to do that. Certainly we did it to a limited degree when I was at Education. Just before we lost the Election and I left, Michael Bichard was appointed. He had had a background in local government and then had headed a government agency within social security, but it was rather new then. I think it is not quite so new now. Colleagues will know the up-to-date thinking. The answer to your question is that yes, it is very useful to get some sort of interchange and to have able people from outside brought in. But you do need, I think, to retain the ethos which makes our civil service a good civil service on the whole, and that is the knowledge that it is the second pillar, it is not just any old thing, and it is so impartial and that is one of the important things about it, in direct contrast to the traditions, say, of France and the States. There is a great deal to be said for mixing cultures but not replacing the Civil Service culture.

Q213 David Heyes: Does that mean that there is a difference between bringing people in from local government compared with big business? Is the ethos a different ethos that they are experiencing in those roles?

Baroness Shephard of Northwold: What we have kept saying this morning is that it depends very much on individuals and nobody could say anything other than that. Michael Bichard was an absolutely outstanding permanent secretary but he was different from those who perhaps had their whole career in the Civil Service. That experience was entirely benign. I do not know whether there have been less successful experiments, but I think you should have certainly some mingling as long as you retain the ethos that we have.

Q214 David Heyes: So is new blood the answer rather than bringing your own people through all the time?

Mr Raynsford: I am a great believer in bringing in an element of outside expertise and I have given an illustration of where I thought it worked very well. Perhaps I can just develop that a bit. When we were looking at the whole issue of local government in the very early years of this century, it was quite clear that while the department was pretty good on policy analysis it actually had no experience or appetite to get involved in and get its hands dirty in some of the more intractable problems. As and when we were seeking to find ways of turning around authorities such as Hackney, which had become a by-word for problems and inefficiency over a very long period of time and everyone knew it was, in the vernacular, a "basket case" and no-one really wanted to get involved, it was quite difficult, I found, to get through the very hands-off culture which was a traditional Civil Service approach. Policy analysis was the important thing and then leave it to others to implement. By bringing in people with a local government background and experience into the department who understood what was necessary and could command the support and confidence of people in local government to whom they related, it became much easier to have a constructive relationship, not trying to take over but to intervene to the degree necessary to prompt change. I think that was a good example. Getting the balance right is vital. What you must not do is destroy all the strong things about the Civil Service ethos—the commitment to probity and to public service values—as a result of simply trying to bring in people with more hands-on experience of doing things.

Mr Clarke: I think there are two or three different things about how this needs to be approached. The first is I think it is very, very important to establish a culture where blame is not at the core of the relationship between the politicians and the Civil Service. I think that is quite difficult. I remember at both major departments when I became Secretary of State I said the key duty of the Civil Service is to give me the benefit of their advice frankly and candidly, not to say what they think I might want to hear. This was thought to be surprising in some regards. Actually I think and thought it was very, very important. Nick and I have talked about this separately beforehand and I know he has the same approach as I have had to this issue. However, it is not always the case with all colleagues that it works in that way. If civil servants start to think that they have got to aim for what they think the minister thinks, you are in terrible trouble. The duty is to give honest advice to the politician who then has to take the decision. The reason I say that is it is very, very important that the Civil Service develops more self-confidence in its own capacity and its own responsibility. That is why I talk about the word leadership rather than management and it is why I talk about the joint leaderships of the permanent secretary, which then goes through the Civil Service structure, and the politician. That is very important. That can only be reinforced by a much more substantial interchange between the Civil Service and other forms of life more generally—local government, private sector or whatever—not for its own sake, although I think there is a benefit of exchange for its own sake. Coming back to this core point which is the ability to run things, when Gillian talks about 395 job centres—and I am sure she does not want to be held to a particular number—the fact is that this is a massive enterprise by comparison with any other organisation in the country and it compares with very large organisations for which people are very well remunerated and do different things. We do not really in the Civil Service reward experience in running large enterprises like that anything like enough. I am not talking about pay here although pay is an aspect. I am talking about we

do not value it anything like as much as the policy advice function of the Civil Service. I have a very, very high regard for Gus O'Donnell, I think he is an outstanding leader of the Civil Service, but I was rather surprised in the papers for this session that he puts policy advice at the top. It is about many, many, many parts of life where we run things and the lack of faith in politics and politicians and government, which is endemic in society in many ways, often reflects the fact that we do not run things very well so people do not have enough confidence in our ability to run things properly. It is terribly important if you are in public service that we run things well—leave aside the policy debate about what you decide to do—and so we should be valuing that in our public service far more.

Q215 David Heyes: Pay is a serious issue here, is it not, and if you want to attract the best business brains then the levels of salaries are way out of kilter with the traditional Civil Service?

Mr Clarke: I do not think we pay enough. I agree and I think we should pay more. There were one or two appointments that came around in my field where I said pay much higher than might be thought to be right. I do not believe in what I call the "example" approach to salary-setting in public life. I think if we want to recruit top-quality public servants we have got to pay to get people. Of course the most top-quality public servants are motivated by far more than pay and pay is not the only consideration on their agenda, and the ethos points that Nick and Gillian have raised are very important. Putting an artificial ceiling which is at a very small proportion of what equivalent jobs would be in the private sector is a foolish way of going about things.

Q216 Kelvin Hopkins: Gillian talked about HR and said it is not about HR, it is about politics. Is it not the case that however much you train some ministers they would not make very good ministers and others could walk straight into the job and do it without very much training? Without being flattering I think you three might be in the latter category.

Mr Clarke: It is about politics and it is about policies certainly and there is no question that that is a critical part of the national debate, but if you look at the skills which are required to be a successful minister, from the ability to handle the enormous quantity of material that comes in and to sort out the wheat from the chaff in what comes through, to presenting it in a wide variety of different environments, whether it is Parliament in committees such as this or on the floor of the House, or in the media in different ways that come through, or to motivate people who are working to the Government of which you are a part. There are some jobs, and the obvious one is the Secretary of State for Defence but there are others too, where large numbers of people are motivated by your conduct and how you behave and they look at you from that point of view. There is a great range of skills and talents which is more than simply politics and policy. When Gillian was Secretary of State for Education, teachers up and down the country would be influenced by the way she conducted her job. As with other successes they would look at her and say, "I can go with that or not". That is a very, very important part. I would say—if I may make a Labour point for a second—if we are a party that is interested in change and reform, then all those points which are in any case true are even more true if we are about a process of carrying through reform and moving it forward. The policies and the politics will be very important in that, I concede that point completely, but I also concede the point, Kelvin, that there are other players, which is why I try and talk up the leadership of the Civil Service in a particular department or other leaders or whatever who will create the atmosphere within which this happens. It is not entirely down to the Government, not entirely down to the minister, but the secretary of state has an immense range of responsibilities which are wider than simply politics or policy, and the point where I have common ground with what Nick has been saying in the human resources issue is that that needs to be better understood when governments are reshuffled and when qualities are assessed at the point of any change.

Baroness Shephard of Northwold: I agree with you and disagree with you, in a way. The point is if you are a secretary of state you cannot ignore the fact that you are also a politician and whether you do your job well or badly will reflect on the success or otherwise of the government of which you are a part, and that is politics obviously. However, if you think that you are just a politician, that you do not need all these other skills, or at least aspire to having all the other skills and abilities that Charles has described, then you are going to make a mess of your job and that will be a political failure. I agree with you and I disagree with you, it is not just about politics, and if you think it is and then you fail you will have failed politically as well. I would also add a point about the permanent secretaries. I know that you know there are great gatherings of extremely important permanent secretaries and heads of all kinds of other organisations from time to time at Sunningdale, if indeed it still exists, and permanent secretaries may well come away and say, "It is really very much like Marks and Spencer", but it is not, that is the point. That is where you are absolutely right because Marks and Spencer and Barclays Bank do not have to cope with the political aspect that permanent secretaries have to at a move; secretaries of state have to very directly; the prime minister has to absolutely directly. In a way, there is no common cause with the director of Marks and Spencer no matter how much everybody would wish to say so because the element of politics, which is your point, is the point, and all of this other stuff that we have been describing is really to help you deliver better politically.

Mr Raynsford: I agree very much with both Gillian and Charles. Can I just add one other observation? I was very struck in international meetings how many ministers from other countries are appointed on the basis of their technical expertise in the area in which they have responsibility rather than simply because

of political background. We have a culture which rightly emphasises the importance of political accountability to Parliament, and that means the overwhelming majority of ministers come into the job without any technical expertise in the area that they are responsible for. I think, in a sense, that emphasises the importance of making sure that there is consideration of their managerial skills and that there is some support and training to help them fulfil those roles. I think that is a natural corollary of our system, which is a good system, on the basis of accountability, but it does mean we do not get the benefit that some other countries do of being able to bring in people with very considerable hands-on expertise in a subject to run a particular department.

Q217 Kelvin Hopkins: Moving on from that, Charles talked about politics and the politics of change. Is it not the reality that all of the tensions we are talking about, the disillusion of the electorate, is that we are being driven from the centre in a kind of permanent revolution? Nick talked about the changes of name, the constant changes of ministers. The key to such revolutions is to keep people off-balance by constant change. That is precisely what we have at the moment. Historically, will this period not be seen as a period of revolutionary or perhaps counter-revolutionary change against the world of social democracy and pluralism which we used to feel was essential in Britain?
Mr Clarke: That was a "yes" or "no" question, was it? Up to a point. I think there is another important truth in what Kelvin has said and that is I do not think we have carried through consistently our reform agendas in a number of different ways. There are quite serious issues that arise if you do not establish a clear, coherent reform strategy with personnel to carry it through and then do that in a very consistent way. That is a major and serious question in some areas. I think change was needed in a large number of the areas we have talked about, and I supported the change and it was necessary to carry it through, but it is important to get consistency and long-termism and where that has not been the case I think we are damaged in the way that Kelvin describes. I would not describe it as a permanent revolution, I do not think Trotsky has been the model for this particular Blair. You have got to have a consistent reform agenda which lasts through years.

Q218 Chairman: He has got an axe over his head, has he not?
Mr Clarke: That is an interesting question as to who Stalin is in this particular model. Look for the Mexican!
Chairman: Gillian, you are excused from all this.

Q219 Kelvin Hopkins: Charles talked about the importance of a strong relationship between the secretary of state and the permanent secretary but, again, with this permanent revolution have we not moved from a "mandinarate" to a "commissariat" almost. In certain departments you have political advisers, consultants, who interpose themselves. The best example, and I would like to hear your comments, was Estelle Morris, at the Department for Education. Clearly everything was being driven by Andrew Adonis from Downing Street. She was almost irrelevant, she got fed up with it and resigned, quite understandably too. The Department was being driven from Downing Street; it was not about a relationship between a permanent secretary and a minister. It might have been different in your case, who knows, but that is the flavour, that is what comes across.
Mr Clarke: I am not going to comment on the particular situation of Estelle, having immediately succeeded her at Education. What I will say is that you are right that it is not purely the bipolar relationship I have described between the secretary of state and the permanent secretary, it is also the question of Number 10 and Number 11. As I said in the speech in September, I think reform is much advanced when Number 10 and Number 11 are talking from the same agenda in any given process, and where that does not happen, there are problems that arise. At the end of the day, if you take the role of the special advisers, either the Number 10 special advisers or the ministerial special advisers, a lot of their ability to influence things in a negative or positive direction depends on the personalities of the people concerned, meaning the secretaries of state and the permanent secretaries. If they are strong then the issue of the spads—special advisers—is not a relevant factor. That is the question that has to be addressed. I used to say to the Prime Minister, "When people come and say 'Number 10 says this, Number 10 says that'", "Who is saying it at Number 10?", "It is some individual in that organisation", I discussed it with the Prime Minister and said, "The only relationship that counts from this point of view is that between you and me and what you say to me. I am a member of your government and that is the position but I am not going to take as serious anything that anybody else says in Number 10 as far as we are concerned because if you think there is a point of concern raise it directly and we will go through it directly", and he agreed with that. I think that was the right approach to follow. He suffers from the problem that people speak in his name without his authority on many occasions. This happens in all organisations of this kind. It is down to this small number of key relationships in my opinion and that is the way to deal with these questions.
Mr Raynsford: It seems to me very important to even distinguish between two different functions. It is absolutely right and essential that Downing Street does keep an overview over the whole process of government to ensure consistency, to ensure that all the various elements are working in the same direction, that is absolutely correct, but the problem comes if there is micro-management. There are two aspects of this I want to focus on. The first is when departmental civil servants cease to be confident that they can advise ministers as they should on what they believe is right, which was Charles' point earlier about them speaking honestly to ministers and not telling ministers what they want to hear. If there is a

view that if senior civil servants have got to reflect the view coming from Downing Street, often conveyed by spads, then that does undermine the confidence of departmental officials to fulfil the role that I think is very, very important. I do detect some instances where that is happening. I have seen it on one particular occasion where a very senior official took a line with me saying, "Are you really sure it is worth pushing this because we think it is right but Downing Street will not agree it". When one hears that sort of language then one begins to be worried. The second one is the point about the excessive centralisation leading to undermine the confidence of people delivering services on the ground, when they think that their objectives and the targets they are being set are being changed in a capricious way without listening to their experience. There are a lot of areas in public service where the frequent speed of change in the last few years has created that lack of confidence, particularly where you see structures that were put in place only a few years ago being replaced or targets that were set a short time ago being changed. There is that balance between central oversight to ensure consistency, to ensure that the political objectives are met, and micro-management which in the way I have illustrated has some dangerous consequences.

Q220 Kelvin Hopkins: Just a quick last question. Bringing you into the revolutionary debate, Gillian, you mentioned at the beginning that Mrs Thatcher did not care for people who were not "one of us ". One of her "one of us", not one of my "one of us" obviously.

Baroness Shephard of Northwold: She would not have thought about you at all!

Q221 Kelvin Hopkins: Did she not start the process of breaking down the resistance of the Civil Service to someone who wanted radical, one might say revolutionary, change. That was the beginning of it and it was intensified and made much stronger by the Blair Government?

Baroness Shephard of Northwold: I think that is a very fair point. She did bring outside advisers in. I have already mentioned Marks and Spencer but there was the great Sir Derek Rayner and there were other special advisers who were brought in. This was before I was even an MP as opposed to being a minister. There were the usual reactions from secretaries of state and, indeed, the Chancellor of the Exchequer. This was why Nigel Lawson resigned basically, because he felt that Alan Walters had more influence than he had on the very important issue of the euro and parity with European currency before the euro, and so on. In a sense the disputes are not new, and I should not think they would ever have been new almost because prime ministers are bound to look outside as well. The redeeming factor about Margaret Thatcher was that she did respect the conventions of the Civil Service, and in particular parliamentary conventions, so that while she might have got terrifically impatient with individual permanent secretaries giving her advice she did not want to hear, nevertheless she had a great respect for the parliamentary process, for the conventions of Parliament, and to that extent the conventions of the Civil Service. What I always think is so paradoxical really is that Bernard Ingham was a civil servant. It is most extraordinary. He was definitely "one of us" but he was a civil servant, he was a government information officer, that was what he was. This illustrates what all of us have been saying, that it depends on the relationships and so on. She was hostile to what she regarded as intransigence on the part of the Civil Service towards the changes she wanted to introduce. She was an iconoclast in that respect. I do not know how it was with earlier prime ministers but if you read how Attlee worked with his Senior Civil Service, how Churchill worked with his in the 1950s, how Macmillan worked with his, it may well be that Mrs Thatcher did start a period of questioning of the authority of permanent secretaries, yes.

Q222 Paul Rowen: Charles, in a speech you made at the beginning of this month you talked about the need for consistency between the three organs of government: the Cabinet Office, the Prime Minister's Office and the Treasury. Then you talked about the plethora of reviews that are going on in the department: the Lyons Review, the Prime Ministerial Unit on Priorities, and so on. Then you talked about the political manifesto commitments. As a secretary of state, how do you cope with all of those and ensure that your department is actually meeting the central objectives that your government has set itself?

Mr Clarke: The reason why I mentioned it in the speech to which you refer was I think it was a major problem. I have not got it with me but I dug out at one point in Education the list of different central Government procedures with which we had to do work. It includes things like the Comprehensive Spending Review, the Lyons Report, the location of offices, the Strategy Review, there were about eight or nine of them, including the political manifesto point. This may not seem a large number but it is a very large number in terms of the senior management time, both of the politicians and the civil servants. In my opinion it was seriously distracting. If, at the same time, you had a difference of orientation and approach in certain key areas, which there was in some areas, not all by any stretch of the imagination, in many areas Number 10 and Number 11 were completely on the same wavelength, but there were areas where that was not the case, and that led to serious issues about how we dealt with our own activities over that time. My argument was, "Let's just have one set of approaches which brings the central Government focus into play". The problem is that for senior civil servants and most ministers, if Number 10 is interested, or Number 11 is interested, or the Cabinet Office is interested, you have to take account of it, you cannot just say, "Don't bother me today". And so you end up with a situation where you are being, in intellectual terms, pulled in different directions, not so much in terms of different policy directions, that is not quite so important, as different investment of

energy resources in what you are trying to drive through. I thought that was a weakness and a problem and that is why I said it in the speech to which you referred.

Q223 Paul Rowen: How do you go about reconciling that? What do you do as the leader of your department with the permanent secretary?
Mr Clarke: There is an immediate procedural process which simply says that responses to all these systems should be formulated through the office of myself and the permanent secretary and nobody else, so you try and avoid the sprawl going right across the whole organisation in lots of different ways. That is a relatively easy point but that does not solve the problem at the level of central government itself as to why it has these different approaches and what the relationship is to them. Each of them intrinsically is very worthwhile, by the way. It was not a point where you would say that was not an intelligent thing to do. It was that they needed to be co-ordinated in a much more focused way.

Q224 Paul Rowen: Is that not the role of the Cabinet?
Mr Clarke: To an extent, and in Cabinet we had discussions about a number of these processes quite fully, contrary to what people often report. There were very full discussions in Cabinet about a number of these things. Presentations were made including with the officials concerned about how we were going about it and what we were trying to do, but at the end of the day the Prime Minister and the Chancellor and the Cabinet Secretary have to bring together—I say again—what is the relationship between the centre of government and the different government departments, and let us have a very co-ordinated and focused way of doing it.

Q225 Paul Rowen: Can I ask about performance management. When we had Michael Howard here he said that "successively over the eight or more years I was in government when people were moved out it was not because they had failed; they were moved sideways, and in some instances promoted because it was the easiest and quickest way to get them out." Then it says a recent survey of civil servants found that only 16% believe that poor performance was dealt with effectively in their department. How do you go about dealing with poor performance?
Mr Clarke: There is a substantial appraisal procedure which operates. I myself am not a fan of the way the Civil Service recruits and brings people on. I do not think the right things are appraised and all the rest of it, but this is not the place to discuss that. I think all bureaucracies have got variants of the Peter Principle problem—the principle that you are promoted to a level of incompetence and then you cannot be moved on, so all organisations are run by incompetent people. I am sure that is not true of this Committee but it is a folksy management principle. The real issue is are you prepared to fire people at the end of the day. That is the bottom line point. It is a key issue of public sector management not just in the Civil Service but right through the whole area, and not even to fire people because of incompetence or because they have done badly, it is just that they are not in the right place at the right time in some circumstances and they are not the right person for that job. I think the Civil Service needs to have more of a hire and fire nature than it has at the moment. You sometimes have and I have experienced it myself—very good, very decent, very positive, very loyal, very creative people who are just not in the right place.

Q226 David Heyes: Did you fire some of them when you were in Education or in the Home Office?
Mr Clarke: I have had personal experiences of that. I am not going to go into it but I have had. The question is what do you do in those circumstances and that at the end of the day does not depend on anything but the central Civil Service operation, and I think that is an important part of it. It is difficult because I am not talking in the kind of way that Nick was talking earlier about appraisal and somebody somehow failing and then being held to account for their failure. It simply is you have got a relatively small number of key jobs and getting the right people in those key jobs in the Civil Service is absolutely fundamental. You can have tremendous people who are just not right for that job at that time, not as a result of any particular fault necessarily but they are just not, so what do you do? If you say we will sort it out in a couple of years you have not got that time.

Q227 Mr Prentice: Did that apply to you when you were fired, Charles? Did you say I am the wrong person in the wrong job at this moment.
Mr Clarke: My view was that I was the right person in the right job but, unfortunately, that was not the Prime Minister's view. It was very instructive, Gordon, and I am glad to instruct you in any way if I can—when the Prime Minister asked me to do the job of Home Secretary after the May 2005 Election and I had been doing it for about six months, appointed just before the General Election with an Election in prospect, I said to him I thought there were many major issues which needed to be changed if we were not to have a future General Election campaign as unpleasant as the 2005 General Election campaign around immigration, anti-social behaviour, offender management and so on. I thought it would take three or four years to change it. I was committed to doing it and I would like to do it. Through that process there would be large numbers of ups and downs because all of the Home Office areas, as Gillian alluded to earlier, are very much in the public arena, but that is what I would like to do. I would not like to do another job, I would like to do that job and if he thought I was not up to it I would go of course, but subject to that I would like to stay. I said that at the time of the foreign national prisoners issue and he took a different view.

Q228 Mr Prentice: It was an unfair question from me. I have just got, if I may, one or two little questions to wrap up. It follows on from what you

have just said, Charles; should there be exit interviews when ministers leave the Government? I have found the contributions from all of you very insightful this morning. Would the Prime Minister learn anything if he had exit interviews with the people that he had dismissed from the Government?
Baroness Shephard of Northwold: I shall abstain again.
Mr Prentice: It is a serious question.
Mr Clarke: I do not know. Anybody would learn from any kind of conversation about what has happened at particular times. I certainly have when issues have arisen. I think there is a slightly over-bureaucratic approach there. Suggesting a process that goes through this and somehow a learning process, I do not think so. I have had my exit interviews with the Prime Minister following my dismissal in which we have had a very friendly but frank exchange of views.

Q229 Mr Prentice: I understand that some colleagues have been sacked and the sacking has taken 20 seconds. It is on the record, Dennis MacShane has told the world when he was sacked it was a 20-second long telephone conversation. Nick, did you want to say anything?
Mr Raynsford: I do not think you could go to the point of having formal exit interviews quite simply because of the time constraints on the Prime Minister, but I do think there is lack of concern to learn the lessons from those people who have served in government about how the whole process could be handled more efficiently. Even if the Prime Minister has not got time to do it I would have thought there were people close to him who could invest a little bit of time and effort.

Q230 Mr Prentice: One final point and it follows on from what Kelvin said earlier about Margaret Thatcher and "one of us"; does "group think" operate in the Government because the gene pool from which ministers are drawn is relatively shallow and given what we have heard earlier from Nick about civil servants saying, "Do not go down that road because it will not get the imprimatur of Number 10" are we witnessing group think across the Government?
Mr Clarke: Not in my view, I do not think that is the right way to describe it. In fact, I do not think that the Prime Minister works on a "one of us" mentality in the same way that Margaret Thatcher's Government is alleged to have done. I think he has in general tried to promote on the basis of competence rather than political faction. However that said, I do agree with what Nick said earlier that I do not think he has always looked as carefully as he needs to at the range of skills needed to be a minister in making these judgments.

Q231 Chairman: Can I bring you back to almost where we started. As I try and promote your book all the time, Gillian, could I just try this on you as we end. We are back now to the Civil Service. You say: "In many ways Britain has one of the best civil services in the world. At its best it provides a collection of some of the top brains in the country, it is not corrupt, and it is impartial." Then you say: "It is questionable however whether the effort it expends is matched to the needs of the day and whether its culture precludes creative thinking, and regardless of its excellence it is not accountable." What I want to spend a minute on just as we end is, first of all, should we try to define these relationships more clearly so that people are more accountable, including civil servants? IPPR have made a proposal recently that we should try to define more clearly and visibly the accountabilities of officials and ministers. Should ministers have more roles in appointing people? The Marks and Spencer analogy: it is a very curious organisation, is it not, where ministers are held accountable for an organisation which they do not control. You come along and say, "We need to upskill them, we need to make sure they can run things better", but your ability to bring that about is non-existent.
Baroness Shephard of Northwold: I do not agree with your premise because I think part of the responsibility of being a secretary of state is to make sure that if you are not actually running the 435 job centres, there are competent people who will and the accountability of the Civil Service is to make sure that is so, otherwise hiring and firing has to take place, as Charles has said. I do think there is a great reluctance in that. The questions we have had about moving officials sideways and nobody ever being sacked impinge on how the Civil Service ought to be accountable. In other words, the permanent secretary ought to say, "These people are not delivering and they will have to go. If it is not what the government is requiring we shall have to make a change". That is where the accountability of the Civil Service lies, the permanent secretary should be more prepared to hire and fire. I do not think you can take away from the political accountability of the politician part of the department and he or she is accountable to Parliament and through the Despatch Box and that is an end of it, it is not permanent secretaries who will be standing for election in 2000 and whenever, it is not, that is the political reality—this comes back to Kelvin's point—nor will the managing director of Marks and Spencer, although he may find shareholders' meetings not very comfortable, although they are fine at the moment. There is a question about accountability. I do not agree that ministers should be involved in the appointment of civil servants. I do not think everybody who was a secretary of state with me would agree with that but I do not think secretaries of state should be involved. We had changes of permanent secretary while I was in various departments and in particular there was a competition between two people to become permanent secretary of the Department for Education and Employment when I was in charge and Michael Bichard got the job. I said, and had it minuted and recorded, that I did not wish to be involved in this appointment. I satisfied myself that both were good but I thought it was inappropriate that a political view should be taken of the two people. I think this may have been aberrant. I do not

know that it would have been a view shared by my colleagues, I am merely telling you that was what I did. I feel very strongly about it. I did then, I continue to do so and I am glad that I took that view.

Q232 Chairman: I want to bring both of you in as we end. Can I have another go at the question, if I may. Charles, you have put a very strong argument for saying it is the ability to run things which is the key thing which we are really lacking and they are the kind of attributes that are undervalued inside the Civil Service, and yet ministers who are the ones who will carry the can. You know this personally. You were telling us earlier on that you knew that inside the Home Office there were these problems that have been revealed now by these reviews. Your ability to do anything about the way in which the Civil Service is organised, skilled, trained, taught to manage things and run things, because of how we do it, this separation we keep talking about, is severely constrained. I am asking you is that not frustrating and if you could get your hands on a re-skilling exercise or an upskilling exercise for the Civil Service, what would it involve?

Mr Clarke: I think the problem with answering this is the questions are so enormous. Yes, it is very frustrating but the fact is that any individual secretary of state has only limited power and authority in their particular department precisely because the civil servants are part of a national civil service which operates under criteria. Let me give you a very acute example: a chief executive of an agency responsible to the Home Office said to me, "How can we achieve a situation where I can get the right people into this organisation? I have got all kinds of constraints on Treasury spending and all the rest of it, I would much prefer to pay my people more and have less people than go through that process. I keep within all the budgets which are set but I have got no managerial freedom to be able to do that. I would deliver a better service if I were able to do it". You cannot move that because the Treasury rules are so dominant in each of those areas. Exactly the same applies in hiring and firing rules in the Civil Service, you cannot make a great difference in an individual government department in any of those areas. There are a whole series of issues about the appropriate or otherwise involvement of ministers in appointments at a very senior level which are also subject to constant change and, as you know, with the Civil Service Commission or whatever it is now called, the appointments job, there are controversies between permanent secretaries as to what should or should not happen in this area, leaving aside the politics. You have then got a very weak approach to relations with outside bodies, in my opinion. We talked about innovation: the general private sector/public sector relationship is very, very poor in my opinion and this has serious knock-ons in very important areas of life. What I am trying to describe is this: there are a whole series of major cultural problems about the way the Civil Service operates which in answer to your question are very frustrating indeed and, yes, I think need to be addressed. The reason why I highlight those rather than policy is because, as we all know, there is a vast range of policy organisations, the think-tanks, the universities, the select committees of this House and so on and so forth, which have got a whole string of policy approaches on all of these questions. We are all immersed in it in different areas. We are not short of policy advice really. Often the civil servants, even on the policy advice, are falling behind some of the way the think-tank debates move on and are trying to catch up with them and monitoring them rather than setting the agenda themselves. In doing so they are involved in that debate around policy but not in that debate about running the show properly. Today, 2006, you have got to run the show properly, you have just got to, that is what the country requires. That applies at each level. I sign up to Gillian's point 100% about the ministerial accountability for that, ministers are accountable for that, and rightly so, but so too are the permanent secretaries who are the official machine and they have got to give it a major priority. It is not a question of working better to give high quality policy advice to ministers, it is a question of running the show better.

Mr Raynsford: Very briefly, because we have covered most of the ground, all I would say is I support strongly the retention of a framework where politicians do not get involved in making the appointments of a raft of senior civil servants, I think that would be a very dangerous move indeed, but I did regard it as both helpful and constructive, and I was never a secretary of state so I did not have that involvement in appointments of permanent secretaries, but when senior director general and director posts were being filled in the department that I was a minister in, the permanent secretary on a number of occasions came and just sought my view on the appropriateness of the person, or persons, she was thinking of appointing. That did strike me to be the right way forward so if there were strong objections those could be taken into account. That seems to me to be reinforcing the point that Charles made right at the outset that this all hinges on good working relations between the senior civil servants and ministers. If you get that relationship going well then, on the whole, things work well.

Q233 Chairman: I am sorry we have gone on so long but that is a tribute to the interest of the session. From the whole of the bank of former ministers we decided that you three would be the ones who could most help us.

Mr Clarke: "Short straw" is the phrase you are looking for!

Chairman: And so it has proved. We are extremely grateful for your time, we have found it extremely instructive. Thank you very, very much indeed.

Written evidence

Memorandum by the Cabinet Office

Introduction and Summary

It is a key Government priority to improve the capability of the Civil Service to deliver against current and future challenges. The aim of the Civil Service skills strategy is to support this by developing a culture of excellence across all parts of the service.

Over the past few years, there has been a landmark shift in the Civil Service skills strategy. The aim has been to strengthen capability in the delivery of public services, resource management and other corporate services. The modern civil service places a greater emphasis on delivering through others in partnership with other institutions, and also strives to maintain and enhance more traditional skills like developing policy based on objective evidence. Professional skills are highly valued in the modern Civil Service, and each Department should expect all staff to focus on continuous development of improvement.

Better professional skills should be nurtured by developing and training existing staff, bringing in people from outside with a diverse range of experience, and managing the careers of all staff to allow them to gain wider skills and competencies. That is why the career deal for the modern civil servant is undergoing a very significant change. The previous Cabinet Secretary spoke of "a permanent civil service, not permanent civil servants". We are seeing a more diverse intake at entry level, more outside appointments at more senior levels, and a very significant increase in interchange between the civil service and other sectors like the wider public sector and the private and voluntary sector.

Taking these reforms further and faster is a priority for the current Cabinet Secretary, Gus O'Donnell. The evaluation of skills within departments, and what needs to be done to improve them, has been a key theme of the departmental capability reviews, announced to the Committee in October 2005. The first tranche, covering the Department for Work and Pensions, the Department for Constitutional Affairs, the Department for Education and Skills, and the Home Office, were published in July 2006.

Since his appointment, Gus has also been focusing on:

Skills: We have created a new organisation, Government Skills, to look after the Professional Skills for Government programme and the wider skills strategy across central government. The Professional Skills for Government programme continues to be driven forward: all staff at Grade 7 and above (which means the whole of the Senior Civil Service and the grades immediately below it) have discussed skills requirements with their line managers and agreed plans to fill gaps; the National School of Government has revised its suite of courses to ensure they can offer any professional training required; we have begun to extend roll-out to levels below Grade 7.

One example of transforming professional skills within Government is the progress made since Sir Peter Gershon's report on efficiency in 2004 identified the need for professional finance directors. At the time of Sir Peter's report, just one quarter of departmental finance directors were professionally qualified. The figure is now three quarters, and by next year all finance directors will be professionally qualified.

Leadership: Developing leadership skills is a key priority. We have launched a new leadership framework for the Senior Civil Service (SCS) in March. The framework articulates the expectations the Civil Service has of its leaders and its leadership. Strengthening corporate leadership of the Service: March saw the first ever event for all staff in the top 200 posts, and there are further events planned every six months to build this group into a genuine corporate leadership community. And we have introduced common terminology to SCS grades to reinforce the fact that this group is the single corporate leadership cadre for the Service.

Learning: The launch of the National School of Government sets it up to become a more authoritative and autonomous centre of excellence in public service learning and development.

Attracting Top Talent: We continue to appoint talent into key top management posts through both internal and external appointments. Recent appointments from outside include: David Bell, the new Permanent Secretary at DfES from his post as Chief Inspector of Schools at Ofsted; Gill Rider the new Director General (DG), Leadership & People Strategy at the Cabinet Office was Chief Leadership Officer at Accenture; Mark Clarke DG Finance and Strategy at DTI from the Bank of Ireland.

Our target is 50% of posts in the SCS should be filled by open competition. In 2004–05, the figure was 43%. 23.9% of current cadre of SCS have been recruited from outside; 60% have experience of working outside the Service of over 12 months.

The Fast Stream accelerated development programme, which aims to attract and develop some of the country's brightest graduates and prepare them for the Senior Civil Service, is a popular career choice, and has been in the top ten of the Times Top 100 list of graduate employers since the list's inception. Over the last five years, we have received an average of 13,538 applications per year to the Fast Stream, and an average of 467 per year candidates were declared successful during the same period.

Increasing strategic capacity at the centre: The first four capability reviews identified strategic capacity at the centre as a key issue and for each of the four departments contained specific action plans for improvement to meet future challenges.

Additionally, we have established the Sunningdale Institute, a virtual academy of leading thinkers about management and policy, working as part of the National School of Government. And he has commissioned a People Strategy for the Civil Service that will drive the alignment of people management, development and deployment practices with future business needs.

Civil Service ethos: The new Civil Service Code, launched earlier this year sets out a clear framework for the values, responsibilities and behaviours of the whole Civil Service. Around 360,000 hard copies of the Code have been requested, in addition to it being available electronically on the Civil Service website and departmental intranets.

Detailed Response to PASC Questions

The Public Administration Select Committee has asked the Cabinet Office to address a number of specific questions; our response to those questions follows.

Q1: *What skills are required to design and deliver public services, and to provide appropriate advice to Ministers? Is it reasonable to expect individual civil servants to have such a variety of skills?*

1. Over the past two years, the Cabinet Office has prioritised the identification of the skills required to design and deliver services and provide advice to Ministers. This has resulted in a new programme to bring clarity and focus to Civil Service skills development: Professional Skills for Government (PSG). The PSG framework, which is applicable to all Civil Servants, is described in response to Question 2. Further detail, including all the skills themselves, can be found at www.psg.civilservice.gov.uk

2. PSG sets out the requirements for a whole range of skills and experience, depending on role and job context. Not everyone needs to have everything (although there are some common core skills). PSG acknowledges that depth of expertise is required for most employees, and that it is increasingly important to broaden out as staff move into more senior roles.

Q2: *How appropriate and effective are the new skills initiatives which have been launched by Government in the last year?*

3. Two key initiatives in the specific area of skills have been launched in the last 18 months:

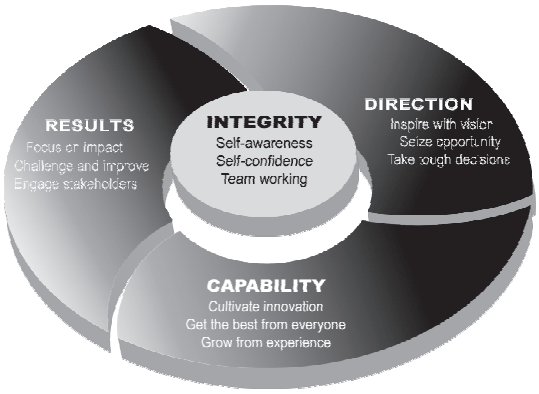
A: Professional Skills for Government, including a new leadership framework.

B: Government Skills, which is the Sector Skills Council for Central Government.

A. Professional Skills for Government

4. The PSG framework (below) sets out the range of skills and experience civil servants need to design and deliver public services and to advise Ministers. There are four elements: leadership, core skills, professional expertise, and broader experience.

Leadership: drawn directly from policy work on leadership and talent management more broadly, there is at the heart of PSG a new leadership model (below). This provides the focus for individuals to improve their leadership skills and self-confidence as leaders.



Core Skills: every civil servant at Grade 7 and above is expected to demonstrate the four core skills:

— People Management,
— Financial Management,
— Analysis and Use of Evidence, and
— Programme and Project Management.

For those in the Senior Civil Service there are two additional core skills:

— Communications and Marketing, and
— strategic Thinking.

Professional expertise: as well as the Core Skills, each job requires specific professional expertise. The PSG requirements for each profession are set out and maintained by a nominated Head of Profession, including those for Operational Delivery and Policy Delivery.

Broader experience: PSG marks a decisive move away from the concept of civil servants being "generalists" or "specialists". Instead, everyone takes develops their career within three Career Groupings:

— Operational Delivery—leading and managing people to build, run and deliver services.
— Policy Delivery—strategy formulation, policy development, and the conduct of government business.

— Corporate Services Delivery—providing internal services (eg IT, finance, HR and change management).

5. PSG roll-out is complete for the c. 33,000 Civil Servants at Grade 7 and above. However the business requirements of the various Departments are different and so they have discretion about how to roll out PSG in detail at levels below Grade 7 (c. 500,000 people). But in order to ensure smooth promotion and progression they are expected to take an approach that fits with that prescribed for the higher levels.

6. We are confident that PSG is an appropriate response to the delivery challenges facing the Civil Service and it has been widely welcomed. The PSG framework encourages staff below the SCS to develop, in some depth, professional skills linked to their Career Grouping.

7. Staff in and approaching the SCS are expected to broaden their skills and experience as they take on more responsibility for running large and complex organisations. They need to understand the way the various organisational functions work and the links between them. SCS members are expected to take a particularly critical and honest view of their development needs; given their wide variety of backgrounds, for some this will require them to broaden their experience to match the needs of the role; for others, to deepen their professional skills.

The effectiveness of PSG

8. PSG is a long-term programme and so a final judgment on its effectiveness is still some considerable way off. However, early indications are that it is having a positive impact on skills development. In January 2006, responsibility for co-ordinating the roll-out of PSG on behalf of Permanent Secretaries passed to Government Skills (the new Sector Skills Council for central government), and that organisation was charged with assessing its overall effectiveness.

9. A provisional target had been set that 75% of the Senior Civil Service should demonstrate all six Core Skills by September 2007. In June 2006 there was already evidence that the target was being met for three of those Core Skills (People Management, Analysis and Use of Evidence and Strategic Thinking), and that progress was being made in the others. We are currently reviewing whether this target is helpful or whether it promotes exactly the "box-ticking" attitude that we do not want to encourage in what is actually a major culture change programme.

B. Government Skills

10. Government Skills, the Sector Skills Council (SSC) for Central Government, was established in February 2006. It is one of 25 SSCs covering around 80% of employees across the UK economy, and its 'footprint' covers Civil Service Departments and Agencies, Non-Departmental Public Bodies and the Armed Forces (around 775,000 staff in all). All SSCs have the same broad responsibilities, namely: to identify what skills are required in the sector; identify the gaps; and develop a deliver a plan to fill those gaps.

11. In line with these responsibilities, as well as taking on responsibility for the continued implementation of PSG, Government Skills has two further major programmes:

— creating a "Sector Skills Agreement"—the plan for identifying the skills needs of the sector and filling them. This, crucially and for the first time in this sector, is intended to influence in a structured way the supply side (education and training providers etc). See also Question 12.

— devising a Sector Qualifications Strategy which identifies the role which qualifications will have in driving an improvement in skills.

Q3: *How important is leadership within the Civil Service and are the current perceptions of a lack of leadership of particular concern?*

A number of positives came out of the 2004 SCS staff survey. 81% of respondents said they felt they had the necessary leadership skills for their role. 58% felt those at their level and above provided effective leadership, which compares favourably with a UK benchmark of 37%. 69% felt those at their level and above were effective at delivering results.

12. Leadership is vital to the Civil Service: people are our key resource, and a very large number are in management roles. Research indicates that improved engagement of people within an organisation leads to improved performance, and that the key determinant of engagement is the quality of leadership. It was the recognition that leadership can and ought to be displayed at all levels of the organisation that led us to place leadership at the heart of the PSG model.

13. The challenge is to define and embed good leadership practices to enable the civil service to meet its challenges today and to be prepared for those of tomorrow: both in terms of serving the government of the day and delivering high quality public services. Factors such as complex multi-agency delivery, an ever-present drive for efficiency, and escalating public and political expectations of public services make these challenges ever more acute.

14. As Gus O'Donnell said in a recent speech on the 21st century Civil Service: "We need excellent leadership at all levels. And at the very top, it's no longer enough for senior leaders to be focussed on just their own areas. We must ensure that, within and between Departments, leaders focus on delivering final outcomes, not just their own, often intermediate, targets."

15. The new leadership framework (see Q2) introduced earlier this year is central to setting out what we want from our leaders, emphasising delivery of business results, building capability, and direction setting. It was launched at the first ever event to gather together the top 200 people from across the Service to help build the leadership community across Whitehall.

16. We are also working to increase the diversity of the civil service as a whole and its leadership in particular. The Cabinet Office has a Public Service Agreements (PSA) target with four specific objectives for increasing the proportion of people in the SCS from under-represented groups, and the target is underpinned by a 10-point plan on diversity which is being taken forward across all departments.

17. This is supported by increased corporate management of the top 200 civil servants, including development, assessment and succession planning, to ensure that all Departments have the leaders they need. As part of this we are also developing an assessment tool to help get a better understanding of the capabilities of the most senior civil servants. This will help to identify development needs so that individuals can acquire the leadership skills required to perform in the top roles.

18. We are refreshing the Civil Service's approach to leadership development so that we can:

— Define the leadership requirements to support the business at different levels of the Civil Service;

— Concentrate on the priority leadership behaviours for the next couple of years; and

— Ensure appropriate interventions are in place to deliver this.

Recruitment

Q4: *Does the Civil Service's recruitment strategy relate to the skills needed within the Civil Service?*

Q5: *Should more emphasis be placed on recruiting at senior levels from outside the Civil Service?*

19. Our recruitment strategy needs to strike an appropriate balance between bringing on and bringing in talent. One of our key current priorities is to develop and produce a People Strategy for the Civil Service. Workforce planning and the link to recruitment will form a key part of that. The People Strategy will provide the framework to align people management, development, and deployment practices with future policy and operational delivery needs. As part of this, the strategic view of workforce skills, competences, characteristics and portability will be linked with other key programmes such as talent management, performance management and employee engagement.

20. Departments are generally responsible for their own recruitment although the Cabinet Office is involved in a number of appointments for the most senior posts. A Senior Civil Service drawn from the complete spectrum of backgrounds brings distinct benefits in terms of extensive experience of public administration on one hand, and an infusion of new ideas and working practices on the other.

21. Our policy to date has been to open up to half of all Senior Civil Service recruitment competitions to open competition. In 2004–05, 43% of competitions were open. This policy enables us to test the market for talent—it is not underpinned by a quota which would inherently include assumptions about the relative merits of internal and external candidates. In 2004–05 just over two thirds of open competitions were won by external candidates resulting in just under a third of all SCS competitions being filled by external candidates.

22. Over recent years we have made a number of external appointments to the top of the Civil Service. Recent examples include David Bell, the new Permanent Secretary at DfES from his post as Chief Inspector of Schools at Ofsted; Gill Rider the new Director General, Leadership & People Strategy at the Cabinet Office was Chief Leadership Officer at Accenture; Mark Clarke DG Finance and Strategy at DTI from the Bank of Ireland. We continue to test the market at this level (eg open competitions for recent appointments for the NHS Chief Executive, and Permanent Secretaries of DTI and DCMS).

23. The benefits of bringing in external talent are continually balanced against the additional recruitment and induction costs and the effect on the motivation and prospects of internal staff. PSG is very much about making the most of our existing talent, and as we get better at growing our own talent and succession planning we would expect the proportion of civil servants winning open competitions to increase.

Q6: *Does increasing external recruitment pose a threat to the values and traditions of the Civil Service and the continued role of graduate Fast Stream recruitment?*

24. There is no reason why it should. As noted in response to Questions 4&5, the policy is to test the market at the most senior levels. There are no grounds for fearing that this might put at risk the traditional core Civil Service values of honesty, objectivity, integrity and impartiality. Indeed, the rigours of an open competition can help to reinforce the principle of appointment on merit on the basis of fair and open competition.

25. The Fast Stream is the only Civil Service-wide recruitment programme, and is highly successful in attracting to the Civil Service its share of the country's most promising graduates. Competing successfully in the blue chip recruitment market, the Fast Stream ensures an annual infusion of top talent into the 20 plus departments which regularly employ Fast Streamers, and thus contributes significantly to the pool of future leaders.

26. The Fast Stream remains a popular career choice, and has been in the top ten of the Times Top 100 list of graduate employers since its inception. Over the last five years, we have received an average of 13,538 applications per year to the Fast Stream, andlast year 504 candidates were declared successful. (These figures are for all schemes, ie include GCHQ, economists and statisticians. A full statistical analysis of the 2005 competition, with a summary of recent trends in Fast Stream recruitment, is at www.cabinetoffice.gov.uk/reports/faststream.) The annual competition for serving civil servants wishing to join the Fast Stream is also very successful in developing internal talent, and in recent years has produced a success rate of almost 50 per cent.

27. If any members of the Committee would like to visit the Civil Service Selection Board and observe the Fast Stream Assessment Centre in progress, some opportunities will be available from the middle of February 2007.

Q7: *What can be learnt from the recruitment of staff to private sector companies and the wider public sector?*

28. The Cabinet Office uses contacts with employers across the economy, eg through the Careers Research Forum and the Institute of Employment Studies, to ensure it keeps up to date with other approaches. For external appointments, the Civil Service also uses consultants who bring expertise on the broader labour market and approaches to recruitment. Interchange with the private, wider public and voluntary sectors is used to develop individuals and forge closer links between the organisations involved.

Q8: *Can the requirements for varied experiences both inside and outside the Civil Service be reconciled with the need for specialist skills?*

29. Professional Skills for Government supports both breadth and depth of experience. As explained in Question 2, a relatively small proportion of staff is expected to have the broadest experience. PSG is designed to be flexible enough to accommodate the need for this (generally senior) group to have both wide experience and a deep professional expertise:

- PSG's emphasis on developing depth of expertise in the early and middle stages of a person's career lays the foundations for continuing to work effectively within that profession later on.
- The broader experience requirement of PSG can be met in different ways: senior professionals in areas like economics, statistics and law can meet the broader experience requirement either through working within their profession but in the context of a different career grouping (ie moving between Operational Delivery, Policy Delivery or Corporate Services), or by working in a different profession entirely.
- The various Heads of Profession are committed to making roles available for members of other professions to take up for developmental purposes. We will be holding a conference in the autumn to consider the extent to which interdepartmental interchange can support this process.

30. There are inevitably some implementation challenges. For example, senior staff in mid-career can find it difficult to find a post in a new area, and it can be difficult, because of the risk to delivery, to offer postings in the Operational Delivery Career Grouping if staff do not already have some experience. These challenges are being tackled variously by Heads of Profession helping staff moving to a new area, or by developmental approaches such as short-term attachments, twinning etc (ie something short of a full posting) for those in mid-career.

Career Structures

Q9: *How can the Civil Service ensure it retains and recruits talent whilst encouraging interchange?*

31. We believe these aims are fully compatible. Interchange is recognised in the Civil Service as a valuable developmental experience for the individual and as a business investment by Departments. Both profit from increased contact with other parts of the Civil Service, with the wider public sector, or with different sectors. Our commitment to its value is illustrated by our opening up of certain SCS posts to the external market, and, in particular, through the broader experience requirements of PSG. We fully expect the level of interchange at all grades to increase.

32. And there is no evidence that greater mobility results in retention problems. At the recruitment stage, it is likely that candidates find the variety and flexibility implied by interchange attractive rather than off-putting. Anecdotal evidence from new Fast Streamers is that the opportunity for interchange is a consistently strong selling point of a Civil Service career. Turnover in the SCS in 2004-5 was 9.9%: external benchmarking suggests that healthy organisations have a turnover of 12%.

Q10: *Is the traditional practice of moving civil servants around Departments and teams an effective use of skills and experience? How can these moves make best use of any knowledge and skills acquired?*

33. Although there are some risks to core expertise and collective memory associated with staff moving between roles, we believe that this is more than offset by the advantages that the broader experience that the Civil Service has traditionally encouraged brings, and which has been embodied most recently with PSG. The far greater concern has been that individuals can spend too much time in one type of role and organisation.

34. We do monitor the length of postings of senior staff and recognise that too many short-term postings can be as problematic as staying in the same role for too long. A balance has to be struck in any system, and we are working to achieve that. It is important to note that fully directive posting systems require enormous resources and yet still result in career disenchantment for many. So most Civil Service organisations replaced central posting arrangements several years ago with a more market-based approach focused around the individual. But such a system relies on clear guidance on what people need to "get along and get on", and PSG was devised to address that clarity.

35. There is still a role for managed moves however. We are exploring whether we can build in some broader experience early on in Fast Stream careers. That way they can focus on developing professional depth once they reach Grade 7. Similarly, we are exploring how we might give those in mid-career working in Policy Delivery the opportunity to gain experience in an Operational Delivery or Corporate Services environment.

Q11: *Do the right incentive structures and targeted performance management programmes exist to encourage a culture of excellence within the Civil Service?*

36. There are a wide number of factors that combine to incentivise civil servants including the range of employment opportunities, the public service ethos, and the desire to make a mark in delivery. Our performance management and reward arrangements are centred on the need to attract and retain the right talent for excellent delivery and to promote a culture of continuous improvement. These systems are not yet as strong as we want them to be, but we are very clear about the ways in which we want them to develop in order to support and encourage individual and team effort to achieve key outcomes, to reward strong performance and to tackle under-performance.

37. Our overall approach is to ensure that the total reward package offered to civil servants supports business goals, allows departments to compete in the market for their share of the best talent, and supports a culture of continuous performance improvement and professionalism. We want the strategy to result in a reward package that is sufficiently competitive (making the most of the powerful intrinsic rewards of working in the Civil Service) so that we can recruit, recognise and retain motivated, competent and sustained strong performers. In addition, it must support the public service ethos and our core values, as well as being transparent and meeting our commitment to equal pay.

38. The existing well-established arrangements ensure that all individuals have clear, stretching objectives and are recognised for their achievement against those objectives. We continue to improve these arrangements in light of experience and feedback from managers and individuals.

39. Below the SCS, performance management and reward arrangements are delegated to departments and agencies. Delegation enables departments and agencies to tailor their arrangements to meet their specific business and operational needs and to reflect their working practices.

40. The Cabinet Office, working with HM Treasury, oversees delegation by ensuring common principles are applied across the Civil Service through scrutiny of departmental remits, usually on an annual basis. We are launching a set of reward principles that will provide departments and agencies a strengthened, common framework within which they develop and implement their specific performance management and reward arrangements. There are seven principles:

- Meet business need and be affordable.
- Reflect nature of work.
- Recognise performance.
- Manage total reward.
- Manage all cash.
- Face the market.
- Support Equal Pay.

41. Performance management arrangements for the SCS are managed centrally and implemented by departments and agencies. The work of senior managers is linked with the way we manage departmental and agency performance through their personal objectives which reflect business priorities. PSAs, business plans, Capability Reviews, the work of bodies such as the Prime Minister's Delivery Unit, and the scrutiny by Parliament and the National Audit Office all contribute to the performance management of departments and agencies.

42. At the individual level, the Cabinet Secretary reviews performance with each Permanent Secretary every six months and this feeds into decisions about reward, both base salary and bonus.

43. Our aim is that the performance management and reward arrangements for the SCS are clear and easy to use. They comprise three basic elements:

— Objective setting. All members of the SCS are expected to have performance objectives agreed with their line manager.

— Performance assessment. Achievement in relation to objectives (and the appropriateness of the objectives) should be kept under review by the individual and their line manager throughout the year, with a formal review at mid-year and the year end.

— Reward. In light of the performance assessment, base salary and bonus decisions are taken: base salary reflects the individual's role and competence, and bonus reflects their performance that year in relation to their objectives. Base salary and bonus decisions are differentiated between the strongest and weakest performers.

More comprehensive advice and guidance is available at: http://www.civilservice.gov.uk/management/performance/scs/index.asp

44. Performance Improvement Plans (PIPs) were introduced as part of the 2003–04 end-of-year reviews for the relatively weakest 20% of performers within the SCS. The intention was to ensure those needing the most support to improve would get it. Departmental experience was that PIPs were most helpful when targeted on the weakest performers, but that application of a strict quota was not helpful. Learning from this experience we continue to use PIPs as an effective tool to address the weakest performers, but we have removed the quota. Nonetheless, we expect individuals in the bottom tranche to be actively managed and most, if not all, will be on a PIP.

45. We are working to improve the performance management and reward arrangements for the SCS in three areas:

— Establishing a stronger link between objective setting and the PSG competence framework and leadership expectations.

— Being more rigorous in performance appraisal by supporting line managers to hold effective performance discussions and to make more differentiated performance assessments.

— Developing reward arrangements so that there is a clearer distinction between the purpose of base salary and bonus, and to increase the size of the bonus "pot" to provide scope for more differentiated reward of performance delivered.

46. It is important that we understand SCS perceptions of the performance management and reward arrangements if we are to ensure they provide the right incentives. There will be a survey of the SCS in October; the results will give objective and benchmarkable data about SCS perceptions, which, in turn, will inform how we develop further our arrangements.

Q12: *Do civil servants have access to appropriate training throughout their careers in Government?*

47. Access to the right training is a function of a number of factors—and the Civil Service is already strong in all areas:

— Availability of the right provision: this is clearly the most important factor. The National School of Government have reorganised their open programmes in line with PSG; and, in the longer term, Government Skills is developing a Sector Skills Agreement which will provide a vehicle for influencing the 'supply side' more broadly.

— Systems for identifying training needs: all Civil Service employers operate annual performance appraisal and development cycles which require individuals and their line managers to review performance and development needs at least twice a year. Nearly all employers in the Civil Service are accredited as Investors in People, which means they also need to ensure that learning and development is linked to business objectives and that learning is reviewed and applied after each intervention. PSG also helps staff and their managers by providing a structure for identifying personal development needs.

— Finance for training: the 2005 Skills for Business Network Survey of Employers confirmed that Civil Service employers are among the most committed employers across the UK economy in terms of funding training. The 2005 Employer Skills Survey estimates that training expenditure per employee in the Government Skills sector is £221 compared with a national average of £185.

— Release for training: similarly, the Civil Service has an excellent record in terms of the amount of off-the-job training undertaken by its staff: in 2005, the average civil servant received c.10 days per year off-the-job training.

— Non-course-based learning and development: most learning and development in the Civil Service is non-course-based, with the majority being on-the-job and delivered by line managers. PSG is helping not only to make this sort of support more focused on the key skills which civil servants need to develop; but with its emphasis on people management skills, PSG is also improving individuals' ability, in their turn, to develop and coach their staff.

48. In general, departments and agencies make their own decisions about what kind of training provision to make available to their staff. But as well as implementing PSG, which itself helps departments by identifying the skills required, there a number of corporate actions that are helping to make sure the right kind of provision is available:

— Skills Strategies: all Civil Service employers produce annual Skills Strategies (signed off by Permanent Secretaries). These require Departments to identify their skills priorities, and how they plan to respond to them. Government Skills supports this process including by offering Departments feedback on their Strategies and by helping share good practice and responses to common challenges.

— National School of Government: since its launch in 2005, the National School has focussed even more heavily on understanding and responding to the needs of its Civil Service employer customers than did its predecessor organisations. It has a network of Strategic Relationship Managers whose role is to understand Departments' capability needs. They can then provide off-the-shelf or tailored solutions themselves, or broker provision from the best business schools, universities and other schools of public administration if this better meets the need.

— Corporate commissioning: the Cabinet Office directly supports the leadership development of key individuals, including those in a number of specific groups, such as Permanent Secretaries, Director Generals (Grade 2s), those on the High Potential Development Scheme and Fast Streamers.

— Sector Skills Agreement: Government Skills (see Question 2) is currently developing a "Sector Skills Agreement" for the public sector. This will be an agreement between Civil Service employers (and others in the Sector) and the "supply side", about what the priority skills gaps are and what action should be taken to fill them. The supply side includes groups such as training providers, qualifications awarding bodies, and the providers and funders of Higher and Further Education. The Agreement is due to be signed by the end of 2007.

Q13: *Are there particular areas where the National School should focus its training programmes?*

Leadership

49. Developing leaders for the future is a key role for the National School, and flagship programmes such as the Top Management Programme enjoy a high profile, bringing Civil Servants together the wider public and private sector with the aim of sharing best practice and developing a leadership community.

50. Permanent Secretaries have been considering the approach to corporate leadership development and have endorsed key principles reshaping our approach. These focus on induction at important career gateways, recognising the step up in role and responsibility, and the development of key groups. They also recognised that elements of leadership development should be mandated for certain staff. The National School has a key role in delivering the core of the corporate requirements and will also have capacity to work with departments to help them enhance their own development programmes.

1) Professional Skills for Government

51. In response to Professional Skills for Government, the National School has reorganised its open programme, designing new programmes and offering additional support to individual organisations and professions. It has mapped all its provision on to the three PSG Career Groupings to help customers choose the right solutions. PSG will remain a priority area. There are a number of strands to be developed further over the coming months:

— maximising provision in the six Core Skills, along the lines of new programmes in financial management and communication;

— working with the Heads of Profession for Policy Delivery and Operational Delivery to establish these new professional groupings and design and deliver associated qualifications programmes; and

— continued tailored support to more established professions within government.

Working with the Sunningdale Institute

52. We have also established the Sunningdale Institute, a virtual academy of leading thinkers about management and policy, working as part of the National School of Government. The Fellows of the Sunningdale Institute are available to provide high-level advice to senior officials on any aspect of management or policy.

Q14: *What training should be provided to those who join the Civil Service later in their careers to ensure they understand the values and ethos of the Civil Service?*

53. The Civil Service has recruited people later in their careers in significant numbers for several years—and their fresh perspective and skills have proved a huge asset. It is important, however, that the distinct ethos and values of the Civil Service—as set out in the recently revised Civil Service Code—are explained to all new recruits, but particularly to those who have already worked for some time in other sectors. This is done in two main ways.

- All new civil servants receive a programme of local induction and should be provided with a copy of the Civil Service Code; a module on the role and values of the Civil Service is generally a standard part of these programmes.
- the National School of Government offers regular structured programmes for those new to government. These include: a two-day programme for those new to the Senior Civil Service (covering the government framework; duties, responsibilities and relationships; and the reform and delivery agendas); programmes for specific professional groups (eg lawyers, accountants) and Fast Stream entrants; and a one-day programme "The A-Z of British Government" which is open to anyone. The National School provides written guides such as "Finding Your Way Round Whitehall and Beyond" and is working with the Defence Academy and a consortium of Departments on an e-learning package for those new to government or new to work in a policy headquarters.

Q15:*How does the School compare to other Civil Service training models overseas*

54. Most countries have a recognised national/federal institution—either in Government or close to Government—which is seen to provide the centre of excellence in support of Civil Service capacity building. The nature of these "counterpart" institutions, and their relationship with their public administrations, varies considerably. It can depend on national requirements, systems and cultures, or the model of HR management and development (centrally controlled, delegated, etc). Some are academic institutions, others focus on in-service training. Funding arrangements also vary from centrally-funded institutions (such as the Ecole nationale d'administration (ENA) in France) to those which are entirely outside government and self-supporting (for example the Finnish Institute of Public Management—"HAUS" is a fully state-owned company).

55. The National School engages with institutions in other countries to increase the value of its offer within the UK:

- Through membership of networks, including The European Schools of Public Administration Network, Commonwealth Association of Public Administration, and the International Institute of Administrative Sciences.
- Through strategic and delivery partnerships to bring the best from around the world to UK civil servants. Recent examples include close working with the Canadian School of Public Service, with the Kennedy School of Government, with Australia and New Zealand School of Government (ANZSOG), and with ENA in France.
- In consortium or partnership to bring UK experience to others around the world—for example the development of the first ever core middle-management training programme for the European Commission, or in building training capacity in developing, transition and post-conflict countries including China, Macedonia and South Africa.

Q16: *What skills for government are required by new Ministers; are they being cultivated effectively?*

56. The National School's experience suggests that new Ministers benefit from an induction covering points such as how to use their Private Office most effectively, how to get the best from their department, technical issues such as the Cabinet Committee system, and an introduction to the Ministerial Code. They have also found specialised briefings useful, such as the process of taking a Bill through Parliament, or on key topics such as financial and risk management.

57. A recent two-day Leadership Event for Parliamentary Secretaries run by the National School focused in part on the needs of new Ministers (both new to Government and new to specific roles/Departments). Feedback from this event will help shape the National School's future support to Ministers in performing their duties.

Q17: *Have the changes made to the Corporate Development function within the Cabinet Office had a positive impact on civil service effectiveness?*

58. The Corporate Development Group (CDG) of the Cabinet Office has developed over time to fit current priorities. Recent significant changes include the creation of Government Skills and the (imminent) separation of the National School of Government, both of which we expect to have a positive impact on civil service effectiveness. In addition, following the arrival of the new Director General, Gill Rider, a programme is being put in place to radically reform CDG. Focused on the development of a new people strategy for the Civil Service, it will reduce the overall size of CDG but increase its levels of skills and expertise. Key priorities going forward will include:

— increasing the professionalism and joint working of the HR community across Government;

— building leadership and talent management across the CS; and

— improving systems of reward, performance management and employee engagement.

Q18: *Is it appropriate that the Head of the Home Civil Service is also the Cabinet Secretary and Permanent Secretary with accounting responsibilities for the Cabinet Office?*

59. Ultimately it is for the Prime Minister to decide whether to combine the posts of Cabinet Secretary and Head of the Home Civil Service. The two posts have been split before and the consensus of opinion is that having one person covering both is more successful. This is because it brings together the what and the how of serving the Government in one person who can have a close working relationship with the Prime Minister and Cabinet.

60. From July 2003 until January 2006 the Cabinet Office's managing director (Colin Balmer) was the accounting officer for the department. On Colin's retirement, Gus O'Donnell concluded that as the civil servant ultimately accountable for the performance of the department, and answerable to Ministers for this, he should also have formal accounting officer responsibility. This reflected a return to previous models.

Q19: *Have the first round of Capability Reviews carried out by the Cabinet Office been successful in identifying successes and failures within departments, and recommending action for change?*

61. Capability Reviews are designed to assess the capability of departments to meet the challenges they face now and in the future. The process behind the reviews is robust and rigorous. Reviews use an experienced team from outside the department who support the department in planning what they will do in response to the findings. This ensures that the department has ownership for the resulting improvement plan. The publication of the first four reviews, and the response, from both inside the Civil Service, and outside, demonstrate that the process is credible. The reviews can be found at http://www.civilservice.gov.uk/reform/capability_reviews/reports

62. The summary document, Capability Reviews: The Findings of the First Four Reviews, identified a number of common themes across departments which are critical to achieving the goal of building capability in the Civil Service to meet the challenges of the future. These are:

— Leadership from the centre—how the core of each department can better perform the role of a headquarters by focusing on high-level strategy, managing performance, and ensuring that staff have the right skills.

— Improving the way we deliver—by looking more carefully at the model we choose for each public service, making sure that this is the right model for the task rather than an accident of history. This also means, where appropriate, introducing more diversity and contestability in the provision of public services, through, for example, competition, contracting out, publicıprivate partnerships, trusts and other means.

— Responding to the demands of the public—through developing a better understanding of what society wants, getting better information about people's experiences of services, and using this to design service provision more effectively.

— Skills, capacity and capability reforms—to make sure staff have the skills, equipment and leadership to deliver world-class levels of service to their customers and stakeholders.

Detail on how departments are responding to these challenges can be found in their own reports.

63. The first four departments are making significant progress in taking forward their work in response to the reviews. Gus O'Donnell will be holding Permanent Secretaries to account for progress. The Prime Minister's Delivery Unit will help with "formal" assessments of progress and the Cabinet Office will publish a summary report on departments' progress after a year.

October 2006

Supplementary Memorandum by the Cabinet Office

Thank you for your letter to Georgia Hutchinson dated 23rd April 2007, requesting clarification behind some of the Department's targets for improving the leadership, skills and diversity of the Civil Service. I have been asked to reply.

In relation to your first question on SCS competitions and length of postings, both were adopted as part of work on Improving Leadership Capacity in 2003. On recruitment, the Civil Service Management Board then agreed that it was right to aspire to maintain recent levels of open competitions at the time (50 per cent average in 2000-02 period) to attract the best leaders from outside the Civil Service and to benchmark our own internal talent against the wider market. In practice, more and more senior roles are being filled through open competition.

The four-year norm for SCS postings was introduced to encourage a more forward-looking and proactive approach to career management of the SCS. It was designed both to avoid too frequent moves, by encouraging longer, more effective periods in post linked to delivery of programmes, but also to change the possible perception of the SCS as a comfortable environment with a guarantee of a job for life, to one that offered a full career for those who continue to earn it through performance and updating their skills.

In relation to your second question regarding development schemes within the Civil Service, I can confirm that the Cabinet Office is indeed responsible for the development of the Senior Civil Service and for the Fast Stream. In addition, the Cabinet Office runs a High Potential Development Scheme for Deputy Directors (SCS1) and Directors (SCS2) who have been assessed as having the potential to progress to Board level, and a development scheme for Director Generals (SCS3). We are also developing the "Top 200" leadership community across the Civil Service to strengthen corporate leadership.

The Cabinet Office, together with the National School of Government, also has launched "Leaders UnLtd", a rewarding corporate leadership development scheme, designed specifically for talented people in groups currently under-represented in the Senior Civil Service. The programme is open to Band As (Grade 6/7) civil servants who are female, who have a disability or are from minority ethnic backgrounds. This programme comes as one of the deliverables of the "10 Point Plan" on diversity.

In relation to your final point, the Cabinet Office does not issue guidance to departments on the management of their own internal "fast track" schemes. We do, however, issue guidance to departments on the day-to-day management of individuals on the Fast Stream.

Memorandum by the Public and Commercial Services Union

SUMMARY

PCS represents nearly 325,000 workers in the government sector. As part of the Council for Civil Service Unions we negotiate with the Cabinet Office on a variety of employment matters, including learning and skills.

PCS supports Sir Gus O'Donnell's aim of creating "professional, highly-skilled civil servants" with "deeply rooted, constantly refreshed skills". We fear though that on-going Government policy to fragment, privatise and outsource the work of the civil service reduces the likelihood of this being achieved.

Through the CCSU, PCS has contributed to the development of learning structures that have now been put in place in the civil service. All of these have the potential to deliver the skills, training and career development to support Sir Gus's vision and PCS does not believe that further structural changes are required.

However, we have consistently raised concerns that these structures may fail if they are too narrowly focused and under-resourced and thus fail to take advantage of the opportunities that do exist to recruit, develop and retain staff in public services.

We believe that attention should move beyond the senior civil service and central bodies towards the massive untapped potential that exists at the lower grades. As well as widening the skills pools available to the public sector, developing this potential would have an impact on the diversity gap at senior levels. We contend that if greater opportunities for promotion and development existed there would be less need to address diversity issues by recruiting from outside the civil service at senior levels.

We recommend that the Professional Skills for Government framework should be enhanced to provide a ladder extending from the bottom to the top; that the resources of the National School be used to identify and encourage staff with potential; that managers be empowered to provide appropriate training opportunities and support staff to take advantage of them; that the role of Union Learning Reps be made central to negotiating and supporting learning; and that training and development at every level, including basic skills, be valued.

In short, the civil service should aim to become a learning organisation and invest the necessary resources to make this happen.

Introduction

PCS—the Public and Commercial Services Union—represents nearly 325,000 members who work in government departments, agencies, public bodies and in a number of private companies delivering government services. PCS organises throughout the UK at all levels up to and including the Senior Civil Service except for specialist professional grades.

PCS negotiates on training and career development from workplace to national level, and has had particular success in setting up a network of union learning reps and in providing learning through our Learning Centre.

Deputy General Secretary Hugh Lanning is a member of the Board of Government Skills, on behalf of the Council for Civil Service Unions (CCSU).

In conjunction with our sister unions in the CCSU, PCS negotiates with the Cabinet Office on matters relating to civil service employment issues. As part of this, a Model Learning Agreement has been drawn up which local negotiators can use as a basis for developing training policies and support in specific organisations.

General Comments

In recent years considerable attention has been given to the skills needs of the government sector and it is appropriate that the Public Services Select Committee should review whether this has resulted in the creation of appropriate priorities and structures.

PCS agrees with Sir Gus O'Donnell that we need "professional, highly-skilled civil servants who provide objective, evidence-based advice without fear or favour" and that professional civil servants should have "deep rooted, constantly refreshed skills". We fear though that on-going Government policy to fragment, privatise and outsource the work of the civil service reduces the likelihood of these aims being achieved.

Through the CCSU, PCS has had opportunities to contribute to the development of structures that have now been put in place within the civil service1 the Capability Reviews, the Government Skills sector skills council, the Professional Skills for Government programme and the National School for Government. All of these have the potential to deliver the skills, training and career development to support Sir Gus's vision.

PCS does not believe that further structural changes are required. However, we have consistently raised concerns that these structures could be too narrowly focused and under-resourced and thus fail to take advantage of the opportunities that do exist to recruit, develop and retain staff in public services.

In particular, we believe that the attention must move beyond the senior civil service and central bodies to consider ways in which the massive untapped potential that exists amongst staff at lower grades can be developed. As well as widening the skills pool available to the public sector, this would also help address the diversity gap at senior levels, since the majority of women, BME and disabled staff employed by the civil service are currently at the lower grades. We contend that if greater opportunities existed for development and promotion within the civil service, there would be less need to address diversity issues by recruiting from outside the civil service at senior levels.

The PSG framework should be enhanced to provide a ladder for development and promotion extending from the bottom to the top; the resources of the National School should be used to identify and encourage staff with potential; managers must be able to provide appropriate development opportunities and support staff to take advantage of them, and training and development at every level, including basic skills, should be valued.

There is scope for improving skills development in the "core skills" of ICT, literacy and numeracy and allocating resources to meet the needs identified. A greater emphasis on transferable skills and qualifications would better enable staff in the lower grades to pursue career development and progression within the civil service.

In short, the civil service should aim to become a learning organisation and invest the necessary resources to make this happen.

The following sections address the specific questions raised by the Select Committee.

Civil Service Skills

Q1: *What skills are required to design and deliver public services, and to provide appropriate advice to Ministers? Is it reasonable to expect individual civil servants to have such a wide variety of skills?*

Public services are complex and constantly changing entities. It is therefore unlikely that any individual civil servant will have the full variety of skills and knowledge required to be able to design and deliver services and provide appropriate advice to ministers on every aspect without drawing on the expertise of others.

The emphasis therefore should be on creating an open culture where value is placed on team working, sharing knowledge and deploying skills appropriately.

All evidence to ministers should be based on an understanding of service delivery, and it would be advantageous to create opportunities for all civil servants to gain experience in this field.

It must be recognised that building up a wide variety of skills will take time and will only happen if opportunities are available to identify development needs and access training to fill the gaps.

Q2: *How appropriate and effective are the new skills initiatives that have been launched by the government in the last year?*

Through the CCSU, PCS has contributed to consultations and negotiations that led to the setting up of Government Skills and the Professional Skills for Government framework. We broadly welcome both of these developments, and are continuing to lobby for provisions—such as Basic Skills training, transferability of qualifications and roll-out to all grades—that we consider have not yet been given due importance.

Implementation of PSG at departmental level has caused some problems. In some cases unions have not been consulted on the process and in others there has been confusion about what the professional skills programme actually denotes.

Our main reservation has been that once again considerably more attention has been paid to senior levels than to opportunities for developing staff potential at lower grades.

The message that the civil service values skills development is being undermined in some parts of the civil service, for example Her Majesty's Revenue and Customs, where there appears to be an active process of de-skilling taking place. Experienced staff who have been trained to perform complex casework are being reduced to performing simple repetitive tasks in the name of "Lean" work structures. From the point of view of many junior staff Gershon efficiencies have resulted in fewer skills and fewer opportunities.

PCS believes that the Professional Skills for Government programme can provide a competence framework for the civil service and to the extent that it allows for identification of criteria that all civil servants can use as a basis for progression, we welcome it. The CCSU has identified critical factors for the success of PSG:

- Early progress in driving down the PSG agenda to more junior grades.
- The framework being sufficiently flexible to take account of the wide variety of operational circumstances and demands.
- Demonstrating that development opportunities are open to all staff and that promotion procedures fairly reflect the range of skills and competencies required in the higher grades.
- Better definition of "professionalism"" and issues for professional groups.
- Resolution of the tensions between the desire for central co-ordination and maintenance of delegated responsibility for terms and conditions of employment.

Q3: *How important is leadership within the Civil Service and are the current perceptions of a lack of leadership of particular concern?*

From the standpoint of PCS members in the lower grades of the civil service, there does seem to have been a disproportionate emphasis on leadership at the highest levels.

This seems to ignore the best management thinking on leadership, which sees it as an important skill at all levels.

There has also been little examination of the interaction between the roles of civil service leaders and those of political leaders.

Recruitment

Q4: *Does the Civil Service's recruitment strategy relate to the skills needed within the civil service?*

Much better integration is needed between recruitment, skills development and opportunities for promotion. The PSG framework could provide a way of addressing this issue.

Separating the Senior Civil Service from other civil service recruitment and development structures wastes talent and potential.

The delegation of recruitment of staff on the lower grades to departments and agencies should also be reviewed as it undermines the coherence of the civil service and results in duplication of work.

Q5: *Should more emphasis be placed on recruiting at senior levels from outside the civil service?*

In principle all recruiting should conform to equality standards and encourage applications from a wide variety of candidates. There is no advantage in recruiting to the civil service from other sectors at any level if the requisite skills can be found in existing staff, and PCS roundly rejects the notion that a candidate will have more suitable skills simply because they have worked outside the civil service.

The questions that need to be addressed are:

- What knowledge, skills and experience are needed for the post?
- How can the best range of candidates from all sectors be attracted?
- If the civil service/public sector candidates are less likely to have the required skills, why is this?
- Are there any barriers to civil service/public sector employees acquiring these skills?
- If so, how can these barriers be removed?

PCS rejects the view that external recruitment is required to improve the diversity of the senior civil service. Civil Service Statistics show that at the lower grades women, BME and disabled employees reflect the proportions of these groups in the general economically active population. It would seem more productive to take steps to improve their opportunities for advancement than to rely on recruitment to improve the balance at the higher grades.

Q6: *Does increasing external recruitment pose a threat to the values and traditions of the civil service and the continued role of the graduate fast stream recruitment?*

If the importance of values and traditions are agreed and incorporated into the recruitment and induction processes for all jobs, then external recruitment should not pose a threat.

It must be recognised that the purposes of public sector organisations are not the same as those of the private sector, and the differences must be understood by all staff. The attitude that has often prevailed has been that the private sector does things well and the public sector does things badly. This is nonsense. Good ideas and skills exist in all types of organisation.

Whilst recruiting staff from outside the civil service on permanent contracts and ensuring that suitable induction training is given should not pose a threat, the employment of consultants and agency staff on fixed-term contracts and outsourcing core functions does. Consultants, agencies and private contractors are driven by the profit factor, and this does not fit easily with the need to ensure sustainability and value for money in the public sector. The conflict that arises can easily lead to an erosion of public sector values.

Q7: *What can be learnt from recruitment of staff to private sector companies and the wider public sector?*

Civil service and public sector in general lead the way on open competition, equality standards and transparency in rewards. This should not be eroded—rather these aspects of the public sector "offer" should be more strongly communicated and celebrated.

Career Structures

Q8: *Can the requirements for varied experiences both inside and outside the civil service be reconciled with the need for specialist skills?*

The range of specialist skills deployed in the civil service is vast, and the same arrangements will not necessarily be helpful in all areas. In principle, experience of working in different organisations, both inside and outside the civil service, should enhance an individual's ability to contribute to his/her own organisation. However any framework must have scope for tailoring training and experience to the needs of the work and to the particular stage of an individual's career development.

The evidence that schemes to encourage secondments and interchange outside the civil service are used to a significant extent is sparse, and the reasons for this should be better investigated and understood.

Q9: *How can the civil service ensure that it retains and recruits talent whilst encouraging interchange?*

Over many years the civil service employment "offer" has been under attack from delegation of Terms and Conditions to individual organisations, constant cuts, restructurings and outsourcing, relatively low levels of pay and reductions in pension provisions.

A constant message from ministers of both Conservative and Labour administrations that the private sector "does things better" and rewards its staff more effectively has undermined the attractiveness of the public sector as a career. At the same time, the resources and flexibility that enables the best firms in the private sector to provide opportunities for training and development have not been replicated.

PCS itself has sought to demonstrate the inaccuracy of the presentation in the press of the civil service as "Whitehall bureaucrats", but this image has not been as robustly denounced by the Government or by the civil service and its departments as we would have hoped.

The civil service and ministers must start to emphasise the importance and variety of work done in the public sector and demonstrate the career advantages that can be gained from working in the civil service.

Q10: *Is the traditional practice of moving civil servants around departments and teams an effective use of skills and experience? How can these moves make best use of knowledge and skills acquired?*

Although PCS does not perceive that moving around departments and teams has been the norm in civil service careers, where it has existed such a programme has given civil servants a broad view of the range of government services and exposed them to different ways of operating. Despite a number of initiatives, schemes for broadening experience beyond the civil service have also not been widely used.

At the SCS level, where pay and conditions are centrally determined, there are fewer structural barriers to this approach. However, below the senior civil service grades where pay and conditions negotiations are delegated, even moving between different parts of the same department can cause difficulties. PCS believes that this is a barrier to development and career progression, and this is one of the reasons that we have been seeking to persuade the Cabinet Office, the Treasury and Departments of the need for greater coherence in pay and conditions across the civil service.

Making best use of the knowledge and skills that individuals acquire as their careers develop will require managers and employees to be more proactive in assessing and developing tailored programmes for career progression. This will demand greater investment in skilling people to undertake this activity and in allocating time for this to occur.

The cuts in staffing numbers, dispersal of government work across the UK, the focusing of resources on to the "front-line" and the introduction of working practices that narrow the field of an individual's responsibility that have featured as part of the "Efficiency" agenda also present barriers to the effective transfer of staff across departments.

Performance Management

Q11: *Do the right incentive structures and targeted performance management programmes exist to encourage a culture of excellence within the civil service?*

PCS believes that a culture of excellence is best promoted through strong organisational values rather than through the divisive mechanism of individualised rewards. We have consistently argued that performance related pay has been demonstrated to have very little effect in encouraging better performance in a field where teamwork is essential and the amounts that can be offered as bonus payments is so limited. The development of reward systems based on quotas is particularly abhorrent: if a reward is to be made available for satisfactory or exceptional performance, it should at least be given to everyone who meets the pre-set, objective criteria. The insistence by the Treasury that pay systems include an element of performance pay ties up considerable time that could be better spent improving skills development.

The assumption of any performance management system should be that everyone is performing satisfactorily. A relative system of judging performance leads to people who are completely competent being told that they are "poor performers" or "in the bottom 20%". It is hard to imagine anything that would be more de-motivating. If, judged against objective criteria, someone is not doing their job competently the reasons should be investigated and an appropriate response applied. If they are doing their job competently, they should not be harried to do better. People have different priorities and capabilities at different points in their lives and whilst good management will encourage staff to develop their full potential, putting them under inappropriate pressure will be counter-productive.

Training

Q12: *Do civil servants have access to appropriate training throughout their careers in government?*

Through the CCSU, PCS has raised with the Cabinet Office the issue of diversity and opportunities that exist in the Government Skills work programme to tackle inequalities in access to training and development provision. This links strongly with our view that an integrated approach that encourages training and development throughout the workforce will help to improve diversity at senior levels.

PCS has been active in encouraging its members to identify and pursue appropriate training through it growing network of Union Learning Reps. The Model Learning Agreement describes the role of ULRs based on the ACAS Code of Practice and highlights their potential contribution to encouraging and supporting learning and in creating a learning culture. PCS believes that this network can become a significant factor in ensuring that appropriate training opportunities are available.

Q13: *Are there particular areas where the National School should focus its training programmes?*

The National School has the potential to be a focal point for exploring, sharing and developing good practice on policy development, management and operational issues. In the past it has provided a space for contacts to be made across the civil service. It could contribute to the "joining up" of government by expanding this to include other areas of government and public service provision.

As with all training provision, PCS believes that accredited, transferable qualifications should be offered wherever possible. The National School should work closely with Government Skills and other appropriate sector skills councils to offer relevant topics and levels of training, and reflect the competencies required by the Professional Skills for Government framework. All decisions concerning topics and content should be underpinned by input from staff and trade union consultation.

PCS is disappointed that the National School seems to have moved away from inviting trade unions to contribute to content or speak at training courses. Trade unions have built up considerable expertise and developed their own training products in many areas, for example equal pay and equality impact assessments, and PCS believes that a trade union perspective would enhance a number of the courses offered.

Some organisations may benefit from tailored joint management and trade union training, and the National School could provide opportunities, akin to the TUC Partnership Institute, for such events to take place.

Q14: *What training should be provided to those who join the civil service later in their careers to ensure that they understand the values and ethos of the civil service?*

All organisations have their own values and ethos. Employees who join an organisation will be exposed to these in a variety of ways and their understanding will be enhanced or undermined by the methods and channels used. The key factor in creating understanding is the strength and consistency of the message given.

The updating of the Civil Service Code presents a good opportunity for creating and disseminating a strong and consistent message across all parts of the civil service, and to non-departmental public bodies and contracted out services, about the central values and ethos of public service.

For new entrants at all levels, appropriate induction is crucial, but there is also a need to make the Civil Service Code visible and understood by staff no matter how long they have been in post. There are also other values statements, such as the 10 Point Diversity Plan, which should be part of this message about civil service aspirations and standards. Managers should be required to ensure that all policies and procedures should be assessed to ensure that they are compatible with these values, in the same way that equality impact assessments should become routine.

The values and ethos are also important in terms of public perceptions, so the same messages need to be reflected in public statements.

Q15: *How does the School compare to other civil service training models overseas?*

Overseas models may provide lessons for civil service training provision, but such comparisons must take into account the specific structures of government that they are designed to support.

The formal provision by a publicly administered body should not be the only point of comparison however, since both in the UK and overseas a significant proportion, probably the majority, of training is actually delivered through other channels. This may be personally-funded courses, workplace training, on-line training contracted to other providers, academic courses, professional accreditation and so on. All of it contributes to the overall skills levels of the workforce and the labour market.

Q16: *What skills for government are required by new ministers; are they being cultivated effectively?*

PCS is pleased to note that training provision was made available to incoming ministers after the 1997 election and that courses are still on offer. We hope that ministers took advantage of this provision and that the offer will continue on an on-going basis for all ministers. It would be helpful if ministers would publicise the training they undertake as a means of encouraging their staff to follow their example.

PCS believes it would be helpful for ministers to undergo an initial induction programme that gave them an understanding of the whole of the civil service and government service provision, as well as the departmentally specific briefings that they require for their particular area of work.

It would perhaps be useful for all Members of Parliament to have a similar overview when they first take their seats.

THE ROLE OF THE CABINET OFFICE

Q17: *Have the changes made to the Corporate Development function within the Cabinet Office had a positive impact on civil service effectiveness?*

PCS believes that it is too early to assess the impact of the changes to the Corporate Development function within the Cabinet Office, particularly as a number of other changes have also taken place within the Cabinet Office and other factors, such as the Gershon review, are affecting the context in which they have taken place.

The constant change in status of the National School causes confusion and we hope that this will now enter a period of stability.

We also continue to seek better clarification of the strategic Human Resources role of the Cabinet Office, in particular its relationship with other departments in determining Terms and Conditions of Service principles and practice, and in developing good practice.

Q18: *Is it appropriate that the Head of the Home Civil Service is also the Cabinet Secretary and the Permanent Secretary with accounting responsibilities for the Cabinet Office?*

Although it may be argued that the separation of these roles would allow greater focus on each of them, PCS believes that on balance it is better to combine them.

If the posts were to be separated, the power and influence which derives from the daily contact with the Prime Minister diminishes. This divorces the civil service from the political realities of government and may lead to a lack of ministerial endorsement for internal civil service developments.

Q19: *have the first round of Capability Reviews carried out by the Cabinet Office been successful in identifying successes and failures within departments, and recommending action for change?*

Trade union sides were invited to contribute to the Capability Reviews in the departments covered in the first round.

Feedback from trade union representatives in these departments that they were involved in a number of ways—for example, submissions from the trade unions, meetings between the review team and the DTUS Chair and meetings between departmental management and the DTUS to discuss the findings and implementation plan.

To a great extent, neither the findings for the individual departments nor the common themes identified contained any surprises, or, rather disappointingly, any new insights. Many of the areas identified for action are those that are being addressed through other initiatives, and some areas which PCS would have identified as important were not given prominence. Some of the approaches that PCS has questioned elsewhere in this submission—such as the emphasis on attracting leadership talent from other sectors—continued to be reinforced.

A department that has the capacity to carry out its remit and be "fit for purpose" must have a workforce that is "fit for purpose". Although many of the topics covered relate to Human Resources management, many of what PCS considers to be crucial factors in attracting and supporting such a workforce were not highlighted. Equality and diversity, work-life balance and family rights, health and well-being are all areas that the Government itself promotes as providing radical solutions to productivity and capacity, but the reviews did not show how the departments could move forward in these areas.

The Reviews reflected the managerial, top-down approach to change that we have criticised earlier in this submission and they have missed the opportunity to balance this with a bottom-up approach that truly incorporated the expertise and experience of those who deliver services. Probably because of this, the solutions suggested do not reflect the imaginative strategies that would truly demonstrate leadership and inspire the workforce to deliver the quality public services that the Government seeks.

PCS therefore believes that revisions should be made to the process of carrying out Capability Reviews and that a more inclusive and innovative methodology should be established.

September 2006

Memorandum by Prospect

INTRODUCTION

1. Prospect is a TUC affiliated union representing 38,000 members across civil service departments, agencies and NDPBs. Our members are engineers, scientists, managers and specialists in areas as diverse as agriculture, defence, energy, environment, heritage and transport. Prospect has a strong commitment to enhancing skills and personal development opportunities for members, and to this end is pro-actively

involved with the work of the Sector Skills Councils covering our membership areas including Board level representation on the Government Skills Sector Skills Council. Development and roll out of the Professional Skills for Government (PSG) programme is a key area for Government Skills and is also the focus of this brief submission. We should welcome an opportunity to discuss our views and experience in greater detail.

What's Happened?

2. Prospect continues to welcome the introduction of PSG, and in particular its recognition of the importance of a professional civil service. Prospect's vision, set out in our enclosed report "Intelligent Staff, Intelligent Government" is of a new professionalism, delivered through investment in attracting, retaining and developing specialists. We stated that this required Government to:

- Recognise the essential role of professional staff in providing advice and support to government.
- Enhance the professionalism of the civil service by re-establishing specialist career paths and Heads of Profession and opening up access for specialists to the senior civil service.
- Initiate joint work to clarify the relationships between civil servants and Ministers, in particular with respect to specialist advisory functions.
- Properly resource the role of "intelligent customer", both at contract level and in delivering policy advice to government. Recent adverse procurement experience demonstrates that it is vital to retain technical skills in-house.

3. Two years after the official launch of PSG, it is timely to review progress towards achieving these objectives. In doing so, we do recognise the magnitude of the challenge involved—not least in implementing a major initiative in an environment in which civil servants are constantly being subjected to target driven change or "reform" programmes, many of which run counter to the stated objectives of PSG. In reality, the pressure to cut posts will in some areas overwhelm the opportunity for positive engagement on skills issues. For example there is a lack of confidence on our part that the Ministry of Defence can reconcile the requirements on it to cut 10,000 posts at the same time as understanding and supporting future skills needs. This is compounded by examples of staff being allowed to leave under the cuts process only for external recruitment to be needed to fill vacated posts because of a skills shortage. We are particularly concerned that to date we are not persuaded either that the Government understands the skills it has including in key service areas or the damage that previous cuts may have caused.

Limited Progress

4. Although some progress has been made in raising awareness through communication and consultation about PSG, our assessment is that this is still at a fairly low level overall. One positive example is the Department for Environment, Food and Rural Affairs, which has established a PSG implementation group including trade union representation. Another is the initiative taken by Government Skills in positively alerting all Heads of Profession to the advantages of consultation on PSG frameworks. Elsewhere however, we are aware anecdotally either that there is very little awareness of PSG or negative experience of it—or, perhaps more accurately, of how it is being interpreted at departmental level. For example, Valuation Office staff have undergone a skills assessment at mid year performance reviews, which has proved unwieldy, largely unpopular and in many cases of dubious relevance to their day-to-day job.

General v Specialist Skills

5. We are also concerned that the core PSG skills, although clearly desirable, are potentially given disproportionate weight when compared with specialist skills—for example in the area of science and technology. This is of particular concern, as a number of public challenges exist in areas such as the future policy on climate change, genetically modified foods, and use of nano-technology. Yet, as described in our enclosed report "Who's looking after British science?", the Government simply does not know how many scientists it employs, let alone their areas of expertise. It therefore cannot make any credible assessment of its own capability to meet future needs.

6. It also seems to us that there is a real issue that staff in senior grades with in depth specialist expertise will lose out on performance assessments undertaken through the PSG framework, as the 'generic' skills of PSG will effectively take precedence over job related professional expertise. On a practical level we are also concerned, given significant variations in their circumstances, about the willingness and capacity of all Heads of Professions to tackle these important issues. Furthermore, there are substantial swathes of civil service expertise that are not even covered by a Head of Profession—including for example engineers, surveyors, health and safety inspectors, insolvency professionals. etc. The end result of this could be to steer people away from being a technical specialist and towards acquiring generic "management" skills. Whilst there is clearly a need for all senior grade civil servants to have a reasonable range of skills, in depth expertise remains vital to government not least in advisory and "intelligent customer" roles.

SCALE OF THE CHALLENGE

7. All of these challenges will become more acute as PSG is rolled out below Grade 7. Whilst we recognised from the outset that the PSG framework would need to be sufficiently flexible to take account of a wide variety of operational circumstances and demands, the laissez faire approach so far taken below Grade 7 carries significant risks of diluting or misrepresenting the PSG "brand" especially as there is no requirement to consult with staff or unions about the approach taken. It will be crucially important, for example, that development opportunities are demonstrably open to all staff and that promotion procedures fairly reflect the range of skills and competencies actually required in higher grades. Staff need to know both what they have to achieve and what they need to do in order to meet the requirements, and there needs to be proper development opportunities for specialists who may not want to be managers.

8. It is our view that where appropriate, PSG should also help and support both the achievement of professional status and continuing professional development—as regulated by a recognised professional body. Where such professional accreditation is required, the PSG programme must neither dilute professional standards nor be used to deprofessionalise areas of work. A key test will be the extent to which this initiative opens access for specialists to the Senior Civil Service. Currently only 23% of the top 850 postholders identify themselves as having any professional specialism and, of these, 43% are lawyers and 14% economists, compared with just 5% who are scientists and 4% engineers.

9. A broader challenge will be to resolve the tensions between the desire for central co-ordination on professional skills and maintenance of delegated responsibility for terms and conditions of employment. This is a core practical concern since the variations that now exist in pay and other conditions across departments and agencies constitute a major barrier to movement. Nonetheless, Prospect does consider it important that there is a central co-ordinating role, for example in ensuring that standards and competencies are applied consistently across departments and that differences in practice which could impede career profession across departmental boundaries do not emerge. If there is serious intent to encourage such movement, this role should also extend to Non Departmental Public Bodies. Co-ordination and monitoring is also needed to ensure that the PSG agenda supports diversity programmes. For instance, there is still unwelcome evidence of inequality in performance and development reviews which, unless effectively addressed, could restrict access to some groups to new training and development opportunities.

10. In conclusion, we believe that although work has been done to address some of the issues, insufficient work has been done to ascertain skill requirements particularly in the areas of science and technology. The Government is both a key user and key employer of these skills. It can thus also help to stimulate interest in careers that are currently lagging and which are of crucial importance to the UK's future economic health.

4 October 2006

Memorandum by the FDA

1. *What skills are required to design and deliver public services, and to provide appropriate advice to Ministers? Is it reasonable to expect individual civil servants to have such a wide variety of skills?*

1.1 It needs to be recognised that the civil service, and wider public sector, is a complex and challenging environment. Leaders in the public sector now require a broader range or focus of skills than might have been the case twenty five years or more ago. There is perhaps a greater emphasis on the importance of coalition building; managing conflict and politics; gaining legitimacy and support; and in interacting with (in a broad sense) service providers from the private and third sectors. There are also important governance challenges. A number of features specific to public service organisations have been identified (Benington & Hartley, 1999) as impacting on the forms of leadership required. These include the explicit role played by values and interests (political and professional), contestation of competing values, interests and priorities within public forums, the impact of government policies and budgets, and the need to extend leadership and management beyond the boundaries of the immediate institution and inter-organisational networks.

2. *How appropriate and effective are the new skills initiatives that have been launched by government in the last year?*

2.1 The FDA has been strongly supportive of the principles underlying the Professional Skills for Government programme launched in October 2004 by the then Cabinet Secretary, Sir Andrew Turnbull, and taken forward by his successor Sir Gus O'Donnell. The FDA was consulted during the development of the programme and has continued to have regular dialogue with the Cabinet Office and individual departments about its development and implementation. We are satisfied that the programme captures some of the core skills that will be required by civil servants in the coming years to devise, design and deliver public services and to support Ministers. As the programme looks to the future it is essential that sufficient mechanisms are also in place to identify new skills and requirements and to have the flexibility to adopt and adapt initiatives for the changing external environment. However, we have concerns about the experience to date of its implementation.

2.2 In August 2006 the FDA conducted a survey of our civil service members and a copy of a summary of the results published in the September edition of our magazine, PSM, is attached for information. Also attached is a copy of the survey questionnaire. Further, more detailed, data can be provided to the Select Committee if it would be helpful.

2.3 Key findings of the survey include:

- Only 19.6% think the aims of PSG are achievable.
- Only 20% of managers believe they have sufficient resources for PSG to be a success.
- 79.9% of specialists do not think their needs are catered for in PSG.
- 12.3% of members think a link between pay and PSG would be a good thing.
- 37.3% think PSG will ultimately make them more effective in their role.
- 97.1% think that skills gained on secondment or before joining the civil service should count as "broader experience" under PSG.
- and 52.9% of respondents had a recognised professional qualification.
- 30.1% think that departments are not taking PSG very seriously.
- Only 31.5% of members have completed a PSG development plan.

2.4 The FDA has also stressed the importance of the Cabinet Office and departments ensuring that adequate resources for the training, development and support of staff are made available. It is unfortunate that this important programme has been launched at a time when departments are in the main facing cuts in their running cost budgets, a process which will continue until at least 2011. There will also need to be proper monitoring and evaluation of the programme within and across departments, with openness and transparency regarding the use of information gathered under the programme and how it will impact on the future career prospects of individuals.

2.5 While desirable in principle, it remains to be seen how practical it is to expect middle level managers in particular to have sufficient expertise across the three streams identified in PSG. Moreover, the delivery of effective public services does not rest with the civil service alone. It is far from clear how the programme of developing suitable skills within the civil service will translate into the range of other bodies who have a part to play in securing effective change in say the NHS, the criminal justice system, education or the like.

2.6 The FDA would welcome a more holistic approach based on what works, rather than relying simply on political exhortation and too often unrealistic target setting. This approach, moreover, should recognise on the one hand the legitimate role of elected politicians at every level and on the other the need for professional managers to have clarity and certainty in relation to objectives and resourcing to provide a context in which they can be expected to deliver appropriate outcomes. A guiding principle of public service is the notion of the provision of consistent public services—it is charged with providing these for the future as well as for the present. Professional managers may often be looking to create and provide public value with this perspective in mind.

3. *How important is leadership within the Civil Service and are the current perceptions of a lack of leadership of particular concern?*

3.1 The FDA believes that leadership is a critical skill and facility within the civil service which is manifested at many levels of the organisation. For example, an Executive Officer leading a team in a local office must demonstrate leadership skills just as much as a senior manager in a core department. Also, many technical specialists at senior levels within the civil service, for example senior lawyers, have leadership roles as well as needing a high level of professional and technical knowledge. Again, the FDA has been involved in dialogue with the Cabinet Office regarding the new set of leadership qualities for the SCS announced in March 2006.

3.2 We acknowledge that there is concern both within the SCS and from more junior staff about the leadership skills of individuals. This has partly arisen because of the continued lack of sufficient emphasis within the civil service on leadership and management skills over many years, although we believe that the situation is considerably better than say 10–15 years ago. At a time when the civil service has been under considerable public and political scrutiny, and is also subject to the pressure of change that has affected organisations across the economy, high quality leadership will be critical to the future success of the organisation.

3.3 That said, we believe that the leadership skills available in the civil service are at least as good as those apparent in many other organisations. The civil service also has the additional complication of the political environment within which many FDA members operate which poses additional challenges. We are concerned about a problem of perception arising from, for example, Ministerial changes, the persistent blame culture, inadequate resources, and sometimes changing or inconsistent targets. There can also be confusion about the role of Ministers as head of department which can constrain (and confuse) especially as loyalties are not always clear; is that of the particular civil servant to a Minister (or the Prime Minister), to "customers", to the tax payer, to the Department, to their own project, or line manager? Civil servants must be clearly and properly accountable and any widespread perception of poor leadership, except where

it has been shown to be the case, is deeply troubling. Unlike the private sector there are often no clear outcomes which indicate success (for example, a financial "bottom line"). The first four Capability Reviews highlighted differences between departments rather than any common pattern, in particular any failings, in the quality of leadership demonstrated at senior levels.

4. *Does the Civil Service's recruitment strategy relate to the skills needed within the civil service?*

4.1 Most recruitment currently takes place at either the most junior levels of the civil service (where arguably these skill issues are not pronounced), or into either the fast stream or the Senior Civil Service (SCS). For recruitment into the SCS at present it is clearly important that recruitment strategies are aligned to the criteria set out in the PSG Programme (assuming general agreement that PSG is the right framework for delivering the Government's programme). Fast streamers in particular represent the 'seed corn' for the highest ranks of the civil service in years to come. The majority of fast streamers continue to come direct from university, and there may be case for moving to a different pattern, but while current expectations are important and PSG has a relevance, criteria for recruiting them should be able to look ahead to the kind of requirements which might be foreseen in 10, 15 or 20 years' time. Granted that that is by no means easy, the civil service has arguably suffered in the past for recruiting in the image of the people being promoted at the time rather than a longer term perspectives. PSG can only be a part of the criteria against which aspiring fast streamers can be judged.

5. *Should more emphasis be placed on recruiting at senior levels from outside the civil service?*

5.1 The FDA does not believe that any greater emphasis need be placed on recruiting at senior level from outside the civil service. We have recognised the value of individuals joining the civil service at SCS levels having had experience of either the wider public sector or the private sector. This has been particularly helpful where there has been clear evidence that a particular skill is not available internally within a department for a very specialist post. However, in an organisation of more than half a million staff there should be an emphasis on ensuring that as many senior staff as possible are developed internally. Currently some 35% of SCS posts are filled directly by external appointees and this may already be too high a proportion. We would be concerned were the proportion of external appointees to increase. A significant departure from this is likely to have an effect also on recruitment at lower levels and impact on the quality of the civil service at all levels.

5.2 It should also be emphasised there is increasing evidence of a two tier pay market having developed as a consequence of external recruitment, whereby those recruited even from within the wider public sector have, as a consequence of pay drift between that of the SCS and comparable public sector jobs, led to individuals being appointed into the SCS being paid many thousands of pounds more than would have been paid to an internal promotee or individual moved laterally. This is leading to increasing problems of morale and is being taken forward by both the Cabinet Office and the FDA in evidence to the Senior Salaries Review Body (SSRB). Departments themselves have argued in the Government's evidence in the Review Body in Autumn 2005 that this current pay differential is neither justified nor sustainable.

5.3 An additional problem with some external appointees who were appointed to a specific post is that they do not necessarily have the skills and experience to move into other senior posts. This in turn limits their value to the civil service in the round.

5.4 Moreover, anecdotally our members tell us that the external recruit is often unused or unable to operate effectively in the civil service environment and rely heavily on the goodwill of colleagues. Whilst this is clearly not so in all cases, we are not aware of any objective evaluation of the success of recruiting from outside or the factors which are material in determining when such recruitment can be beneficial.

6. *Does increasing external recruitment pose a threat to the values and traditions of the civil service and the continued role of the graduate fast stream recruitment?*

6.1 There is no a priori reason why external appointments into the SCS should pose a threat to the values and traditions of the civil service. However, this is predicated upon a strong commitment by the Cabinet Office and departments to ensuring that all external appointees are given effective training and a strong understanding of the values of the civil service and the behaviours expected. This is particularly important with individuals joining the civil service from the private sector who may in turn feel only a temporary commitment to the civil service and moreover face potential conflicts of interest if their ambition is to return to a private sector post given that they inevitably do so in an area where their civil service activity would have a bearing. If the trust of the public is to be maintained an increased reliance on external appointments must be accompanied by an increasing willingness to use the rules to prevent former civil servants taking jobs that provide a conflict of interest.

6.2 The potential danger to the role of graduate fast stream recruitment is that talented graduates are in effect discouraged from joining the civil service because the increasing number of senior appointments being filled externally restricts the opportunities for promotion. That said, there is no evidence at the moment for a decline in the number of high quality graduates seeking employment in the civil service and there is no

doubt that experience of work in central government is still highly valued by employers in their own recruitment searches. However, graduate recruitment is unlikely to be of benefit to the taxpayer if many of the recruits are either not minded to remain in (or return to) the civil service or find that alternative employment offers are too good to turn down.

7. *What can be learnt from the recruitment of staff to private sector companies and the wider public sector?*

7.1 The civil service has always maintained high standards in its recruitment practises, particularly at senior levels, and has in general a significantly higher proportion of women holding senior posts compared to the private sector and even other areas of the public sector. Our view would be therefore that other organisations have more to learn from the civil service than visa versa. Certainly, recruitment by head hunting or poaching from rival organisations as is often seen in the private sector is at odds with the transparent selection on merit which is a key to civil service recruitment. A move to such approaches would also have significant diversity and equalities issues. The FDA would deplore any move away from those principles, where the civil service is widely seen as a benchmark.

8. *Can the requirements for varied experiences both inside and outside the civil service be reconciled with the need for specialist skills?*

8.1 As noted above, there remain considerable concerns amongst our members having specialist skills (usually associated with a technical qualification, for example as a lawyer or economist) about broader requirements which may take them away from their professional expertise (and create difficulties in returning if they nevertheless have to maintain their professional skills and knowledge in another environment). The experience of movement within and beyond the civil service will tend to depend upon the technical specialism being considered. The FDA has already been in discussion with departments about how best to ensure that such individuals can gain the variety of experience that is expected under PSG and how departments can take a tailored approach.

8.2 For some specialisms the opportunities even beyond their own department will be limited. An example would be trained tax inspectors working within HM Revenue and Customs. Some individuals do take secondments to other departments, for example HM Treasury, and there might occasionally be opportunities either at an international public sector level or even in the private sector. However, the skills are primarily located within and pertinent to their own department. There are also limitations upon for example prosecuting lawyers in the CPS or Procurator Fiscal Service where in the main their counterparts would be working in private practice defending clients.

8.3 There are also technical specialisms where central government is the major employer within the UK, for example statisticians, or those for whom their civil service career path quite often requires movement between departments, as is the case in the Government Legal Service. For such people the nature of the varied experience may differ from that of staff in other specialisms. It is important that mechanisms to secure broader experience (whether within or outwith the civil service) can be operated flexibly and reflect the circumstances of the staff concerned.

8.4 The FDA believes that the PSG programme can accommodate specialist skills and offer appropriate opportunities to gain a breadth of experience but this is dependent upon the programme being effectively and flexibly implemented by departments and by the Management Units for the appropriate professional groups. The FDA was pleased that the Cabinet Office facilitated the establishment of a network of Management Units to assist with the implementation of PSG at an early stage.

8.5 However, specialist staff, especially at the more senior levels, have only relatively limited openings for them within the civil service and even with the necessary goodwill it will not always be possible to place them back in government after a spell elsewhere. The Select Committee is right to focus on these tensions.

8.6 Many members already have considerable experience outside the civil service when they first join and many will continue to develop this whilst they are in the civil service through, for example, professional contacts and cross-boundary working. This does not seem to be recognised. This also means that the civil service may not be harnessing the skills, creativity and abilities that it already has. This could be utilised, and a more "joined up" approach might involve specialist and other staff within civil service sharing their expertise, skills and "lessons learned" with others across government.

9. *How can the civil service ensure it retains and recruits talent whilst encouraging interchange?*

9.1 The FDA has generally welcomed and encouraged programmes to facilitate secondment and interchange but we remain concerned that the practice by departments and the management of such of this process is often flawed. In a survey of our SCS members conducted in autumn 2005 some 40% reported that they had worked outside of their department in the past six years. Of this 40%, two thirds had worked in other government departments, 20% in the wider public sector, and 6% in the private sector. Whilst 68% were satisfied with the overall handling of the secondment, some 45% were dissatisfied with the specific arrangements to keep in touch with their parent department, and 44% dissatisfied with the arrangements on returning from secondment.

9.2 There are only limited steps that the civil service can take as an employer to retain individuals where alternative job opportunities open up as a consequence of an interchange when the reward package is the critical factor. However, more effective management of interchange and secondment with mechanisms in place to liaise regularly with the individual concerned, to keep them closely in touch with developments in their parent department, and active steps to facilitate their return into a department can do much to ensure that individuals feel motivated to return to an appropriate civil service vacancy, particularly at a time when many senior posts are the subject of restructuring and many departments are undergoing downsizing at every level.

10. *Is the traditional practice of moving civil servants around departments and teams an effective use of skills and experience? How can these moves make best use of any knowledge and skills acquired?*

10.1 We questioned the use of the term "traditional practice of moving civil servants around departments" as this is in fact a relatively recent development, except for those in technical specialisms. Until relatively recently, civil servants reaching the SCS or equivalent within a department would by and large have spent almost all of their careers working within their department, and the majority of Permanent Secretaries were traditionally recruited from within their department rather than, as has now become the case, appointed into the post from a different department or even from outside the civil service. The danger however as noted in the Select Committee's Issues and Questions (I&Q) paper is that collective memory can very easily be lost.

10.2 A recent example is the Home Office, where appointments to the Management Board and at Director level in the period after the 2001 General Election of individuals, almost none of whom had previously worked within the department, led to a critical lack of collective memory and understanding of the day to day work of the department that can be argued to have contributed to the very public difficulties experienced during the first half of 2006. This is not intended as a criticism of the individuals appointed into the posts, all of whom had an excellent track record in other parts of the civil service or the wider public sector. Instead, the problem was this critical loss of the collective memory within the department which also led to a sense of demoralisation and disengagement by staff in grades below. It is important that lessons are learnt from experiences such as this, and departments ensure that an appropriate balance of skills and background are maintained at senior levels to avoid such difficulties becoming apparent in future.

10.3 There has in the past been much criticism of the traditional civil service "generalist" but in practice, as the Select Committee notes, there is value in specialist knowledge and experience. The FDA is concerned at the current practice of insisting that all SCS staff should move to a new post after four years, almost regardless of the importance of their expertise and knowledge to the organisation, and often heedless of the wishes of the individuals themselves.

11. *Do the right incentive structures and targeted performance management programmes exist to encourage a culture of excellence within the civil service?*

11.1 Performance management is a difficult process within any organisation and there is no evidence that suggests that the civil service is either better or worse than other organisations in its implementation and practice. The survey quoted in the I&Q paper did not make clear the grading level of the poor performance that was being commented upon. In other words, was this a criticism by individuals of how poor performance at junior levels was dealt with, poor performance at all levels of their department, or only a critique of poor performance at senior levels? Nor does the FDA accept the perception expressed by the Rt Hon Michael Howard as accurate of his time as a Minister. We do appreciate that there is a wider issue of the accountability of Senior Civil Servants and of Ministers that the Select Committee has explored separately and will no doubt wish to continue consideration of in the coming months, and we believe that this issue is best dealt with separately.

11.2 In general, it is important that managers at every level of an organisation have the skills and confidence to manage effectively the performance of staff that report to them. This is in the interest of everyone working in the organisation as poor performance has an impact on the colleagues of the individual concerned just as much as upon his or her manager. Performance management systems in the civil service have been refined regularly over the past twenty years and their success or failure is in some measure dependent on the skills and training of the individual manager. The first four Capability Reviews highlighted a variety of experience across the departments concerned, by no means all negative. It is true to say that some individual managers shy away from effective performance management and the confrontation that this can sometimes engender, but we believe that this is less the case than might have been in earlier years. This in turn is partly a consequence of the more sophisticated use of objectives at all levels of departments and the wider pressures upon the civil service.

11.3 We have never been presented with any convincing evidence about the motivating effect of performance pay and again this has been the subject of considerable discussion and debate, touched upon by the Select Committee in the past, and certainly with successive Governments over many years. Given the complex and subjective nature of civil service work with multiple, often conflicting, objectives most theory suggests that incentive pay mechanisms would be ineffective for many civil service jobs (particularly those

at senior levels and those in "policy"). We would argue that our members have a commitment to the success of their department and to the delivery of effective public services, and that there should be in place a range of motivating factors that do not rely upon performance related pay to encourage good performance. This includes effective leadership by, and the provision of, role models from the most senior levels of departments coupled with a culture that fosters a high quality working environment. The attacks by some Ministers and politicians upon the civil service under successive Governments have done little to foster such a culture.

11.4 As the Select Committee has considered in the past, there is a public sector ethos and a genuine commitment to serving the public interest which acts as a powerful driver and motivator for FDA members and other civil servants.

12. *Do civil servants have access to appropriate training throughout their careers in government?*

12.1 FDA members have in general had good access to training opportunities during their careers. The training appropriate to our members is now to an extent reflected within the PSG programme, and our comments above are appropriate to this question. We are of the view that continuous training and development should be available to all civil servants throughout their careers, and one test of the PSG programme will be whether it is able to offer this in an effective manner. Access to training, however, often depends on the attitude of the local line manager and there is an obligation on all departments to ensure that adequate resources for effective training are available and that they create a climate where training and career development is not determined by the luck of the organisational budget or a line manager lottery. It will be important that departments avoid slipping into a "tick box" approach to PSG as it develops. The training supplied and delivered should be relevant and focused on the requirements of individuals and the needs of civil service. Whilst it needs to be aligned to the current environment it must also take into account building the necessary capacity for the future, enhancing (and not stifling) adaptive leadership and creativity.

13. *Are there particular areas where the National School should focus its training programmes?*

13.1 Given the importance of the PSG programme and the skills set that it is seeking to develop for our members, it is important that the National School takes full account. It will be important for its success that it works closely with departments to ensure that the needs of individual departments are central to its development. There were criticisms in the past of the Civil Service College that it was insufficiently flexible and insufficiently aware of departmental needs. The National School can also play a valuable role in encouraging a wider public sector approach to training and development at more senior levels, and it is important that it is attuned to the needs of other parts of the public sector in own development programmes.

13.2 The civil service has not in the past been as adept as it might have been in learning not only from best practice in other parts of the public sector and the wider UK economy but also from international experience; also, of learning from and transmitting the lessons of problems that have arisen within the civil service itself, whether for example at a broad operational level or in the handling of particular crises. The National School can play an important role in remedying both of these deficiencies as well as drawing upon the research of universities and professional organisations and drawing out their relevance for the civil service. There is also a role of the National School in helping some external recruits to understand the context of their new employment.

14. *What training should be provided to those who join the civil service later in their careers to ensure they understand the values and ethos of the civil service?*

14.1 As noted above in answering question 6, programmes for those joining in particular the SCS later in their careers should focus not only on developing an effective understanding of the political environment within which the civil service operates but also upon the ethos and values of the civil service, including those encapsulated within the Civil Service Code. Participation in such programmes should take place at the beginning of an appointment. See also question 13 above too.

15. *How does the School compare to other civil service training models overseas?*

15.1 It will be important that the National School takes full account of the experience of international civil service training models and is able to draw upon their experience, whilst recognising and understanding the different environments within which civil service structures operate from country to country. We would also want them to have full regard to the different nature of the role of civil servants in the devolved administrations. Whilst policy transfer and lessons learned from other jurisdictions can be extremely helpful, the context within which such training models have been developed and are being implemented must also be taken into account to ensure that appropriate adaptations are made.

16. *What skills for government are required by new ministers; are they being cultivated effectively?*

16.1 The FDA has noted in past evidence to the Select Committee that Ministers would often benefit from structured training. This should be offered not only on first appointment of an MP (or Peer) as a Minister but also continue on a structured basis throughout their period in office. Part of this will be to assist in acclimatising to the demands of individual departments but also in developing their own personal skills and competencies.

16.2 We were pleased to note that a programme was taking place during September 2006 and that a number of Ministers had publicly acknowledged that they would be playing a part in this. There seems to have been a unhelpful culture historically in that Ministers felt reluctant to publicly acknowledge that they were participating in such training and development, which is curious when Ministers themselves have emphasised the importance of such personal development in every other sector of the economy, and when the leaders of most other organisations are often proud to acknowledge that they themselves continued to take part in personal development programmes and take advantage of mentoring and coaching, as Sir Gus O'Donnell has done since his appointment as Cabinet Secretary.

16.3 Ministers are no different to any other individual in a work environment in that the needs will differ from person to person. For some, for example, even basic IT training might be appropriate whilst for others tactful assistance in interpersonal skills might be beneficial. Whatever the development needs of the individual the important point is to avoid any sense of stigma and for there to be a clear recognition that structured training and development can help to ensure that a Minister is as effective as possible in their public role.

16.4 Consideration might also be given to appropriate development programmes for all Members of Parliament, particularly when they are first elected and may have little or no understanding of either the detailed working of Parliament or of the machinery of central government. The Select Committee might also wish to consider the work that has been undertaken in the Scottish Parliament and the National Assembly of Wales.

17. *Have the changes made to the Corporate Development function within the Cabinet Office had a positive impact on civil service effectiveness?*

17.1 The Corporate Development function within the Cabinet Office is still undergoing reorganisation following the appointment of Sir Gus O'Donnell as Cabinet Secretary and Gill Rider, who entered the civil service within the last four months, as the Director General responsible for Corporate Development. We are not therefore in a position to make an effective judgement as to whether the changes that appear to be taking place will enhance its role.

17.2 Over the longer period we have been concerned at the lack of clarity about what the role of the Corporate Development function within the Cabinet Office should be and its interaction with departments. All too often it has appeared to have neither the authority to ensure the effective implementation of initiatives, nor the confidence of departments themselves in many of its activities. We believe that an effective "centre" is critical for the future success of the civil service; it needs to achieve a balance between the delegations and flexibility necessary to individual departments and the maintenance of a corporate understanding of the 'people' dimensions of the civil service.

17.3 As Crown Servants the constitutional position is that a civil servants owes his or her loyalty to Ministers of the Administration (ie HM Government and the devolved administrations) in which they serve. The Civil Service Code explains the context in which civil servants must carry out these duties and makes clear the responsibilities to the wider concept of Government, as well as to "the public, other organisations it works with, and its many customers, and to fulfil its role in national life" to which a civil servant must adhere. Therefore with increasing periods in other Departments or agencies, even at relatively junior levels, it is important for the individual civil servant as well as the corporate organisation that the Cabinet Office (or other appropriate mechanism) is able to provide some consistency and commonality.

18. *Is it appropriate that the Head of the Home Civil Service is also the Cabinet Secretary and Permanent Secretary with accounting responsibilities for the Cabinet Office?*

18.1 This is, to be frank, an "old chestnut". The view of the FDA over many years remains that combining the post of Cabinet Secretary and Head of the Civil Service is on balance preferable to a separation of the posts as has been the case at some periods in civil service history. Put crudely, the Cabinet Secretary in advising the Prime Minister and other senior colleagues on key issues of policy is strengthened by having a clear understanding and leadership role within the machinery of the civil service, and a Head of the Civil Service who was not Cabinet Secretary would be weaker by lacking the day to day access to the Prime Minister that is available to the Cabinet Secretary. In turn, the Cabinet Office has a dual function of both servicing the Cabinet through the Secretariats (as well as its role over intelligence and security matters) and also the oversight of the civil service machinery. The current position therefore, including that of the Cabinet Secretary being the accounting officer for the Cabinet Office, might not be ideal but we believe that it is probably the best option in the round.

19. *Have the first round of Capability Reviews carried out by the Cabinet Office been successful in identifying successes and failures within departments, and recommending action for change?*

19.1 The FDA was consulted about the undertaking of the Capability Reviews and believes that the initial four reports offered a useful overview about the position in the departments concerned, whilst not accepting all of the detail of the individual reviews. In discussions with members there has been an acknowledgement of the valuable work undertaken by the Review teams and the different experiences that they brought to bear in their assessment of departments, whilst also acknowledging that the Reviews themselves were conducted in a relatively short space of time, in some cases in the most difficult possible circumstances, and acted as a snapshot of the state of a particular department. We will be monitoring the experience of the next cycle of departments.

19.2 The current round of Capability Reviews will offer a useful baseline against which to monitor the development of each department, recognising that this will take place in a climate of staffing and budget reductions which will place increasing pressures not only on the work of the civil servants within departments but also on Ministers in determining priorities within their areas of responsibility.

19.3 We are not convinced however that the Reviews themselves have offered any great insights into the work of individual departments, and the areas of weakness identified were often ones of which there was already an understanding and in many cases where actions were already being identified by departments to remedy the perceived shortcomings. Thus, while the Reviews need to be followed up effectively, we would not want to see them generating a further bureaucratic round being conducted in parallels with comprehensive spending reviews and a range of other Departmental reviews. They can provide a useful focus for further work, but that should be integrated carefully into Departmental programmes and not be allowed to become yet another central overlay adding to a plethora of other internally and externally driven review processes.

September 2006

Memorandum by Professor Colin Talbot, Chair of Public Policy and Management, Manchester Business School and Director, the Herbert Simon Institute, University of Manchester

The purpose of this memo is to invite the Committee to consider a rather different view of the roles, and therefore skills required, of senior civil servants. This is view is based on a model of public sector leadership being developed by myself and colleagues at MBS[1].

Senior civil servants have four distinct, overlapping and sometimes contradictory roles:

— Policy Advisers.

— Organisational Managers.

— Collaborators.

— Conservators.

The role of Policy Adviser is the one most discussed and celebrated in the British Civil Service, which prides itself above all on the support it gives to Ministers in this respect. How far this role spills over into being policy-makers, as opposed to just advisers, has been the subject of much academic analysis (and some pretty good TV comedy) but the official position is that Civil Servants provide impartial, well-crafted and analysed, policy advice for Ministers.

There are two perennial problems endemic to this role. First, the issue of "politicisation" of the Civil Service. The closer and more exclusively senior Civil Servants serve Ministers, and only Ministers, the louder the accusations of politicisation. The Armstrong doctrine of the Civil Service having no constitutional personality separate and apart from that of the government of the day—ie the "inseparability" of the political-administrative components of the executive arm of government—is almost unique in advanced democracies.

In our executive dominated system this results in what some regard as an unhealthy closeness between politics and administration. At best it results in what I have previously described as "serial monogamy". As the recent IPPR report on Whitehall emphasises, greater clarity about the respective roles of Ministers and mandarins, embedded in legislation, and a greater accountability of Civil Servants to Parliament would begin to re-balance this relationship.

The second problem relates to the second role—that of Organisational Managers. In the seminal "Next Steps" report (1988) this was characterised as Senior Civil Servants spending all their time looking upwards towards policy and Ministers and very little time looking downwards to the organisations over which they had direct stewardship.

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[1] What we are provisionally calling the "New Public Leadership Model".

"Next Steps" sought to address this problem by creating a new breed of Organisational Managers (Agency Chief Executives) and this is the same line being pursued by Professional Skills for Government (PSG) in the split between Policy and Operational management.

The third role of Senior Civil Servants is in acting as Collaborators with other public servants—domestically within government, between different levels of government and governance and with other public services and internationally with other relevant public bodies. The domestic part of this role has more recently been addressed around the them of "Joined Up Government" (JUG). It has been argued by those who see the state as increasingly "hollowed out" or "decentred" that this role is becoming increasingly important.

Finally, and probably the most neglected area (in the UK at least) is Civil Servants role as Conservators[2]. By this is meant their role in protecting and developing national and community institutions. For example, the UK Civil Service can in some situations play an important constitutional role (for example when there is a hung-Parliament). On a more everyday level they sometimes have protect activities against undue interference by Ministers, or even (as in the case of alleged Ministerial impropriety) investigate them. In other countries (eg France and the USA) this role extends to developing ideas about the shared national or public interest and even on specific policy areas, independently of elected representatives (although always recognising their ultimate right to decide). It includes, for example, developing what has become known as "social capital", especially in relation to the public domain; promoting compliance with law and regulation; defending democratic institutions; and promoting shared values. This role is sometimes assumed much more openly by other public service leaders in the UK outside of the Civil Service (eg chief executives in local government or chief constables). In the Civil Service it remains part of the "hidden wiring" (in Peter Hennessy's memorable phrase).

All the current evidence seems to suggest that whilst the British Civil Service may be good at the first of these roles (Policy Advice—although even this is suspect[3]) and at the more constitutional aspects of the last (Conservators), it is weak in almost every other respect. It is (still) poor at Organisational Management[4] (although this has improved in some agencies). It is still woefully weak on Collaboration both within Whitehall and between itself and the rest of the public sector. And it plays no independent role in shaping debates about national issues (except behind closed doors in Whitehall). (The latter is admittedly contentious in a UK national government context—although much less controversial in many other states or other levels of UK governance).

The Conservator role is perhaps the least commented upon (except by a few constitutional experts from a rather narrow perspective). This is perhaps because our democratic institutions function reasonably well—in other countries where state-building is a priority this role takes on much greater importance. But as already mentioned even in well-established democracies the Conservator role can be much more openly expressed without undermining democratic governance or Ministerial accountability. Indeed it can make a very positive contribution to policy debates to be able to hear more clearly the views of expert managers and administrators in the field. There is clearly a tension between this role and serving the elected government of the day, but it a tension which exists whether the Conservator role is transparent or opaque.

Moreover, and this is the real point, these are not distinct and separate roles which can be addressed purely individually—they are a package which has to be balanced and rebalanced continuously. The weaknesses which exist in policy-making, for example, are usually attributable to lack of expertise of those involved in Organisational and Collaborative leadership rather than a lack of technical expertise in policy analysis (although that happens too). Similarly, keeping "operational" managers away from the policy process would inevitably weaken their capacity to run operations in a way that is properly responsive to policy needs.

Does the PSG address these issues? Hardly, and in some respects it makes things worse. The continuation into PSG of the Next Steps solution of separating policy-making and implementation (this time by making them separate professions) compounds the problems of faulty policy making and poor delivery. PSG does nothing to bridge the divide between "thinkers" and "doers" and may even make it more problematic. It was not that long ago that a Permanent Secretary commented "those who can do policy, those who can't run agencies." PSG tries to assert equivalence between policy and operational skills, but that is not the dominant view in the commanding heights of the Civil Service. A simple count of the disproportionate number of senior posts given to policy work would confirm this. Whilst this remains so, the 'real' career choice for most bright young civil servants will be towards Policy (and the hidden Conservator role) rather than Operations and Collaboration. Only when Fast Stream entrants start demanding more front-line experience in managing services will we know that a real shift has taken place and delivery has assumed it rightful place in the professional skills for government which we rightly expect of our public servants.

2 December 2006

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[2] This term has been borrowed from a US colleague Professor Larry Terry in his book "Leadership of Public Bureaucracies" (2003).

[3] See for example the recent IPPR Report on Whitehall. It also somewhat curious that the Capability Reviews looked at Leadership, Strategy and Delivery but not at the Policy roles, a very strange omission.

[4] See the recent Capability Reviews.

Memorandum by David Walker, Editor, Public Magazine, The Guardian

My submission consists of this memo, offering thoughts prior to the evidence session planned for 7 December, together with a PDF file of an article appearing in December's edition of Public magazine about Gill Rider, director general, leadership and people strategy in the Cabinet Office.

This memo is in four sections: "big questions"; is there a skills deficit; some observations picking up from the submission by Professor Colin Talbot; a note on Professional Skills for Government.

A. *We cannot entirely ignore bigger questions, which you have addressed before.*

1. What is the "civil service"? Outside the main Whitehall departments, it's a moveable feast. Staff at the Ofsted are, at the Healthcare Commission they aren't. Magistrates courts' people weren't but are now they are in HM Courts Service; Forensic Science were but now aren't. Definitions are arbitrary and accidental. The point, here, is that without some theory about the role it's hard to talk generally about what the role requires in knowledge and skills, or think coherently about training, formation and apportioning a body of skills to the tasks of government.

Recent focus on delivery and the beginnings of "delivery chain analysis" (see recent work by the National Audit Office) make these distinctions even less comprehensible. Capability reviews of Whitehall departments (at least those so far published) said there are problems in the relationship between department and agencies/non-departmental public bodies. Part of the solution might be to reinvent public service as a generic function, perhaps with some common elements of training, practice or ethical preparation. But nobody, in our system, thinks about the state as a whole nor about the supply of talent, the dimensions of the pool or the inter-operability of skill sets.

2. What do permanent secretaries do? It's not that Whitehall won't give you an answer, rather that there are too many answers for comfort. They minister to ministers; they uphold constitutional niceties (which may include disapproval of what's said to whom inside ministerial marriages); they chair corporate boards; they tender policy advice on the basis a) of their own knowledge or b) as impresarios of departmental knowledge; they manage organisations. Jacks of all trades tend, so the proverb went, to be masters of none—and of course the male nouns are appropriate still. We know, in practice, permanent secretaries specialise. Some focus on being the minister's helpmeet, others simply try to keep the administrative show on the road.

The point, today, is how difficult it is to specify the appropriate skill set for such a baggy, ambiguous role—or for the conduits leading to it. The traditional civil service method of learning by looking (for example by blooding young high fliers by means of a spell in private office) was appropriate for a tacit culture, eschewing self analysis and functional differentiation (including non-definition of the role of the minister). It's inappropriate now but lack of clarify about who does what at the top of the Whitehall office remains an impediment to change.

3. What are civil servants expert in? The traditional answer was implicit: civil servants are experts in system. But that claim is no longer valid. Whitehall doesn't deliver directly (or does so exceptionally) and civil servants are rarely—in the terms used by Colin Talbot—skilled collaborators. When the system outside Whitehall is in ferment, civil servants appear, as they have appeared to ministers in the Blairite era, lacking in knowledge about how organisations interlink.

Some civil servants possess certificated knowledge, as statisticians, economists, lawyers, etc. But the position of the professional in Whitehall's cognitive hierarchy is more confused than ever. The government's move to establish an "independent" board for national statistics, while retaining online statistical expertise within the departmental hierarchy illustrates the issue. Examining skills for government leads us to confront claims of professional autonomy and what that means for the fundamentally authoritarian nature of departmental life (authoritarian, that is, within the carapace of parliamentary democracy).

B. *Is there a skills deficit?*

Yes, the capability reviews demonstrate it. Senior civil servants, the reviews lead us to believe, lack what it takes to run departments in the way other big complex organisations are run; they don't know enough about finance, personnel, IT. I would add to that the *management of knowledge* which lies behind Colin Talbot's discussion of the role of the senior official in policy advice. To the evidence of the capability reviews, we should add criticisms (expressed privately) by ministers about competence; criticisms from other public sector actors, citing deficits in such areas as risk management (eg from Lord Laming, speaking only this week at the annual conference of the Public Management and Policy Association). Taken together reports by the National Audit Office, Sir Peter Gershon, et al indicate widespread dissatisfaction with Whitehall skills and knowledge; and of course the establishment under Sir Andrew Turnbull's cabinet secretaryship of the Professional Skills for Government programme indicated the criticisms were valid.

C. *Where, more precisely, are the deficits? Let me follow Colin Talbot's division of functions.*

Policy advice

We don't just lack metrics (how much policy advice do we need?); we have no proper history to give an answer to the question: how well, postwar, have British cabinet been served by their civil service advisers? You can infer answers from some of the historical accounts. Peter Hennessy's latest volume* discusses whether, in the 1950s, civil servants misunderstood Europe, technology, migration, social dynamics and the evolution of capitalism. They did, for the most part because (this is me, not Peter) they weren't trained and came from narrow backgrounds, preferring gentlemanly accoutrements to professional knowledge or analytical rigour.

It's noteworthy, now, that of the strands in Professional Skills for Government that related to policy has been lowest profile. Its custodian, Sir Brian Bender of the Department of Trade and Industry, has kept his peace. That may be because Whitehall doesn't know how to train for policy advice; it may reflect puzzlement at what their policy competence really is or should be in a world where ministers have special advisers and attend think tank seminars and in which the complexity of problems grows and their solubility diminishes.

A rule of thumb is this. Think tanks are doing lots of policy work; they are mostly in the public domain. At how many seminars or think-ins do you meet civil servants, listening let alone contributing. Are they all cowed, fearing ministerial disapproval. Or, more likely, is it that they don't have much to say?

Organisational management

The criticism is old, the remedies long stale but the need to professionalise Whitehall's management remains pressing. Let me naively rehearse the obvious. There is a large body of theory and reflective practice about organisations. Much of it relates to profit seeking companies but there is now enough of a generic or non-profit kind to support valid degree level courses, to equip graduates with the beginnings of professional knowledge of how to make organisations work and maybe even succeed. Why isn't is a postgraduate degree in public management or an adapted MBA a necessary qualification for entry to departments for twenty-somethings?

Collaboration

Perhaps "partnership" is a better word, given the burgeoning literature under that heading produced by service deliverers and regulators. Another way of phrasing it is "system knowledge". It can surely be taught; it can certainly be augmented by experience of working in different parts of the public sector. An economical way of achieving it is surely joint training, on a larger scale than the Top Management Programme and similar courses offer.

Conservation

I prefer system maintenance. Colin is right to identify the role but isn't this British government at its least coherent? Where exactly do senior civil servants extract the ethical "juice" to present themselves to ministers or other public servants as the custodians of constitutional probity or ideal practice? Over its years of vicissitudes, tutors at the the former Civil Service College attempted, individually, to instil some wider, Hennessy-like sense of the British civil service ethos. But where is the Cabinet Office-endowed chair of citizenship-above-suspicion, or the training that supplies future "head prefects"?

D. *But won't Professional Skills for Government fill the deficit?*

The article attached to this memo was based on a conversation with the director general leadership and strategy and head of profession in Whitehall for human resources. She did not think it necessary for departmental HR chiefs to be professionally qualified. Yet of all the specialist functions, the selection and recruitment of excellence for the public service carries its claim to the head of the table. If this is PSG in action, it seemed curiously under-powered.

It's a programme in danger of falling between two stools. It appears to reject the traditional Whitehall models of learning by looking, apprenticeship and the like, but its commitment to rigorous professional training for civil service jobs is limited. No civil servant should lack training in finance—for the public business in any and all departments is about money. PSG says finance directors should be accountants, but that is only half the story; the other half is ensuring that financial management is generalised. A parallel point could be made about information technology. It's not enough to have a chief information officer, let alone expect her/him to have an expert grounding. All top officials should be IT-literate to a high degree.

The biggest omission in PSG is surely generic management. It specifies internal training and appraisal, which puts a large weight on the capacity of departments to grow their own people or draw in expert tuition from outside. (The role of the National School of Government is critical here.) Why not insist on pre-entry

or quickly post-entry professional training in management/organisation. Not management as taught would be business types but properly tailored courses for public managers/administrators. If the universities won't supply them, the state surely has the wherewithal to create them.

* Peter Hennessy, Having it so good, Britain in the 50s, Penguin

December 2006

Memorandum by Rt Hon Baroness Shephard of Northwold JP DL

Thank you for your letter of 14 December. It was a pleasure to attend the Committee.

I should have thought to mention my concern about the non-appearance of a Civil Service Bill. All three parties are committed to such a Bill, and it was a pledge in all three manifestos. Unfortunately the only party able to do anything about it is the Labour Party, and there seems little enthusiasm for a measure which would greatly clarify roles of Civil Servants and special advisers. I do hope the Committee will accept this letter as an addition to my evidence.

Memorandum by the Chartered Institute of Personnel and Development (CIPD)

CIPD is the largest body in Europe concerned with the management and development of people. We currently have 127,000 members, approximately one third of whom are employed in the public sector.

We welcome the Select Committee's focus on issues of recruitment, training and career development. However the issues go wider than whether the right policies and practices are adopted: their effectiveness is significantly influenced by the wider management frameworks within which they are used. So, for example, issues about skills turn not only on their acquisition but on the way in which they are developed and used by line managers; and career development depends on effective performance appraisal. *We see the Committee's inquiry as essentially targeting the whole business of how people employed in central government are motivated, managed and developed.*

As a professional body, CIPD undertakes a significant programme of research aimed at informing debate about public policy and helping our members do their jobs more effectively. A number of those research projects throw light on issues which the Committee is addressing, notably:

— research by Professor John Purcell (Bath University) into the links between people management practices and business performance in both public and private sectors;

— national surveys of employee attitudes by Professor David Guest (Kings College London) comparing public and private sectors; and

— action research conducted in association with the Cabinet Office (National School of Government) and the Employers Organisation for local government aimed at building a strategic HR function in a range of organisations in central and local government.

We outline below some of the key findings from this research, insofar as it bears on the first of the questions identified by the Committee, namely "Has the first round of capability reviews been successful in identifying successes and failures within departments and recommending action for change?" We are sending the Committee secretariat separately copies of the relevant reports.

People Management and Business Performance

CIPD has published a number of studies demonstrating a positive relationship between people management practices and business performance. The relationship in the public sector, where staff-related costs represent such a high proportion of the total costs of delivering services, is likely to be particularly strong. The "high performance" model produced by Bath University emphasises the role of line managers in creating conditions under which employees will offer "discretionary behaviour". The model also recognises that employees have choices and can decide what level of engagement to offer the employer.

Employers in both public and private sectors increasingly say they are looking for an "engaged" workforce. Employee engagement can be seen as a combination of commitment to the organisation and its values plus willingness to help out colleagues. Engagement needs to build on good people management and development policies, and the active support of line managers. Research suggests that key components of employee engagement are:

— involvement in decision-making;

— freedom to voice ideas, to which managers listen;

— feeling enabled to perform well;

— having opportunities to develop the job; and

— feeling the organisation is concerned for employees' health and well-being.

There is no short-cut to building and maintaining employee engagement, but many employers believe the effort required is repaid by the performance benefits.

Employee Attitudes and the Psychological Contract

CIPD has undertaken regular national surveys of employee attitudes. Using the model of the "psychological contract" between employer and employee, the surveys have explored the extent to which employees believe the employer has met commitments or expectations on a range of dimensions, for example to provide fair pay, a career and interesting work.

On each of these dimensions, central government employees have recorded less positive attitudes towards their work than people employed in the private sector or in other parts of the public sector. *The percentage of people saying that they have a lot of trust in senior management is less than half of that in the private sector.* Similarly job satisfaction and loyalty to the organisation are significantly lower in central government than in any of the other three sectors.

It is a fair inference from these negative findings about employee attitudes that civil servants could be better managed. This may be a reflection of the institutional framework within which the civil service operates, or of the policies and practices adopted for managing and developing civil servants, or of the skills of individual line managers. All these factors are likely to be influential. However it is important to recognise that the civil service has long prided itself on having enlightened people management policies in place. This suggests that the problem lies mainly in their practical application, which NAO reports on absence, for example, suggest is patchy. The quality of line management is critical to effective service delivery.

How far are issues about the quality of people management recognised by the recent capability reviews?

The capability reviews of DWP and DfES identify important areas requiring attention, including:

— top management are not visible;
— staff do not feel they are listened to;
— lack of engagement and ownership by middle managers;
— people management process is under-developed and under-valued;
— HR skills are in short supply;
— HR function operates primarily as a "gatekeeper"; and
— staff are unhappy with performance management systems.

These criticisms point to failings in both the design and delivery of people management policies. They also highlight the need for HR functions in departments and agencies to become more strategic and demonstrate the ability to add value to service delivery. This was the focus of an action-research project led by CIPD in conjunction with the Cabinet Office/National School of Government and the Employers Organisation for Local Government in 20004–05. The response to the project from departments—including the Department of Work and Pensions and the Ministry of Defence—and agencies reflected a recognition of the scale of the challenges HR functions are facing in meeting the demands on them.

Departments' experience in facing up to those challenges is reflected in a report on the project entitled "*Fit for business*". The report found that the key drivers of change in HR services within the organisations participating in the research were:

— service delivery targets, including major change programmes to achieve efficiency and improve service delivery;
— technology encouraging the simplification of policies and procedures and making them more accessible to line managers and employees;
— fresh perspectives coming from the recruitment of HR professionals from other sectors;
— leadership by people in the HR function with a clear vision of how it should contribute to the business;
— HR policy change in areas such as pay and rewards, performance management, attendance, diversity, employee relations and work life issues; and
— changing employee expectations on the nature of their psychological contract with the organisation.

The Committee may also wish to note the report's comments that:

— the credibility of the HR function depends on its business knowledge and developing the skills and behaviours to manage relationships;
— there is a shortage of HR professionals with the skills to fulfil such roles. The profession needs to look at mechanisms to develop strategic capabilities;

— *the HR function in the public sector needs to be significantly more engaged in the wider business of the organisation. HR needs to be more visible, more responsive and adaptable to the needs of the organisation;* and

— if organisations are to make best use of their people, HR needs to be at the heart of strategy and delivery.

The capability reviews also focussed on issues about departmental strategy and organisation. Although these issues go significantly wider than people management and development, departments and agencies need the on-going support of experienced change management professionals, many of whom will have backgrounds in people management and development.

Trust within a Political Framework

The big issue identified by CIPD research that is not explicitly recognised in the capability reviews is that of trust. Top management in the civil service has a mountain to climb in this area. The political context means that senior managers are required to spend a great deal of time managing upwards and responding to ministers' wishes, which leaves them little opportunity to focus on motivating and leading the people in departments upon whom effective delivery of ministerial policies depends. The "next steps" agency model represents the most ambitious attempt so far made in the UK to create space in which managers can do their management job, free from day-to-day ministerial intervention. It is unclear how far the agency model can offer a framework for tacking the performance of central departments where officials must remain responsible directly to ministers. *But our evidence suggests that, unless the issue of trust is tackled head-on, lack of employee engagement will continue to undermine effective performance by civil servants.*

Will the right incentive structures and targeted performance management programmes exist to encourage a culture of excellence within the civil service?

It is implicit in what is said above that high performance by employees, and high quality services, are not likely to be produced simply by financial incentives or performance targets. Financial incentives can recognise good performance but other forms of recognition may be equally or more important. Performance targets can have a range of effects, some of them perverse. Key factors underpinning employee engagement were outlined above. *Performance management processes need to be reviewed on a regular basis, but people management skills are the critical factor in building high-performing teams and HR professionals will continue to have a key role in supporting them.*

Recommendations

1. Departments and agencies should monitor levels of employee engagement on an on-going basis. The results should be built into the performance management process and used to identify areas where leadership or management issues appear to need attention.

2. Targets should not be seen as the main lever for improving service performance. Senior managers' performance—including that of Permanent Secretaries—should be judged equally on their success in building and maintaining high levels of employee engagement.

3. Repeated structural and policy changes have a damaging effect on employee attitudes. Despite the obvious problems involved in managing in a political environment, more attention is needed to building trust between Ministers, senior managers and other civil servants. This is partly an issue of regular and credible communication and partly of organisational structure. Agencies were designed to create space in which senior managers can focus on leading their organisation, without the need for frequent upward consultation.

4. Line management training should be given a higher priority in the resource allocation process. Persistent areas of weakness should be identified and addressed. The capability of line managers across the organisation should be an important element in judging the performance of Permanent Secretaries.

5. Further efforts are needed to build the capabilities of the HR function across the civil service. Despite the emphasis in Gershon, professionalisation of the function has made only limited progress to date. Integrating HR with wider business strategies is critical to designing and delivering effective talent management and organisation development processes, and requires the active support of the Senior Management Team.

6. Departments and agencies should be encouraged to identify their employment proposition, outlining what they aim to offer in terms of an employment experience as well as what is expected of employees in return. A strong "employer brand" is seen as increasingly important in the commercial sector and is used as a tool for supporting line managers and attracting and retaining staff. There is no obvious reason why its benefits should not apply equally to departments and agencies.

5 September 2006

Memorandum by Dr Ruth Levitt and William Solesbury, Visiting Senior Research Fellows, Centre for Evidence Based Policy and Practice, King's College London

Introduction

We offer this paper to the Committee, particularly with reference to Question 5 in the Issues and Questions paper:

Should more emphasis be placed on recruiting at senior levels from outside the civil service?

Our paper is based on the report of a short research project undertaken by us in 2004–05 to investigate the contribution that outsiders' expertise in Whitehall is making to better-informed development and delivery of government policy. The full report of the research is entitled Evidence-informed policy: what difference do outsiders in Whitehall make?[5] Articles based on the report were published in Public and in Public Money and Management.[6]

Our initial research question was:

> *Has the injection of outsiders' knowledge and experience into Whitehall departments created a better-informed development and delivery of policy?*

More specific questions we considered were:

> *What are the reasons for increasing appointments of outsiders? Is this trend uniform across Whitehall departments?*
>
> *What new expertise do outsiders bring to policy? In their view? In the view of their "insider" colleagues?*
>
> *Do outsiders operate differently, once established? Particularly in their use of evidence?*
>
> *Does policy work become more evidence-informed through the recruitment of outsiders? Are any such changes sustained?*

We found that the more fundamental question to ask is:

> *Have outsiders contributed to better policy and delivery?*

Terminology

By "outsiders" in Whitehall we mean people whose main working experience to date has been in business, local government, the health services, schools, further and higher education, other public services or voluntary organisations. We excluded (a) recruits near the start of their working careers (b) those permanent (senior) civil servants who have as part of their work simultaneously served as non-executive directors or board members of government-related or other organisations, or who serve as school governors or on other public bodies at home, and (c) civil servants returning from external secondments. There is a grey area regarding those recruited from executive agencies and NDPBs (Non-Departmental Public Bodies)—bodies whose functions have developed from responsibilities that were formerly considered to be within the Civil Service. Our emphasis was on senior people whose main previous working experience has been outside Whitehall or the executive agencies and NDPBs sponsored by Whitehall.

This definition of an outsider is different from the usage of the Cabinet Office or the Civil Service Commissioners (CSC). The Cabinet Office views an outsider as someone who has entered the Senior Civil Service (SCS) from outside the Civil Service rather than by promotion. For example, someone who entered at Grade 7 and was then promoted to the SCS would not be an outsider. Someone who entered the SCS from outside and was then promoted to, say, Permanent Secretary would be an outsider. The CSC's definition relates to the status of the individual solely at the point of recruitment: is he or she an existing civil servant or is he or she joining from outside? These definitions will obviously make a difference to how the statistics are reported and interpreted. Precisely how the presence of outsiders in the SCS is changing over time has proved impossible to document unambiguously, using official sources. Information that would enable analysis of these recruitment trends over many years seems not to be easily available, according to our enquiries of the Cabinet Office and the CSC.

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[5] Available at www.evidencenetwork.org/documents/wp23.pdf. The work was supported by a grant from the Nuffield Foundation.

[6] "Outsiders in Whitehall", Public Money and Management, vol 26, No 1, January 2006, pp 10–12; "Life on the outside looking in", Public (monthly journal published by *The Guardian* newspaper), October 2005, p 37.

Outsider Roles and Routes

Outsiders at senior levels can find several routes into Whitehall:

1. Professionals in "academic" disciplines, eg medicine, science, economics, statistics—into discipline-specific roles such as Chief Medical Officer, Chief Scientific Adviser, Senior Economic Adviser.
2. Professionals in "support" or "corporate" functions, eg human resources, IT, finance, communications—into functional roles such as Director of Human Resources, Director of Finance.
3. Top executives, eg Chief Executive, Managing Director—into chief executive roles in Whitehall.
4. Policy experts, eg health policy, crime policy—into policy teams, strategy units or other specialist units.
5. Sector/service delivery specialists, eg from local government or the police or the NHS—usually seconded into central departments or units, or into new autonomous agencies.
6. Special Advisers to ministers, ie political appointments that are usually not classed as Civil Service posts—these have proliferated, rising to around 75 in recent years with a limit of two per minister (Blick, 2004: 254ff).
7. New, senior "trouble shooters", sometimes popularly called "Tsars", such as Keith Halliwell (Anti-Drugs Co-ordinator), Andrew Pinder (e-Envoy) and Celia Hoyles (Maths Tsar).
8. Chairs and board members of statutory advisory bodies and commissions, such as the Electoral Commission and the Commission for Integrated Transport.
9. Independent reviewers or members of special committees of inquiry, such as Adair Turner (pensions), Philip Hampton (regulation) and Lord Haskins (rural strategy).
10. Non-executive members of departmental or agency/NDPB boards and audit committees.
11. Outside researchers, consultants, or other professional experts commissioned to provide services to Whitehall departments—usually employed elsewhere or self-employed.
12. Other short term secondments and placements, eg from business, academe, local government, NHS, police—sometimes arranged through the "Summer Placements Scheme", "Interchange" or the Whitehall and Industry Group.

Given governments' stated interest in making use of outsiders in Whitehall, we enquired whether central targets exist for any of the above routes, either Whitehall-wide or in individual departments, and how these are monitored. We were told by the Cabinet Office Corporate Development Group that no such targets exist. However, HM Treasury's Departmental report 2004 declared that the Treasury is "exceeding the cross Whitehall targets for external experience" and Table 6.3 shows these targets to be 65% of the Senior Civil Service having experience "outside Whitehall" (HM Treasury, 2004: 70). Our Cabinet Office sources had no knowledge of this.

Outsiders are indeed being recruited at Senior Civil Service (SCS) grades: in 2003–04 they were appointed in 51% of all open competitions approved by the Civil Service Commissioners (CSC, 2004: 43) and 71% in 2002–03 (CSC, 2003: 27). The Cabinet Office (2005a) says that one in four board level posts are now being filled by outsiders. Of course, the phenomenon of outsiders in Whitehall is not a recent innovation: the emphasis on bringing more outsiders in has waxed and waned. Impressionistically, old hand Whitehall-watchers observe that the mix was richer in the 1940s–60s, and that in more recent years the Civil Service has become more closed in on itself. However, it has long been the case that heads of professions (eg Chief Scientist, Chief Economist) have been recruited from outside. From time to time expert policy teams comprising a mix of outsiders and insiders have been convened, and the creation of Next Steps agencies (1988–97) brought systemic change to the Civil Service by separating policy from delivery functions across many of Whitehall's departments. Despite the assertion that they would be "separate but equal", operational activities have continued to have lower status politically and organisationally in the Civil Service.

Our Empirical Work

We studied in detail three forms of outsider involvement:

— Outsiders coming in to SCS policy or operations positions in central departments (routes 1–5). This development has followed recruitment practice adopted in the executive agencies, many established in the wake of the so-called Next Steps report (Chancellor of the Duchy of Lancaster, 1990), and in the regulatory agencies often established as an adjunct to privatisation. In the Whitehall departments, insiders (that is, career civil servants) and outsiders are now commonly in competition for senior posts. The process is overseen by the CSC and increasingly handled by recruitment consultants.

— Outsiders in special units within departments containing a mix of outside experts and insiders on secondments or short term contracts (routes 4–5). A flurry of such units appeared in the wake of the 1997 election. Some have already been disbanded or absorbed into reorganised departments, or persist but without their mixed staffing character. Others have been created since 1997 to address new issues of policy and practice.

— Outsiders appointed to sit as non-executive members on departmental management boards (route 10). The creation of departmental boards (variously called Management Boards, Strategy Boards or Corporate Boards) is a relatively recent innovation, and a practice clearly derived from business models of governance. They are chaired by the Permanent Secretary with senior managers as members, normally supplemented by two "non-executive" members drawn usually from business, local government, or the voluntary sector.

These three categories offer interesting and contrasting insights into the opportunities for outsiders to influence Whitehall and have not been studied in depth recently, although there is a literature of related studies.3 What distinguishes them from some of the more traditional modes of drawing on expertise is that they are not at arm's length from power and politics. Through them outsiders are brought much closer to the central functioning of Whitehall, often in very influential positions with access to top management and ministers. Special Advisers, although a very important category that also has this characteristic, have been investigated recently, by the Committee on Standards in Public Life (2003).

We conducted about 30 confidential interviews in all, with approximately 18 outsiders and 12 others, both inside and outside Whitehall, with relevant knowledge and experience. We studied written information in the public domain in documents and on websites. At a later stage of the research we convened a half day seminar to present the findings of our research project to a wider audience of "Whitehall watchers". The interviews examined:

— the outsiders' careers so far;

— their reasons for working for/with the government department;

— details of the recruitment and induction processes;

— specification and development of their role;

— attitudes of "insiders" to them;

— views on working practices;

— their influence on uses of information, expertise and evidence;

— their influence on policy development;

— their influence on working practices;

— lessons learned; and

— next steps in their careers.

Conclusions: The Impact of Outsiders

We draw five main conclusions about the impact of outsiders on evidence-informed policy:

1. Outsiders can bring distinctive and varied perspectives to bear on the work and culture of Whitehall, which are based on the skills, experience, domain knowledge and networks they have developed outside. They can improve the quality of policy discourse within departments.

2. Outsiders' skills, experience, domain knowledge and networks have the potential to complement those of insiders. That potential can be realised where (a) there is high level support; (b) teamworking operates effectively; and (c) there is a critical mass of outsiders.

3. Recruitment and induction practices are very important contributory factors in attracting outsiders, bringing them in and enabling them to succeed. These practices need further improvement; if they were tailored more exactly to each case, they could provide much better conditions for outsiders to give of their best, and for host departments to maximise the potential benefits.

4. The more the culture maintained by senior insiders in Whitehall can become genuinely open, permeable and responsive to change through external influences, the better use Whitehall will be able to make of the perspectives outsiders contribute; this is a long-standing issue, and there remains considerable scope for improvement.

5. At the moment, bringing outsiders into Whitehall is officially promoted as "a good thing". However, it is not yet being monitored or evaluated in a sufficiently thorough way, quantitatively or qualitatively, to enable politicians, the executive or observers to be sure of the exact benefits and costs, or the lessons for improvement. Until this type of evidence base is more developed, the whole endeavour risks being seen as a rhetorical device that lacks real urgency or priority.

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September 2006

Memorandum by Intellect

Background

Intellect is the UK trade association for the IT, telecoms and electronics industries. Its members account for over 80% of these markets and include blue-chip multinationals as well as early stage technology companies. These industries together generate around 10% of UK GDP and 15% of UK trade.

The following paper provides an overview of Intellect's professionalism programme and its relevance to the "Skills for Government" inquiry.

Intellect welcomes the opportunity to provide input at this early stage and looks forward to a programme of continual engagement with relevant government departments, agencies and other stakeholders.

Introduction

(a) *Intellect's professionalism programme*

Intellect's professionalism programme has been developed by member companies with the aim of improving organisational professionalism throughout the delivery chain—from prime contractors and sub-contractors, through to major customers (including the public sector).

Intellect's organisational professionalism guidelines, due for publication on 2 November 2006, are designed to help organisations implement and demonstrate professionalism. The draft guidelines have been produced following a series of member workshops and a wide-ranging stakeholder consultation and can be found as an appendix to this submission.

(b) *Other Intellect activities*

Intellect's professionalism agenda is part of a broader programme of activities that seeks to improve the practice, reputation and image of the ICT industry and support UK plc's ongoing leadership in the global ICT market. The "Intellect Professionalism Guidelines" complement other Intellect publications produced as part of that programme, including the Intellect Code of Conduct, IT Supplier Code of Best Practice and Concept Viability.

(c) *The ProfIT alliance*

Intellect is part of the ProfIT alliance. Intellect, the British Computer Society (BCS), e-skills UK and the National Computing Centre (NCC) have formed a strategic alliance focused on establishing ICT as a valued profession. Intellect is actively promoting its organisational professionalism guidelines as part of its contribution to the ProfIT programme.

Intellect's Position

Public sector ICT-enabled business change projects are often large and complex. The effective and efficient cooperation of organisations throughout the delivery chain is fundamental for success. Organisational professionalism provides the foundations for effective and efficient cooperation between all organisations.

Determining how to transform policy ideas into desired outcomes, particularly when this involves ICT-enabled business change, is undoubtedly one of the public sector's key challenges. To this end, Intellect has been a strong supporter of the Cabinet Office eGovernment Unit's agenda—transformation of public services enabled by technology, and the creation of a step change in cultures and professionalism throughout the delivery chain—and believes that an open and effective relationship with industry is a vital, and proven, foundation for achieving success in public sector projects. Intellect has a good relationship with the eGovernment Unit's head of professionalism, Katie Davis, and is actively involved in the professionalism training courses that are being developed.

Intellect's Guidelines

Intellect's organisation professionalism guidelines are designed to help all organisations implement and demonstrate professionalism: the guidelines are as relevant to the public sector as they are to ICT suppliers or private sector customers.

Government must enable and enforce individual professionalism by supporting, guiding and motivating its employees. The public sector can create the foundations for a broadening and deepening of government professionalism in terms of the planning, delivery, management, skills and governance of ICT-enabled change by embedding the Intellect guidelines.

However, employing professional individuals is a necessary but not sufficient condition for organisational professionalism. Intellect has identified seven essential aspects of professionalism: integrity, processes, people, communications, relationships, improvement and citizenship. An organisation must have strong foundations in each of these areas in order to ensure that its employees (and the organisation as a whole) behave professionally at all times.

The implementation and embedding of organisational professionalism must be both driven and lead from the highest levels of the civil services in order to ensure that it permeates the whole of the public sector.

Conclusion

Intellect believes that in order to design and deliver modern public services; the public sector must institute and operate with genuine organisational professionalism.

Next Steps

Intellect looks forward to discussing these issues in greater depth with relevant government departments, agencies and other stakeholders and continuing to develop strategies to improve the delivery of modern services—for the benefit of both the ICT industry and public sector.

APPENDIX

DRAFT INTELLECT ORGANISATIONAL PROFESSIONALISM GUIDELINES

CONTENTS

1. FOREWORD

ICT is a vital component of life and industry. We rely on ICT to run our cars, communicate via phone or mail, access news and information, shop, manage our health and education, run our businesses, design new products and services, and much else.

The UK's ICT industries make a substantial contribution to the prosperity of the nation, but global competition is fierce and growing. Continuous performance improvement is essential for the future success of the UK.

Business change projects enabled by ICT are often large and complex, and require the effective cooperation of many organisations for success. Intellect has produced these guidelines to encourage more effective and efficient cooperation.

Intellect has a programme of activities to improve the practice, reputation and image of the ICT industry and support UK plc's ongoing leadership in the global ICT market. These guidelines complement other Intellect publications produced as part of that programme, including the Intellect Code of Conduct, IT Supplier Code of Best Practice and Concept Viability.

Intellect's organisational professionalism guidelines are part of the ProfIT programme driven by a strategic alliance of Intellect, the British Computer Society (BCS), e-skills UK and the National Computing Centre (NCC) to establish IT as a valued profession. Intellect will actively promote these guidelines as part of its contribution to the ProfIT programme.

Stephen Darvill
LogicaCMG
Chair of Intellect's Professionalism Working Group

John Higgins CBE
Intellect
Director General

CONTRIBUTIONS

Intellect acknowledges and thanks the contribution of many individuals and organisations in the production of these guidelines, particularly:

British Computer Society (BCS)

CSC

Deloitte

"Dr Richard Sykes"

EDS

eManagement Limited

IBM UK Limited

W S Atkins

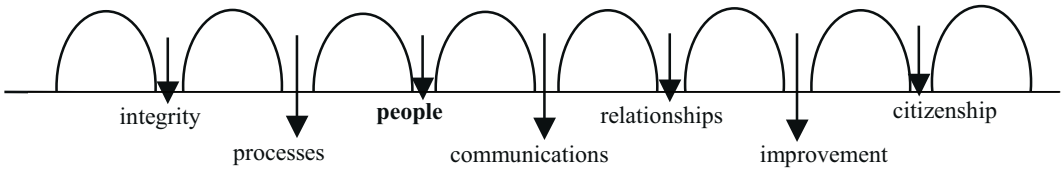
What is organisational professionalism?

Professionalism is not an end in itself; it delivers key outcomes, including improved services and better value for money. Professional organisations create confidence and trust in their customers, suppliers, staff and other stakeholders, which results in reduced costs, increased profits and an enhanced reputation for the industry as a whole. Organisational professionalism is essential to keep the UK industry globally competitive and profitable, ensuring it commands respect from other professionals and has a universally high reputation among stakeholders.

It is necessary but not sufficient for organisations to employ individual professionals. Professional organisations enable and enforce individual professionalism to ensure success; supporting, guiding and motivating the work of the people employed. They nurture processes that create and apply learning and innovation rooted in the work and experience of their professional staff.

Major transformation programmes are typically supported by complex supply chains. Organisational professionalism must pervade the whole supply chain for the desired outcomes of the work to be achieved. Organisations are often concurrently both suppliers and customers; hence these guidelines cover both sides of the customer/supplier relationship.

Each organisation acts as a bridge in a supply chain between its suppliers and its customers. The effectiveness of the bridge depends on the seven piers of organisational professionalism. If any of the piers is weak, the whole supply chain bridge is damaged. Professional organisations are strong in all piers.



Why has Intellect produced these guidelines?

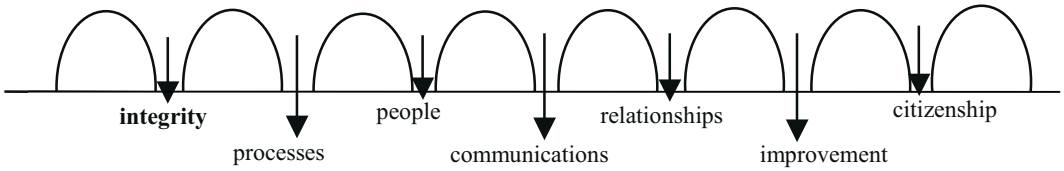
The aim of this document is to define organisational professionalism and give guidelines for organisations to implement it. Intellect encourages all organisations to embed these guidelines in their business and in their contracts with other organisations. A mutual commitment to observe the guidelines should be made explicit between customer and supply organisations. The responsibility for managing unprofessional behaviour should also be embedded into the relationship and commitment.

How should these guidelines be used?

The guidelines are designed to form the basis of engagement between organisations in the supply chain. Strong professionalism engenders mutual trust and recognises the importance of close professional working relationships. Detailed and complex contracts are no substitute for, or alternative to, mutual trust and positive relationships. Contracts that are negotiated without these characteristics have weak foundations.

The management of organisations must give a clear lead in professionalism and ensure that it permeates the entire organisation.

THE SEVEN PIERS OF ORGANISATIONAL PROFESSIONALISM



1. *Integrity*

Confidence and trust are key factors in any procurement decision. Customers and suppliers need to be certain that the organisations with which they do business are trustworthy and honest. Companies will enforce ethical behaviour and:

(a) Deliver a service aimed at achieving outcomes relevant to the customer and mutually agreed by the customer and supplier.

(b) Only bid where the organisation has a clear plan to have the capability and capacity to deliver.

(c) Be clear on what the organisation does and what it does not do, and what it wants and does not want. Honestly represent requirements, products, skills, services, and their availability.

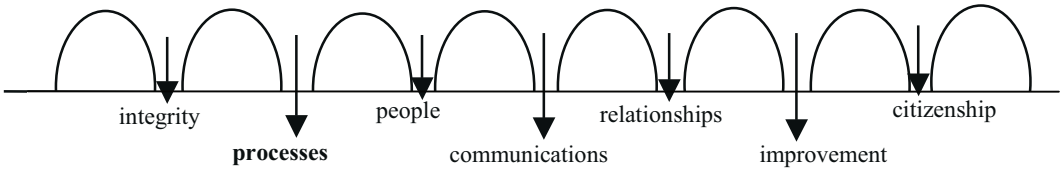
(d) Have honest and clear branding and communications, and always behave in accordance with that branding.

(e) Show respect to customers, competitors, suppliers, other companies, employees and the public. Be honest about other organisations or their products and services, but never disparage them.

(f) Honour commitments from any part of the organisation as a commitment from the whole organisation.

(g) Keep safe confidential information entrusted to the organisation.

(h) Ensure that no person is encouraged to act in breach of any existing or previous agreement with another organisation.



2. *Processes*

Professional organisations are consistent and accurate in their behaviour and outputs. They reproduce good performance, track the progress of current work and quickly analyse and communicate problems and their solutions. They ensure that employees and contractors are aware of and comply with all appropriate processes and guidelines. They operate appropriate, well documented Quality Systems that:

(a) Comply with relevant national and international standards and appropriate published codes of conduct, such as the Intellect Code of Conduct.

(b) Develop, apply and maintain relevant codes of practice and conduct specific to the organisation's business.

(c) Comply with relevant regulations and legislation, including those relating to security, health and safety, data protection and freedom of information, plus those that are sector specific, such as in banking and finance.

(d) Operate codes of practice and conduct that relate to personal professional behaviour, including supporting individuals that refuse to undertake irresponsible or unethical actions, even if demanded by a customer or manager.

(e) Establish processes for capacity forecasting to match planned and tendered workloads to the capability to deliver and manage work—identifying the skills, competencies and experience the organisation needs for the future.

(f) Operate robust processes for how the organisation makes commitments, especially to customers.

(g) Use effective risk management and share identified risks and risk management plans with suppliers and customers.

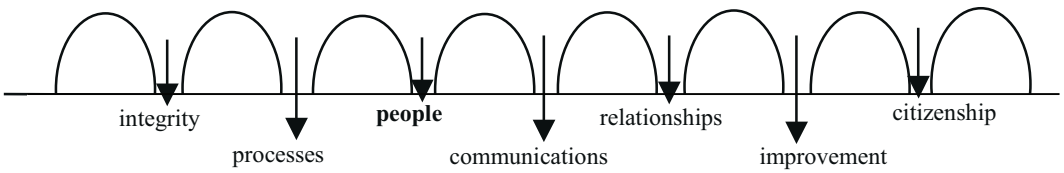
(h) Operate processes that focus on successful delivery.

(i) Use processes with relevant measures for continuous improvement—learning from successes and failures, both externally and internally.

(j) Have well documented systems that address business continuity and risk.

(k) Escalate issues when problems occur.

(l) Provide traceability and accountability for decisions and actions.



3. *People*

The capabilities and behaviour of the people in an organisation are at the heart of professionalism. Organisations can only function effectively with the loyalty, dedication and commitment of competent staff, and must provide an environment in which people can work professionally.

Professional Development

(a) Demand and support individual professionalism and embed it into the HR policy of the organisation, along with a performance management system which rewards professional and disciplines unprofessional behaviour.

(b) Develop and value the knowledge and experience of staff. Promote Continual Professional Development (CPD) providing ongoing training/professional development for all staff—targeted to the business but supporting individual self-motivation, growth and development.

(c) Employ appropriate methods such as the Skills Framework for the Information Age (SFIA), for skills management and development.

(d) Encourage staff to achieve external skills accreditations, including the achievement of suitable qualifications.

(e) Provide career development opportunities that are aligned to the goals of the organisation and the personal interests and motivation of the people. Assign people to work that they are qualified and available to undertake and which develops a fulfilling career for them.

(f) Operate good staff assessment and development processes that are compliant with the standards of relevant professional institutions.

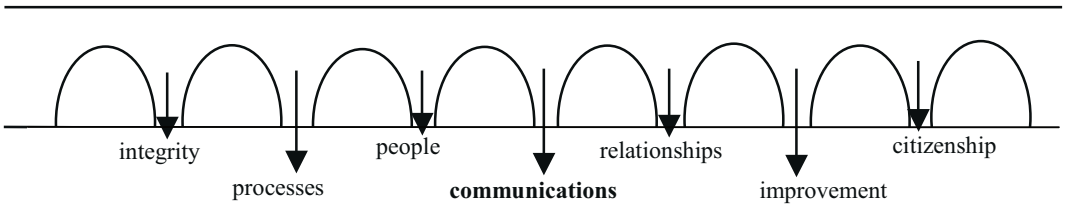
(g) Encourage staff to join professional groups of common interest.

Employee Engagement

(h) Provide a work-life balance: an environment that enables people to work while fulfilling their roles as parents, carers and members of society.

(i) Actively support the principles of diversity.

(j) Encourage employees to discuss openly work related ideas and concerns with their leaders. Where employees are not satisfied with a response they should have access to alternative mechanisms for taking unresolved issues to someone outside their direct management structure.



4. *Communications*

Trust relies on clear, effective and ongoing communication. Common understanding is reached only through good communication. Customers and suppliers need a full and robust understanding of a project or service's requirements, including the broader business context. Customers must be clear what they want, when, where, and how. Suppliers must be clear what they will supply, when they will deliver it and how they will achieve the objectives. Communication is often more about listening and receiving than telling.

(a) Establish and maintain clear two-way relevant communication internally, with customers, suppliers, other stakeholders and the public.

(b) Provide communications that are:

— in simple, jargon-free language appropriate to the target audience;

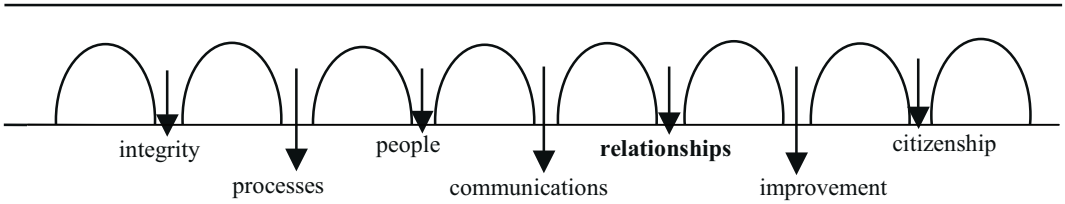
— relevant;

— timely;

— true;

— transmitted via reliable, accessible and appropriate channels; and

— accorded appropriate levels of security and confidentiality



5. *Relationships*

The way in which organisations establish and manage their relationships with suppliers, customersand other stakeholders is a critical component of organisational professionalism. Well-established relationships deliver results and build trust, whereas misunderstandings break trust and confidence. Trust is very difficult to recover once it has been lost.

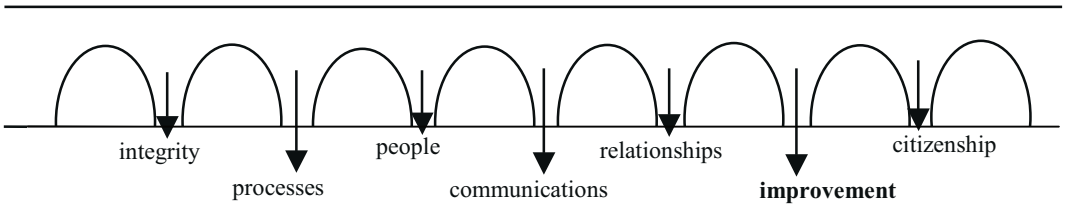
(a) Understand the appropriate relationship between organisations, communicate it clearly, enshrine it in relevant governance models and maintain it.

(b) Recognise that the relationship needed between two organisations can vary over time and act accordingly.

(c) Establish and support relationships with formality. A professional organisation will train its staff in developing and maintaining relationships.

(d) Constructively challenge other organisations that are suppliers, partners or customers when improvements can be made to a delivery, system or programme.

(e) Build relationships with other professional organisations that are based on mutual trust and close communication. Such relationships provide the soundest basis on which to draft and negotiate lasting contractual commitments.



6. *Improvement*

The commercial and technical environment in which organisations operate is continually changing. Professional organisations adapt and thrive based on deliberate analysis and learning from experiences, both good and bad.

(a) Continually improve products and services through learning and continuous innovation.

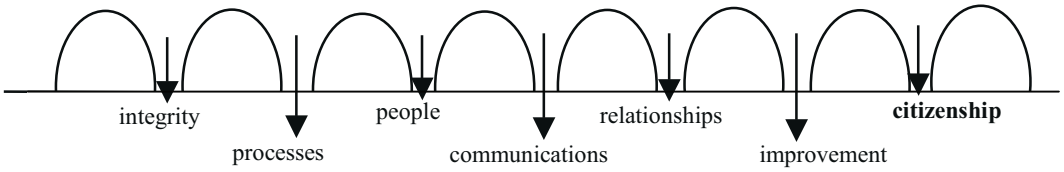
(b) Share learning within your organisation, with customers, suppliers and partners up and down the supply chain, maintaining a consistent approach to any Intellectual Property Rights (IPR) issues that arise.

(c) Share learning through professional institutions and trade associations.

(d) Learn:

(e) by listening

(f) through successes and mistakes
   — from suppliers, customers and partners' successes and mistakes
   — from other market sectors
   and continually improve your organisation and its performance.



7. *Citizenship*

Organisations are not islands; they are integral parts of wider society, including the communities and industries in which they operate, provide employment, pay taxes, pollute, create wealth and impact the lives of people. They:

(a) Enrich the environment and help the people they touch, including employees, their families, local communities and society at large.
(b) Actively participate in relevant trade and commerce associations to contribute to the overall improvement of the industry and to its good reputation nationally and internationally.
(c) Publish and deliver Corporate Social Responsibility (CSR) programmes. Recognise and promote the effective use of ICT as an instrument for social and economic good.
(d) Actively avoid doing harm to the environment and take positive action to improve it. Enforce clear policies on recycling and energy efficiency, as well as the refurbishment of equipment, disposal of waste and control of pollution.
(e) Commit to high standards of behaviour in compliance with the law and with publicly recognised codes of conduct and codes of practice.

September 2006

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British Computer Society
BSI website
e-skills UK
Intellect Code of Conduct
Intellect Concept Viability
Intellect Supplier Code of Best Practice
ISO website
National Computer Centre
ProfIT alliance
Skills Framework for the Information Age (SFIA)

Memorandum by Sir Robin Mountfield

This note seeks to address some of the matters raised in the "Issues and Questions" paper.

Recruitment from outside

I have long taken the view that the Civil Service can benefit greatly from a degree of external recruitment at senior level. During the Second World War and in the post-war reconstruction period, the Civil Service acquired new blood from industry, academe and elsewhere, which greatly enriched the mix of talent available to it. Later it tended to close in on itself both in terms of recruitment and in terms of the openness of its culture to ideas and experience from outside. The last 15 years or so have seen an important shift back to the objective of a richer mix. Sometimes recruitment from outside is to fill a specific skill gap in the Department concerned. But there is a wider case for such recruitment, to enrich the mixture of skills and experience in the upper reaches of the Civil Service.

But there are significant dangers in this process, which need to be addressed in the process of opening up:

1. first, recruiting "off the street" is a higher risk route to selection for senior posts than appointment from the ranks of people whose qualities are tested and well-known within the civil service. However sophisticated the selection process, anyone who has taken part in external recruitment knows that the judgment of an interviewing panel, even when supported by psychometric testing, is less reliable than a clear record of reporting on performance over a long period.
2. Second, it should never be assumed that recruiting from industry (for example) to the Civil Service is analogous to one company recruiting from another. The culture change from one sector to another is necessarily much greater than movement within a sector, and transition is difficult. This argues against recruiting direct into the very top posts as a general rule, and instead towards recruiting mid-career so that incomers can absorb the public sector context and ethos and meld it creatively with their own outside experience—the object of the whole process—before reaching the very top. There will be exceptions, including "returners"; but open advertising for Permanent Secretary posts is very rarely likely to produce the right people. The emphasis should be on mid-career appointments to the career stream.
3. Third, although there will be times when it is sensible to make limited-term appointments, the record of people coming in for two or three years to top posts and then departing is not a promising one. The objective is to enrich the public sector culture with a new openness and a wider range of experience, not create a two-culture service in which a career "insider" group and an in-and-out "incomer" group never meld together properly as a team. The aim should be to change the culture, not to impose on it some temporary consultant-type lodgers. The immune system in the Civil Service is strong, and this is not the way to overcome it.
4. Fourth, there has always been, and remains, a major problem about pay. The scale of the pay differential between the top ranks of the Civil Service and industry and the City, in particular, is huge and generally underestimated. The average total remuneration of a Permanent Secretary is probably no more than about 10% that of that of the CEO of a FTSE 100 company, whose "job weight" is broadly comparable (and the Permanent Secretary's security of tenure is not, these days, all that much greater). Although the mid-career differential is of course less, it is still substantial for recruits from industry and the City: less so, but still not negligible, for those from some areas of the wider public sector. In theory, the Civil Service deals with this by establishing very long pay ranges, of which career civil servants even of long tenure populate the lower slopes, while the peaks are theoretically available for incomers. In practice the Civil Service now almost explicitly operates two separate pay systems, so that an insider in a particular post can expect significantly less than an outsider appointed to the same post. That is not a comfortable arrangement if the aim is to meld two cultures together; though it is, and has long been, hard to see an easy resolution of it.
5. Fifth, there is the question of the right proportions of "insiders" and "incomers". There are several aspects to this. One is the demotivating effect on career civil servants if their chances of winning senior posts is substantially reduced: their acceptance of lower pay has been justified in the past by reasonable expectation of access to the top posts, combined with greater job security (now very much less than previously, and less than generally understood). Another aspect is the effect on the Civil Service culture: the aim must be to strengthen the less good, inward-looking, parts of the culture by the influx of new talent without diluting the best parts. The Oughton Report on these issues in the mid-1990s (regrettably generally forgotten) is well worth re-visiting. Oughton said that the most successful organisations in the private sector "grow most of their own timber"; but (in an interesting mixed metaphor) sought to "ventilate" it with a proportion of appointments from outside. This issue of balance needs to be watched very carefully.

Professional Specialisation

There is a broad consensus that the Civil Service needs to place more emphasis on professional qualifications, especially in such areas as finance and project management; and for all Senior Civil Servants to specialise in one of three areas—operational delivery, policy delivery or corporate services delivery. These developments have obvious merits, and I do not wish to minimise their importance. But they carry nevertheless a significant risk which needs to be addressed.

This risk is that candidates for the most senior posts come forward in possession of only one of the set of experiences needed to operate effectively at the top of a thoroughly modern Department. Conventional, and correct, criticism of the top ranks of the Civil Service has been that the mandarin class is drawn almost exclusively from policy areas; and that most Permanent Secretaries, for example, have acquired little or no management experience by the time they are appointed. This is perhaps less true now than it was, because the skills of systematic management, control of budgets and line management responsibility for human resource issues are now substantial parts of the daily life of heads of policy divisions and groups at mid-career level in the Senior Civil Service. But they are nevertheless developed only with relatively small policy teams. Most candidates for top appointments would benefit hugely from a stint as a manager of significant numbers of staff and significant financial resources. Conversely, someone whose career has been spent exclusively in operational management (or to a lesser extent in corporate services) will not have the experience needed to

be the Minister's top adviser or to manage the policy-analysis resources of the Department. It follows that the new emphasis on specialisation has to accommodate arrangements for high-flyers to gain experience in both policy and operational areas. This is certainly not to suggest that the Civil Service should return to the idea that everyone should do a little bit of everything, at the expense of building expertise in depth: it was never possible for anyone, let alone everyone, to fit in a stint as a private secretary, a secondment, a spell in finance and another in personnel, an operational management job and deep policy experience, by mid-career. It is rather that high-flyers should be deliberately identified and encouraged to gain a range of experience, and that teams should be deliberately built with a mix of people with deep specialist experience and others with wider perspectives and experience.

A New Emphasis on Career Management

In the distant past, the Civil Service believed in career management. It always existed more in theory than in practice; and as a reaction to this weakness the Civil Service moved strongly to a general system of internal job advertising. The underlying concept is that individuals are responsible for developing their own careers, and that Departments need only to concentrate on appointing the best person for each post—which sounds reasonable enough. But the best person for the job may not be the best person for the Department as a whole, which needs much more deliberate nurturing of high-flyers than has been the reality in the Civil Service in recent years, if it ever was.

A Department needs the ability to suspend or over-ride the advertising process for several purposes: for example to accommodate people returning from maternity leave, secondments, an MBA course or a period of sickness absence. But more generally, a Department (and the Civil Service as a whole) needs the ability to place able people in posts for which they may not be, initially, ideally suited, in order to give them deliberate exposure to a skill they need for future high office. This might be to give a policy specialist some management experience; equally it might be to give an operations person some experience of policy work. Such postings need sensitive handling, to ensure that they are supported by appropriate team structures above and below. But I believe a switch of emphasis is needed back from excessive reliance on job advertising towards skilful career management of a carefully-selected group of high flyers.

There has been a tendency in recent years towards an excessively mechanistic approach to senior career development—for instance that the normal stint in a post should be four years, in some cases leading to automatic re-advertising of a post at the end of that time even when the present incumbent is performing well. This is another example where a more sophisticated and flexible career management is needed for the senior group

A much more welcome recent development has been the identification of high-flyer groups across the Civil Service, with appropriate career development arrangements for them, both at the level of potential Directors-General/Board Members and at the level of potential Permanent Secretaries. This has two benefits: the first is the development of systematic and serious career management for the most able people in the interests of the Civil Service as a whole rather than just at Departmental level, with the potential to engineer career development postings outside the narrow departmental context. The other is the fostering of a more collegiate awareness among the ablest future leaders, rebuilding the strong networking capacity of the Civil Service as an antidote to the "silo" mentality which has developed as a result of devolution of responsibility to Departments. Given that the high-flyer group now contains an impressive proportion of newcomers to the Civil Service, this collegiality need not be inward-looking—rather the reverse. It is especially important as awareness grows of the importance of joined-up government, cross-boundary policies, programmes and objectives, and partnership working.

For some years there have been initiatives to increase the amount of Civil Service-wide training and development, seminars and similar activities for various senior levels—for new entrants to the Senior Civil Service whether by promotion or by external recruitment, and at Director and at Director-General level. Most participants in these activities have valued them greatly. I am sure they should go further, under the auspices of the National School of Government and the Cabinet Office. But it is essential that Departments should buy into these arrangements and should not inhibited by "playing shops" through mechanistic inter-Departmental charging arrangements, as happened with the Civil Service College.

Performance Management

The civil service has come a long way in improving performance monitoring and management in recent years. But weaknesses remain. I would identify three areas of particular concern:

(a) *Target setting and assessment of results:* I am convinced target-setting is an essential part of performance management in the Civil Service; yet at the level of the individual, as at the level of the team, agency or Department, the 'technology" of target-setting remains a difficult and under-researched area. Issues include:

— the balance between consistency of targets over time as against flexibility to respond to changes in circumstances;

— whether targets should be comprehensive (risking distraction and confusion) or selective (risking disregard of important but unspecified matters);

— how to avoid game-playing to meet specific targets at the expense of overall performance;

— targeting only the measurable at the expense of the unmeasurable but important;

— the balance between team performance and individual performance.

The overriding need is to avoid an excessively mechanistic or arithmetic approach whilst still allowing attention to be directed to hard edged assessment of performance. There would be advantage in the Civil Service commissioning some research on models for target-setting in a variety of situations.

(b) *Performance bonuses and performance pay:* I do not think performance pay structures in the Civil Service have produced the benefits expected from them. Perhaps as a result of an inappropriate read-across from private sector practice, it is holy writ that performance pay forms an essential part of improving performance; yet I do not believe systematic evidence exists for this in the Civil Service. Motivators of performance are varied and complex: careful target-setting and rigorous performance monitoring and guidance, the hope of promotion, non-financial forms of recognition, professional pride, the work ethic and public service ethos, team loyalty etc. Team rather than individual performance is particularly important in the Civil Service where multiple objectives and cross-boundary activities frequently form a large part of the work. Yet successful team bonus models have not, in general, been discovered. Although it is difficult to envisage the disappearance of performance pay systems in the Civil Service, I believe it is important not place too much reliance on them as a primary motivator.

(c) *Managing mediocre and poor performance:* it is undoubtedly true that the Civil Service has traditionally been bad at managing mediocre and poor performance. The culture is still resistant to telling people they are doing badly, still more to managing their departure from the Civil Service. More systematic training of line managers in handling such situations is desirable. On the other hand, a climate of fear is not the best way of improving performance; the main emphasis should be on showing individuals how their performance can be improved, whether by training or otherwise, rather than more negative approaches.

Leadership

The concept of leadership in the Civil Service, at the top level, carries one distinct problem as compared with leadership in many other situations. This is the split of responsibility between the political Minister and politically-neutral Civil Service leader, and the unacceptability of the Permanent Secretary or other senior officials giving leadership on party political policies. The Permanent Secretary cannot properly espouse and lead the Department in wholehearted support of policies which a successor government might not follow. Instead, leadership has to be about a passion for creating a climate of efficiency and institutional fitness for purpose, where the purpose itself may vary from time to time.

This is not in anyway to minimise the importance of leadership in the Civil Service, and in my view it is one of the more remarkable changes that have taken place in the Civil Service culture in the last few years the Permanent Secretaries are now expected to be far more visible to their Departments, and visible particularly in promoting the commitment and effectiveness of the Department to carry out whatever elected ministers wish of them.

Ministers

It is an observable fact that most Ministers, of whichever political party, have never run anything in the outside world before becoming Ministers; many have never even worked for any period in large organisations, or developed any intuitive understanding of what makes big organisations tick or how to bring about change within them. They also typically, as a result of this lack, frequently have very little sense of realistic timescales for producing organizational or cultural change—a constant source of Ministerial impatience with the Civil Service.

Accordingly, it is highly desirable that newly-appointed Ministers, and aspirant Ministers whether in the Government party or in opposition, should receive a significant volume of relevant training—paid for by Parliament if the Government were unwilling to do so. This training should cover such issues as the organisation and management of Departments, of the Civil Service and of the Cabinet and Treasury machinery; modern human resource policy; concepts of accountability; the use of large-scale IT and project management; change management; and other issues, all seen in a broad public and private sector context. This training should not be, as initial experiments in this field have been, a matter of a day or less, but more extended programmes of training and seminar sessions, possibly even residential character. It should include participation as speakers by top civil servants, top industrial leaders and others with experience of managing very large organisations. The quality of this training needs to be at the level of the business school rather than the afternoon off.

THE ROLE OF THE CABINET SECRETARY

I have always advocated separating the role of the Head of the Civil Service from that of the Cabinet Secretary. Quite apart from the sheer scale of the job, a particular disadvantage of the present system is that in his capacity as Cabinet Secretary the incumbent cannot readily display the independence and detachment that, for example, the Chiefs of Staff can show towards Ministers when matters of the morale and organisation of the armed services are concerned. The instinct to be an adviser to Ministers rather than to be an independent chieftain must detract from his authority in leading this hugely important part of the body politic.

A different, though related, issue is the role of the Head of the Civil Service in relation to Departments. There has always been a tension between the authority and dominance of "the centre", meaning the Prime Minister at the political level and the Treasury and Cabinet Office at the official level, versus the sovereignty of Departments which is rooted in the British constitutional tradition. There is no doubt that Departmental sovereignty will continue to play an important part in our system; and in some respects centralisation has perhaps gone to disfunctional lengths. But in other areas, the balance still needs correcting in the interests of coherence and joined-up government. A particular example is the fragmentation of pay and grading structures below, and to some extent even within, the Senior Civil Service, which I believe has been counter-productive in practice, however well-intentioned I and others were in introducing it in the past. The role of the Cabinet Secretary in over-seeing the new capability Reviews is to be welcomed; though the primary accountability of the Permanent Secretary has to remain to the Secretary of State, subject to audit and co-ordination from the centre, rather than to the centre with a nod in the direction of the Secretary of State.

I should also like to draw attention to the damaging effect of frequent changes of Departmental boundaries. The Cabinet office used to maintain a Machinery of Government Division, charged with serious analysis of Departmental boundaries and similar issues, and the Cabinet Secretary expected to give careful advice on such matters before decisions were taken. In practice, increasingly and regrettably, most changes in Departmental boundaries now take place not for the best organizational reasons, but to accommodate the ephemeral requirements of personalities involved in Cabinet-building. Meanwhile, cutting up and merging different parts of different Departments is enormously more disruptive than Prime Ministers (without direct personal experience of such matters) generally envisage. There are of course times when organizational boundaries need to be changed; they should be deeply considered and properly planned and timed, and not introduced at five minutes' notice to meet the temporary convenience of Prime Ministers.

18 September 2006

Memorandum by Investors in People UK

EXECUTIVE SUMMARY

This memorandum addresses the key questions of the inquiry by using the experiences of an NDPB that has been working in the area of skills development and productivity improvement for 15 years. The Investors in People Standard and Profile have a central role in improving the capability of leaders and people of all levels within 21st government, through:

- Providing a practical means to implement improvements in the Leadership issues identified in the Government's Capability Reviews.
- Helping to ensure that the underlying values and principles which inform people processes within the Civil Service are right.
- Being a tried and tested means of ensuring that organisational performance and effectiveness are maximised through setting and communicating business objectives and developing people to deliver them.

INTRODUCTION

1. Investors in People UK (IIPUK) is a Non-Departmental Public Body of the DfES. We are a key partner in the Skills Alliance, and as such we are charged with assisting in the development of skills in all sectors and at all levels. We work closely with LSC, SSDA,CBI and the TUC.

2. IIPUK leads on developing, promoting and quality-assuring the Investors in People Standard. Developed in 1990, in collaboration with leading UK business, the Standard has remained at the forefront of people development, with over 60,000 organisations now actively involved. The Standard provides a framework for improving business performance and competitiveness through a planned approach to setting and communicating business objectives and developing people to delivering them.

3. The Investors in People Standard, which most Government Departments use, has been recently reviewed and strengthened. In 2004, IIPUK developed the current Profile framework, which is now an integral part of the Standard. The Profile framework allows organisations to compare themselves to world

class best practice and stretches organisations through providing even greater focus in all the key elements crucial to an organisation's effectiveness, including leadership. Little use of Profile has been made by Government Departments to date.

4. Research looking specifically at the impact of Investors in People in the public sector shows that involvement with the Standard results in:

— Positive change in organisation's culture (89% great or some extent).

— Improved returns on HR investment (72%).

— More involvement and commitment to business objectives of staff (85%).

— Improved working relationships (80%).

— An improved image of the organisation (82%).

(The Impact of IIP in the Public Sector, PACEC, 2005—635 responses)

Our recent tracking study shows that 80% of government departments believe that Investors in people has a focus on results; 73% that it improves business planning; 70% that it improves productivity; 85% that it helps organisations to change and grow and 77% that it provides best practice around people development.

The Role of Investors in People in Improving the Skills required by the Civil Service

5. Investors in People UK are delighted that the Government's Capability Reviews are looking at specific areas around leadership, as well as strategy and delivery. We believe there are lessons to be learned from the Investors in People Standard and Profile which can take these issues even further and can give departments insight and measurement into those areas of leadership which can be developed and strengthened.

6. Investors in People provides a robust framework both in the Standard and even more challengingly in its Profile tool to help departments address whether:

— they have the right skills in place to carry out responsibilities (including management skills);

— they develop staff to meet skills gaps identified; and

— they evaluate such development.

7. We further believe that the values and principles of Investors in People are crucial elements which help organisations in a very practical way to implement the changes required to be ever more successful.

8. The paragraphs below address the Committee's specific questions from the Investors in People perspective:

Question 3

Leadership is vital within the Civil Service—as in any organisation. However where matters of national security, public finance, health etc are concerned, there is little room for error. Plans and the execution of plans in these areas must be effective and this depends on staff performing at maximum levels of efficiency. Leadership skills are essential to ensure that strategies are carried through, and Profile in particular demands that Leadership development is implemented and evaluated. The Investors in People Standard and Profile require Government Departments to define the skills, competences and behaviours of leaders and managers, and to assess their performance against these. It also demands that the performance actions of leadership development are evaluated and acted upon.

Question 8

It is essential that departments are able to define the skills, experiences and competences they require at all levels, now and in the future. The Investors in People Standard requires that skill needs (and hence skill development) are linked directly to the department's goals and targets and that development is evaluated.

Question 10

When skills and competences are identified clearly and skills assessments are undertaken at all levels, it becomes possible to link individuals to particular posts either as a means of filling posts and bringing in new talent, or as a means of development. The Investors in People Standard requires departments to accurately specify the skills required by post holders at all levels. Multi-skilling and providing individual stretch to staff enables the organisation to be more flexible and to respond to change.

Question 12

The Evaluation principle in the IIP standard is key here. It insists that all development is measured on its outcomes, in terms of the actual performance of the individual, team and organisation. If training is appropriate it will be delivered at the right time and achieve the right outcomes by the right learning methods. Performance will improve. It is then possible to use the Standard to assess the effectiveness and appropriateness of training.

RECOMMENDATIONS FOR ACTION BY THE COMMITTEE AND DEPARTMENTS

9. We have outlined briefly where we believe the IIP Standard will enhance departmental performance. It is important to stress however the added developmental opportunities afforded by the IIP Profile tool. This takes the measurement of the impact of development and performance to higher levels and in more depth. It is particularly appropriate for large, mature organisations such as those within the Civil Service.

10. We therefore recommend that all Government Departments use elements or, where appropriate, the entire Profile tool. We would be happy to assist in any way we can including developing support and guidance material, running workshops etc and would be delighted to have the opportunity to discuss these issues further with the Committee.

September 2006

Memorandum by the Parliamentary and Health Service Ombudsman

I write in response to your issues and questions paper on Skills for Government, which I read with great interest.

As Parliamentary Ombudsman, responsible for undertaking independent investigations into complaints about maladministration on the part of government departments and agencies, Ihave considerable experience of the CMI Service and ministers.

Your inquiry is important because it addresses the need to be clear about the skills required to deliver public services and to carry on the business of government, and asks some very pertinent questions about how the CMI Service can ensure that the right skills are developed.

I will not respond to every one of your questions, but I believe that my Office's evidence base can make a substantial contribution to the debate, in particular by drawing attention to the needs of the service user.

As I said in my Annual Report 2005–06, Whitehall too often fails to focus on the customer. This became clear in two recent reports from my Office: *A Debt of Honour,* which concerned complaints about the *ex gratia* compensation scheme for British groups interned in the Far East during the Second World War; and *Trusting in the Pensions Promise,* in which I found that official information provided over many years about the security of final salary occupational pensions was inaccurate, incomplete, unclear and inconsistent. These reports reveal a degree of official insensitivity to the needs and sometimes the feelings of people who had every reason to believe that they could rely on the government. Basic principles of customer service were at times ignored. Policy was made and implemented without due regard to the effect on Individuals. The reasons for such systemic failures of public administration need to be understood and addressed by government. Your questions about the training and development of civil servants deserve a proper answer.

My investigations also reveal a failure by some in the Civil Service to demonstrate competence in a number of specific skills which should be central to customer service. The problems identified by complainants range from shortcomings in communication with service users to poor record-keeping. Maladministration and poor service can lead to injustice and distress for those who deal with government, and I hope your inquiry will make clear the importance of maintaining high standards at all times.

Another of my recent reports, *Tax Credits, Putting It Right,* describes the problems that can arise when the needs of the service user are not fully taken into account in policy design and implementation. Complainants told me that they suffered a considerable degree of hardship because the tax credits system failed to offer sufficient certainty of income.

As I said in the conclusion to that report, there was:

> "*the fundamental question as to whether, for people on modest incomes who have to budget and plan their finances carefully to manage their lives, such inbuilt instability or uncertainty really works. Ultimately, this question has to do with the policy design of tax credits. It is not, therefore, a matter for me. However, in the light of the customer experience for this client group as described in this report, it is, I believe, an important issue that needs very careful consideration.*"

Your inquiry will, I hope, address the need to provide departments with the range of skills in policy design and implementation that would help to ensure that such problems can be avoided in future.

One important skill that does not appear, from my evidence, to be universally well developed in Government is that of learning lessons when things go wrong. Some of the cases that come to me demonstrate clearly that departments fail to consider fully what can be learned from experience of systemic failure or one off examples of maladministration.

As I said in *A Debt of Honour,*

> "*An early recognition that lessons can be learned from complaints and other feedback can prevent systemic failure or a situation in which public resources are expended on remedial action, which would not have been necessary had a thorough review taken place at the appropriate time and had any corrective action been carried out proactively.*"

Another specific example of a policy area where I have identified particular weaknesses is *ex gratia* compensation schemes. *A Debt of Honour* calls for such schemes to be implemented with due regard "*to the need to give proper examination to all of the relevant issues before the scheme is announced or otherwise advertised. It is wholly unacceptable for schemes—especially those that are designed to deal with sensitive issues—to be announced, and applications received, before decisions have been taken on key issues such as eligibility. That can only lead to disappointment and distress.*"

The report also makes recommendations for clearer publicity about such schemes and regular review of their operation. I hope that government will ensure that officials who are involved with such schemes are aware of the importance of implementing them in a transparent, consistent and sensitive manner.

Another of the requirements for civil servants—certainly for those with a management role—should be an appropriate standard of basic constitutional awareness, including a sound understanding of the role of the Parliamentary Ombudsman. Ministers should also be fully aware of how the Office works and why its role is important.

I do not believe that this is currently the case in some parts of Whitehall and Westminster. Several times in the past year, I have had occasion to comment on the rejection by the Government of my findings of maladministration.

My response to these decisions by Government was set out in my Annual Report 2005–06:

> "*Government departments may legitimately contest recommendations, having properly considered the public interest and the cost of implementing them. However, it is inappropriate for a body under investigation to seek to override the judgment of the independent arbiter established by Parliament to act on its behalf.*"

However, I would not wish to be unduly critical of the level of skills in departments. We have in particular been impressed by the willingness of many departments and their officials to learn from our cases. A good example of this is our contacts with HM Revenue and Customs in the year or so following the publication of my report on tax credits. Working closely with the Revenue, we have seen how our recommendations have been implemented to bring about an improvement in the handling of both claims and complaints. Although the problems are far from solved, officials have shown a range of skills, in particular flexibility and a greater understanding of the needs of customers.

In another case, Ofcom acknowledged that "*Your investigation . . . has proved a useful and timely exercise in assessing our current procedures with reference to our consultation on our guidelines for the handling of fairness and privacy complaints.*"

You ask whether the first round of Departmental Capability Reviews have been successful in identifying successes and failures within departments and recommending action for change. It is unfortunate that the assessments of departments make no mention of the quality of complaint handling as one measure of customer service. Indeed customer service as a whole does not appear to play a major role in the review processes. I hope that this omission will be corrected in future reviews.

More generally my Office stands ready to assist in contributing to the training and development needs of civil servants. We have been discussing how we can work with the National School of Government to provide officials with insights into the way the needs of customers can be met. Finally, my Office will soon publish for consultation a set of draft Principles of Good Administration. These will describe what I believe makes for good administration and will be used within my Office to guide us in judging where maladministration has occurred. I hope that this will also make a significant contribution to the debate about the skills which are needed for government.

19 September 2006

Memorandum by David Spencer, Principal & Chief Executive, The National School of Government

STATUS, GOVERNANCE AND ACCOUNTABILITY

1. The National School of Government was launched on 20 June 2005 as part of the Corporate Development Group within the Cabinet Office.

2. Shortly after his appointment Sir Gus O'Donnell undertook a review aimed at creating a smaller, more strategic Cabinet Office. As a result he announced in October 2006 that the National School should have more autonomy to develop its role as a centre of excellence for learning and development across the public sector. Following a review of status options Ministers announced in March 2006 that the National School should become a non-ministerial department (NMD) located at the heart of government. The target date for new status to become effective is January 2007.

3. New status as a non-ministerial department strengthens its position by establishing a governance framework more consistent with its strategy of being a truly National School with wider ownership reflected by a new board with representation from across the public service.

4. Status as a non-ministerial department will allow the increased autonomy and management freedoms needed to develop the necessary organisational structure and systems to deliver its strategy.

5. *Minister for the Cabinet Office:* Although the National School will be "non-Ministerial" in the sense that the Minister would not normally need to become involved in the day-to-day management of the National School, the Minister for the Cabinet Office will be accountable to Parliament for the department. The Minister will approve the National School's business plans and annual reports and will ensure that the organisation is operating effectively through regular meetings with the Head of Department.

6. *Head of Department:* The Principal and Chief Executive of the National School will be the Head of Department and Accounting Officer. The Head of Department will formally be responsible to the Minister for the Cabinet Office for the National School. He/she will be responsible to the National School of Government Board for the effective management of the Department and is line managed by the Board Chairman.

7. The Principal and Chief Executive will submit for approval by the Minister, a five-year Strategic Plan and an annual Business Plan. These plans are commercially sensitive and will not be published.

8. As the appointed Departmental Accounting Officer, the Head of Department will ensure that the requirements of Government Accounting are met, and that the National School takes account of all general guidance issued by HM Treasury and recommendations by the Committee of Public Accounts, other Parliamentary Select Committees, or other Parliamentary authority which the Government has accepted. The Head of Department is appointed by the Cabinet Secretary, in consultation with the Prime Minister and the Minister for the Cabinet Office.

9. The Head of Department as Accounting Officer may to be summoned to appear before the Public Accounts Committee (PAC) at hearings related to the National School of Government. The full duties and responsibilities of the Accounting Officer are set out in the letter of appointment to that position.

10. Where Members of Parliament wish to raise a matter relating to the National School's operations, they will be encouraged to write to the Head of Department. The Minister will usually ask the Head of Department to write in reply to written Parliamentary Questions and to individual letters on operational matters for which he/she is responsible. The Head of Department's letters in reply to Parliamentary Questions are published in the Official Report.

11. The Head of Department will be responsible for ensuring that effective procedures for handling complaints about the Department are established and publicised. This includes replying to complaints personally if they cannot be resolved satisfactorily at local or operational level.

12. *National School of Government Board:* The National School Board will be responsible for overseeing the work of the National School. Its terms of reference will be agreed with the Minister for the Cabinet Office. The Head of Department will be responsible to the Board for the effective management of the Department. The Board will be required to send six-monthly reports to (and receive advice from) the Steering Group of the Permanent Secretaries' Management Group. A list of Board members is attached at Annex A.

13. *Board Appointments:* The Cabinet Secretary is responsible for appointing Board members, on the advice of the Board Chairman and the Head of Department. The Head of Department will be responsible for ensuring that the terms of the Corporate Governance Code are adhered to.

14. *Board Performance:* Members of the Board will be accountable to the Board Chairman for their performance on the Board.

15. *Key Relationships*—An important part of the positioning of the National School is its strategic partnership with the *Corporate Development Group in the Cabinet Office and Government Skills, the Sector Skills Council for Government.* A Memorandum of Understanding will be agreed which outlines how the

relationships will operate to ensure that the people development aims of the Government are met. To ensure coherence, the Director General of the Corporate Development Group in the Cabinet Office is on the Board of the National School.

Headline Strategy and Direction

16. The strategy for the National School signals a new direction of travel and a significant shift of emphasis from its predecessors, the Civil Service College and more recently, the Centre for Management and Policy Studies (CMPS), ie:

- Its success will be measured by its reputation and impact rather than the level of revenue generated from its activities.
- The transition from a product led to a demand led approach is supported by a Strategic Relationship Management capability to develop and maintain strategic relationships with client organisations to ensure that their needs are more clearly understood and that the intervention is the most appropriate.
- The strategy assumes that the strategic relationships with client organisations will result in a shift from development that is provided for and procured by individuals to interventions that are provided for and procured by organisations.
- There is also an assumption that this increase in organisational procurement will take the form of tailored or bespoke activity and organisational development.
- As the Government's Centre of Excellence for Learning and Development, the National School leads on the design and delivery of corporate civil service leadership programmes on behalf of the Cabinet Office.
- The National School will continue to run high quality, high impact open programmes which will be less generic and closely aligned with the context and the priorities of government including the Professional Skills for Government (PSG) agenda.

17. The National School is tasked with supporting the policy objectives of all departments eg the Cabinet Office with Leadership and PSG, DEFRA on Sustainability, DTI on Innovation and the Treasury on Risk etc.

18. To reinforce the shift from being revenue driven to an increased emphasis on reputation and impact, the National School strategy is to develop a range of strategic relationships with policy leads in departments, heads of profession, other public service academies, schools of public administration internationally, professional institutes, business schools, and universities in order to:

- ensure alignment with the context and priorities of government;
- support professionalism in government;
- share knowledge and best practice;
- increase intellectual capacity;
- broker increased delivery capacity working with the best;
- gain professional accreditation and endorsement; and
- understand and deliver within a unique context.

Capacity Building

19. The National School faces the challenge of building and resourcing a sustainable organisational model that allows it to successfully manage delivery on a demanding set of continuums as outlined above.

20. In order to deliver its strategy the National School has developed a framework and capability to strategically manage relationships with client departments.

21. The faculty of the National School will be reviewed and as appropriate refreshed in the light of the knowledge and skills required to deliver the strategy. The National School is investing in building its organisational development (OD) capability by developing a Masters degree in organisational development and sponsoring a cadre of existing faculty to make the necessary transition.

22. The pool of National School Associates will be entirely reviewed and refreshed by December 2006 so that it reflects the knowledge and skills required for the new orientation.

23. An association of leading academics, the "Sunningdale Institute"" has been appointed to strengthen the intellectual capacity of the National School. Each is an exemplar in their field and recognised as such by their peers. The Fellows who have been selected from an international field are a resource to the public service in a number of ways:

- input into Ministerial and Permanent Secretary development;
- think-tank style discussions and analysis of major issues;

— contribution to early thinking on policy areas; and

— seminars and presentations for the Senior Civil Service and other key groups.

24. The development of strategic relationships and delivering with or brokering from other public service academies, schools of public administration, professional institutes, business schools and universities is integral to the strategy and to building the capacity of the National School. Examples include:

— *Oxford University*—run a series of seminars in policy making and delivery on cross cutting issues, so far on migration, ageing and ethics

— *Warwick Business School*—are collaborating with the National School to adapt their MPA for civil servants.

— Henley Management College—are developing a distance leaning MBA for civil servants in 2007—Henley are also contributing to the National School's Top Management Programme (TMP.)

— *London School of Economics*—Contribute to the National School's Top Management Programme (TMP).

— *Duke University*—Contribute to the National School's Top Management Programme (TMP).

— *Birmingham University*—establishing a new master's degree in Organisation Development and contributing to the National School's public service Leaders UK Programme.

— *Ashridge Business School*—Contribute to the National School's Leaders UK Programme.

— *Canadian School of Public Service*—Benchmarking on organisational development—Leadership—E-Learning.

A Challenging Transformation

25. The context to the launch of the National School of Government is primarily one of transition from the models of its institutional predecessors the Civil Service College and latterly the Centre for Management and Policy Studies (CMPS).

26. This necessary and appropriate transition and related strategy creates a number of tensions that will require very careful management and corporate support if the National School is going to be successful in building its capacity, delivering improved services and developing a sustainable business model. Launched against the backdrop of arguably the most challenging efficiency agenda since the mid 1980's the National School will be subject to the same reform pressures as everyone else. Its clients are under pressure and this poses both a threat and an opportunity.

27. Tailored/bespoke/consultancy activity delivers less revenue than open programmes—so the shift from individually procured places on courses to a model of working more closely with organisations will reduce income. Generic programmes typically appeal to a larger market than more specialised programmes—again the shift will challenge the bottom line. Increased partnership working and brokering means that often the National School will manage more and actually deliver less itself.

28. The shift from an overtly commercial model which has been product led and driven by the aggressive marketing of those products towards one which is driven by the needs of our clients introduces a completely different relationship. A genuine strategic relationship with our clients will mean that departments can manage their investment in development more effectively in terms of value for money and impact; the result will almost certainly mean savings for the spend on development in the civil service, and as a consequence, a reduction in revenue for the National School.

Building a Sustainable Model

29. As the National School moves towards non-ministerial status, the main challenge will be to build a sustainable model that can deliver the strategy. The model most likely to succeed is one which recognises that the organisation is a blend of two very different functions that need to coexist:

— Provider of development products and services aligned to the requirements of government—this function would be "ring-fenced" to operate on a full-cost recovery basis within the National School.

— Corporate Contribution—this other function is very different and operates much more along the lines of a corporate university—this would include but not be limited to:

  — Strategic Relationship Management (SRM) capability;

  — strategic capability—contribution of the National School as the Government's thought leader in development innovation and dissemination;

  — management of the Sunningdale Institute;

  — design and delivery of corporate civil service leadership programmes on behalf of the Cabinet Office; and

— Corporate Ministerial, Permanent Secretary, Director General and High Potential Development.

In keeping with most corporate universities this type of activity would require at least a degree of funding and would not be run on the same full-cost recovery model.

30. What is emerging is a model that appropriately links:

— funding;

— governance;

— accountability; and

— risk.

Funding: Permanent Secretaries agreed in July 2005 to provide £11.8 million over three years to fund the necessary organisational transition from CMPS to the National School. The National School will require on-going funding for developing and maintaining the "corporate university" function beyond 2007–08. A subscription model whereby departments pay annually is a possible mechanism for obtaining funds related to the corporate contribution that the National School makes for the benefit of the departmental "shareholders".

Governance: The new National School Board representing the wider ownership of the School across Government is in keeping with the concept of departments being shareholders. They are funding it and they are also integral to the governance framework.

Accountability: The Principal and Chief Executive and Head of Department will be the Accounting Officer. He/She will be line managed by the Chairman of the National School Board which will report to the Permanent Secretaries Management Group Steering Group.

Risk: As the National School moves out of the Cabinet Office, it is appropriate that the risk management of the National School moves with it. Under a subscription model departments would be providing funding for the National School and that through the Board they would be bound into the governance and accountability for the National School, it would follow that they would also need to bear the risk or at least be the "banker of first resort" in the unlikely event of a deficit. The Cabinet Office and the Treasury would in turn need to underwrite the risk.

22 September 2006

Annex A

MEMBERS OF THE NATIONAL SCHOOL OF GOVERNMENT BOARD

Sir Brian Bender (Chair)	Permanent Secretary, Department of Trade and Industry
Dame Sue Street	Permanent Secretary, Department of Culture, Media and Sport
Helen Ghosh	Permanent Secretary, Department of Food, Agriculture and Rural Affairs
Sir John Elvidge	Permanent Secretary, Scottish Executive
Peter Housden	Permanent Secretary, Department for Communities and Local Government
Ian Andrews	Second Permanent Under Secretary, Ministry of Defence
Jocelyne Bourgon	Ambassador, Canadian Permanent Mission to the OECD and President, CAPAM
Professor Gillian Stamp	Director, Brunel Institute of Organisational and Social Studies BIOSS
Sir John Harman	Chairman of the Environment Agency and of Warwick University Institute of Governance and Public Management
Lord Victor Adebowale	Chief Executive, Turning Point
Gill Rider	Director General, Corporate Development Group, Cabinet Office
David Spencer	Principal and Chief Executive, National School of Government
Mike Pearce (Secretary)	National School of Government

Memorandum by the CBI

1. The CBI welcomes the opportunity to respond to the Public Administration Select Committee inquiry into the skills the civil service requires for 21st century government. We support the objective of creating a culture of excellence within the civil service. As a user, funder and provider of public services, business has a genuine stake in civil service reform, which we see as an essential precursor to transforming public services.

2. In particular, CBI members have been enthusiastic supporters of efforts to improve specialist and leadership skills in the civil service. The CBI's involvement includes membership of the Public Sector Leadership Consortium and strong links with the National School of Government.

3. The civil service is rightly admired throughout the world for the quality and dedication of its staff. But it is becoming increasingly clear that the service is under-performing in reacting to the challenges it faces in a new environment. The role of government is changing and the service must develop to meet these changes. In particular, the service needs to develop more specialist professionals, rather than generalists, who can give practical policy advice, and it needs to improve project management by developing finance, procurement and people management skills across departments.

4. The issues the service faces cannot entirely be resolved by changing skill patterns—more structural reform is also required—but CBI members believe that if departments were better equipped to design and deliver public services, outcomes for citizens would be greatly improved. Reform of the civil service should therefore be at the heart of public service improvement and its drivers. As the Prime Minister said in his foreword to the first Departmental Capability Reviews, " . . . the transformation of public services must begin at the centre of government, with the departments and the civil servants who support the elected government".[8]

5. Following the renewed interest of the government for public service reform, civil service reform has rightly become a priority. The reform programme involves developing civil servants' professional skills, embedding efficiency into everyday thinking and putting citizens at the heart of service delivery. In this respect, the Comprehensive Spending Review 2007 and the Gershon Efficiency Programmes are good levers for change. The CBI believes they should be used to drive improvement in civil service capabilities.

6. The key points the CBI wishes to raise in this response are:

- developing civil servants' leadership skills will drive change in departments;
- putting in place the right structures and systems will incentivise civil servants to improve outcomes and efficiency; and
- building up professional skills and specialisms will improve service quality.

Developing Civil Servants' Leadership Skills Will Drive Change in Departments

7. In order to effectively implement public service reform and meet the needs of diverse communities and businesses, civil servants must be able to put in place the right programmes and implement them effectively. The publication of the first four Departmental Capability Reviews highlighted many shortcomings in ensuring civil servants take ownership of their department's objectives. The response to the reviews—departmental action plans—must be central to the strategy and priorities of permanent secretaries.

8. Programmes run by the National School of Government (NSG) are already looking at developing the leadership skills of senior civil servants. This is an essential part of ensuring that senior civil servants have the skills to implement departmental action plans. We welcome the development of programmes such as the Top Management Programme and Leaders UK.

9. There is a significant reserve of management talent and experience in the private sector. CBI members are ready to engage with NSG, Cabinet Office and others to share expertise and discuss leadership issues. Mentoring and other arrangements have grown in recent years, and more can be done, perhaps by expanding the pool from which departmental non-executive directors are appointed. Secondments both into and out of the service will also help broaden experience and skills. The CBI Public Services Strategy Board stands ready to share and exchange experience with public sector leaders.

Putting in Place the Right Structures and Systems Will Incentivise Civil Servants to Improve Outcomes and Efficiency

10. A key factor in driving higher performance in the civil service will be putting in place a framework within which civil servants are better able to bring their skills to bear. In particular this means developing accountability for service outcomes within the service, and supporting civil servants with better information on which to make decisions. To date, government reviews such as Gershon have neglected " . . . the critical weakness of the lack of proper management structures, accountability and incentives within Whitehall departments".[9]

[8] Civil Service, *Capability Reviews: The Findings of the First Four Reviews, 2006,* Foreword.
[9] Rupert Darwall, *The Reluctant Managers—Part 1 Report on Reforming Whitehall,* p 29.

11. Changes in performance management are clearly needed to reinforce accountability and develop leadership skills. The CBI believes that the government can, and should, do much more to implement performance-related progression across the whole civil service. At present, fewer than one in four civil servants think poor performance is dealt with effectively in their department, according to survey data from IPPR.[10] In particular, performance-related rewards, with performance-related pay increases and promotion opportunities making up an important part of the reward package, should be implemented for civil servants who achieve higher quality services and efficiency savings. Where inefficiency prevails, ministers and permanent secretaries should not be afraid to replace senior civil servants with people who can drive service improvements.

12. Such decisions must be made on an objective basis, however. The civil service should develop a tool to judge the performance of managers and assess their development needs by independent score-keeping. An assessment tool—independently generated—could be developed for central government, which would regularly compare the performance of managers and departments against a number of measures. Senior managers could then be accountable for their performance based on comparisons with peers in other departments and benchmark levels from other organisations.

13. Tools such as this require greater clarity of objectives for staff. The setting of objectives is therefore a key aspect of better management skills for senior managers. But if clearer lines of accountability are established, it is important to give civil servants the tools to make decisions that improve outcomes for citizens. A major difference between the position of private sector managers and those in the public sector is the amount of relevant service information to which they have access and on the basis of which they can make relevant service decisions. By improving information management systems—which does not mean large scale IT, but rather better transfer of relevant service information within departments—civil servants would be better equipped to understand the financial and operational impact of their policies. The upcoming CBI publication, CSR 2007: improving public service management, reviews some of the issues facing government departments—a copy will be sent to the committee office at the time of publication.

14. The development of stronger systems and processes will incentivise staff to develop the skills they need to deliver better services, and boost recruitment and retention. But there is still a strong need for the service to think strategically about how to develop the right level of capability and capacity overall.

Building Up Professional Skills and Specialisms Will Improve Service Quality

15. A key factor in delivering better services will be developing specialist skills. It is essential that civil servants have the appropriate skills to do their work. The days of the generalist as the only role in the civil service have ended—more development of skilled specialists, who have parity of esteem with generalist colleagues, is necessary. To date, moving generalist staff back and forth between posts has limited the capacity for developing high quality specialists. The CBI welcomed the Professional Skills for Government (PSG) programme on this basis, as it aims to try to put an end to this generalist/specialist divide by giving professional recognition to the skills and experience of all staff at and above grade 7.

16. The PSG programme is an important tool to ensure that all civil servants have the right skills, expertise and experience to do their jobs and have the opportunity to gain the skills necessary to improve performance and delivery. We believe that it should be used to identify and meet skills and capacity needs.

17. One area where specialisation has been developing is financial management, including the appointment of more fully qualified finance directors in the public sector. Effective financial management is essential to achieving financial control of programmes, projects and running costs and thus delivering policy objectives on time and within budget. An increasing number of departments now have a board-level finance director, but progress must go further and departments need to mainstream financial management as an integral part of decision-making. In particular, there is a strong need to put in place management information tools to measure financial performance and corporate management structures to improve decision-making and accountability.

18. People management is also a key area in which greater use of specialist skills could reap rewards for the service. As the civil service invests around £13.5 billion in staff costs, better people management will improve the ability of departments to deliver policy objectives through objective setting and performance management and improvement. The HR Transformation Directorate has already put in place a development programme in partnership with the NSG and PSG has identified people management as one of the core skills that every civil servant should have. But it will be essential that HR professionals have the expertise to build capability and support change across departments. This will require the civil service to tackle expertise gaps, ensure it has got the right people in key roles and mainstream people management skills through development programmes for senior civil servants. It is important to note that increasing numbers of HR staff—the public sector traditionally has higher staff: HR personnel ratios than other employers—is unlikely to be the answer. The service should rather focus on supporting HR managers in their new role as strategic business partners.

[10] http://www.ippr.org/pressreleases/?id=2156

19. The PSG programme is already looking at the ways to improve the skills of civil servants and professionals who implement financial and people management programmes, but the civil service should go further and set up a full specialist career structure to develop strong in-house expertise and fill the commercial, HR and finance director posts.

20. In procurement, creating commercial directorates with a strong understanding of the department and the capability to link commercial issues with wider policy goals will be a key step.[11] For instance, the CBI report *Buying the Best for the NHS* has recommended establishing a national procurement academy to train a cadre of highly skilled health procurement individuals for deployment where and when appropriate. This model should be explored across all sectors. The academies could be overseen by OGC and could act as centres of procurement excellence, along a similar model to Northern Ireland.[12]

21. The existing reform agenda gives the government the opportunity to create such a professional commercial service within the civil service. Departments already have permanent specialist Centres of Excellence established by OGC. Further developing the full range of commissioning skills from project specification and building relationships with advisors and partners to managing the contract post-procurement will ensure effective project delivery, successful operation and achievement of service outcomes. Better procurement skills help cut bid costs, which are ultimately passed on to government, and specify the outcomes that the department wants. Skilled and experienced staff have the confidence to apply flexibility to rules and procedures in order to improve outcomes.

22. The Office of Government Commerce (OGC) should be encouraged to build on its present role as a central champion for procurement and commercial activity and act as a source of expertise for departments, agencies and local authorities through developing and codifying knowledge, good practice and guidance. In particular, OGC could draw up common standards for commercial and procurement staff so that personnel could transfer across departments at equivalent grades. More generally, OGC should work with each department to identify the skills and provide the practical help required by officials for complex procurements and delivery.

September 2006

[11] CBI, *Achieving continuous improvement: the transformation of our public services,* 2005.

[12] In Northern Ireland, a Central Procurement Directorate sits in the Department of Finance and Personnel. The directorate and a procurement board oversee a number of sector-specific centres of procurement expertise. The centres act as both procurement hubs and advisory services for trusts.

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