



House of Commons  
Public Administration Select  
Committee

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# Skills for Government

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**Ninth Report of Session 2006–07**

*Volume I*





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Public Administration Select  
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***Volume I***

*Report, annex and appendices, together with  
formal minutes*

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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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## Summary

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The work of the Civil Service affects every British citizen. It performs many of its tasks admirably, despite enormous challenges of delivery in a world of increasing public expectations. Civil servants are extremely committed. Yet there remains a perception that it is not effective enough for the tasks it faces. The decision to carry out Capability Reviews of each department suggests that the senior leaders of the Civil Service shared that perception—and the subsequent findings of those reviews suggest that they were right. The Government clearly agrees that the skills of the service need to be improved.

There are several methods which can be used to boost an organisation's skills, ranging from increasing training provision and encouraging staff to seek professional qualifications to fast-tracking talent or buying it in from outside. The Government is trying all of these. In the last few years it has developed the Professional Skills for Government programme to create a more “professional” Civil Service, established a Sector Skills Council to define the organisation's skills needs and develop vocational qualifications, and launched a National School of Government. Meanwhile, it continues to manage the Senior Civil Service and Fast Stream centrally, providing special support to current and future leaders, and recruitment from outside the Civil Service also continues apace.

This Report considers the appropriateness of these approaches to meeting the challenges of managing the modern Civil Service. It concludes that the various programmes lack overall coherence. There should be a clear focus on the organisation growing its own talent, and the service could do more here. Departments should get central aid and encouragement to run internal fast-track schemes, and to equip their staff with suitable vocational or academic qualifications to allow considered workforce planning. The Capability Reviews testify that at the moment the Civil Service may not have analysed the skills it needs. More work needs to be done on this, linked to the findings of the Capability Reviews. As the leaders of the Civil Service, ministers should be involved in defining its skills and capability needs.

At the moment, the value of external recruitment to improving the Civil Service may be overemphasised. Unless it is targeted correctly, bringing in outsiders can cause as many problems as it solves. As a rule, external recruitment should not be taking place at the highest echelons of the service, and should not focus predominantly on the private sector. The emphasis on headcount reductions in the Gershon efficiency programme can also sometimes militate against the Government's pursuit of improved Civil Service skills.

Successful skills policies need central vision and drive, and positive performance management. The Cabinet Office needs a much more effective corporate development function to lead and enforce change across the whole Civil Service. There should be a closer connection between skills policies and work to increase departments' capabilities, and skills drives should be backed by a clear ministerial commitment at least equivalent to the commitment shown towards Civil Service efficiency savings. As part of that ministerial commitment, there should be a continuation of the recent expansion in ministerial training and development, and this should be visible. As departmental leaders, ministers

should embody a culture of continuing professional development.

Civil Service performance would also benefit from more systematic and rigorous external scrutiny. Just as the National Audit Office looks at financial performance, there should be a similar body looking at more general performance issues. We propose a National Performance Office, helping Parliament and its Committees hold the Government to account. This new office also ought to take on the role of managing future Capability Reviews. We do not doubt the rigour of the reviews so far, and indeed we welcome them as a worthwhile innovation which ought to be repeated regularly; but there is a clear conflict of interest in allowing them to be run by central government. Future reviews ought to be independent of the Civil Service, to allow the benchmarking of progress towards a Civil Service fully equipped to meet the challenges of government today.



# 1 Introduction

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## Aims of the Inquiry

1. The Government has for some time been committed to a programme to increase the skills and professionalism of the Civil Service. As part of that programme, it introduced the Professional Skills for Government initiative, and restructured the Centre for Management and Policy Studies into the National School of Government. We decided at the beginning of this Parliament that we would look at the implementation of these policies, but that we would delay inquiry for a year, to enable the programme to make progress. This inquiry fulfils that commitment. However, more recent events and developments have suggested that there remain important policy issues.

2. Our inquiry into Politics and Administration: Ministers and Civil Servants found a widespread assumption that the Civil Service was, to some degree, failing—whether in the design and implementation of ministerial policy, or in ensuring the effective delivery of public services.<sup>1</sup> Ministers and former ministers have been increasingly vocal in their negative assessments of Civil Service performance, most notably when the then Home Secretary declared his department’s systems to be “not fit for purpose”.<sup>2</sup> This has coincided with a number of high profile administrative failures, from the Rural Payments Agency’s failure successfully to deliver the Single Payments Scheme to the abandonment of the new recruitment system for junior doctors. Part of the response, led by the Civil Service as well as ministers, has been to look hard at the capability of the service, and the skills it needs.

3. A highly skilled Civil Service is not an end in itself. The aim is to improve performance of Government as a whole. In discussing these issues it may be helpful to start with some definitions:

- *Skills* are the knowledge and personal abilities of an individual; the skills base of a department is no more than the sum of the skills of all the people it employs;
- *Performance* can be either individual, or departmental. A department cannot perform without properly skilled people, but, however skilled the workforce, it will not be effective if management does not deploy its individuals effectively. Performance is a measure of what has actually been achieved;
- *Capability* is a measure for departments, not of what has been achieved, but of the department's ability to achieve in future. We will discuss it in some detail below.

4. In October 2005 Sir Gus O'Donnell, as the new Cabinet Secretary and Head of the Home Civil Service, announced, at a meeting of this Committee, that departments would be subject to a series of Capability Reviews.<sup>3</sup> These would assess the capability of each department in turn, and set out measures to improve it. Our inquiry is informed by the

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1 Public Administration Select Committee, Third Report of Session 2006-07, *Politics and Administration: Ministers and Civil Servants*, HC 122

2 Home Affairs Committee, Fifth Report of Session 2005-06, *Immigration Control*, HC 775-iii, Q 866

3 Public Administration Select Committee, *Civil Service Effectiveness*, 9 December 2005, HC 513-i, 2005-06, Q 1

findings of the Capability Reviews, but does not attempt to duplicate their work. Nor have we necessarily accepted all of their findings at face value.

5. The institution of Departmental Capability Reviews suggests that the Government shares the wider concern about Civil Service performance. The goal of Government policy towards the Civil Service appears to be the “professionalisation” of the service:

To ensure the Civil Service is admired worldwide for the quality of its policy advice, we need professional, highly skilled civil servants who provide objective, evidence-based advice without fear or favour... This requires professional civil servants with deep rooted, constantly refreshed skills. People who have the confidence to embrace the best ideas from colleagues and from outside, and who have the skills to implement those ideas.

We need a twin track approach: developing our own staff to meet their considerable potential, and bring in those with the talents we lack and with greater diversity of background.<sup>4</sup>

6. However, although it is important to focus on how things could be improved, we need to be clear about the context in which the Civil Service works, and about the challenges it faces, which go far beyond those facing any private sector organisation. In the first place, the Civil Service cannot set its own agenda. Its leadership is shared between senior civil servants and the ministers whose policies they carry out. That relationship is complex. When we visited the Top Management Programme at the National School of Government, we heard that private sector participants are always struck by the complexity of the challenge faced by senior civil servants. No private business would knowingly model itself on a government department. Furthermore, some failures may result from policy design or timing, for which ministers are responsible.

7. Not only is the leadership relationship complex, but the organisation itself is not a single entity. The Civil Service as a whole numbers some 550,000 people. Within this, though, departments range in size from around 125,000 people in the Department for Work and Pensions to 640 people in the Department for Culture, Media and Sport. Key central departments like the Cabinet Office and HM Treasury are among the smallest of departments. The different sizes of these offices reflect the wide range of roles for which they are responsible, from policy advice to service delivery.

8. The skills required by the Civil Service do not remain static. Changes in emphasis of Government policy, or in methods of public service provision, require civil servants to develop new competences to reflect their shifting roles. Today’s civil servants interact with complex networks of customers and stakeholders. They oversee increasingly long and indirect delivery chains. Policy often involves trying to influence behaviour. As Government continues to move towards a social market for public service delivery, fewer civil servants will be engaged directly in the delivery of services, and there will be a greater need for skilled commissioners, to design, agree and monitor compliance with contracts with providers from outside the public sector.

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4 Sir Gus O’Donnell, “Our 21st Century Civil Service – Creating a Culture of Excellence”, Speech to Public Service Reform Conference, 6 June 2006 – see [www.civilservice.gov.uk/publications](http://www.civilservice.gov.uk/publications)

9. Above all, we must not lose sight of the scale of the services being delivered. Her Majesty's Revenue and Customs alone has 36.9 million individual customers.<sup>5</sup> These are not necessarily willing customers. Some transactions may be simple; others may involve tailoring complex systems of benefits to individual circumstances. Nor can the standards of public services be static; it is widely observed that public expectations are rising, very possibly more quickly than the resources available to the state.

10. Civil servants are committed. Survey evidence shows that British senior civil servants are far more committed than their international counterparts. A recent survey found that 98% were committed to seeing their department succeed. 91% claimed that they were willing to put in a great deal of effort beyond what is normally expected to help their department succeed, and a still impressive 81% were proud to work for the Civil Service.<sup>6</sup> Worldwide benchmark data from ORC International shows that the "central government norm" for this last figure is 58%. Nor is this commitment limited to the highest echelons. During this inquiry, we visited offices of the Identity and Passport Service, Her Majesty's Courts Service, and Jobcentre Plus. We were deeply impressed by the skills and commitment of all those we met, at every level.

**11. Although this report will look at ways in which performance can, and must, be improved, we should not lose sight of the very many excellent things that are done by excellent people every day. It is a sign of the professionalism of the existing Civil Service that we take so many of these for granted.**

## Committee's Working Methods

12. During this inquiry we held four oral evidence sessions: with the Corporate Development Group at the Cabinet Office (now renamed the Civil Service Capability Group); with expert commentators on Whitehall; with representatives of Civil Service trade unions; and with a panel of former ministers. In addition we received sixteen written memoranda in response to our call for evidence. We also used our regular evidence sessions on the work of the Cabinet Office to hear from the Cabinet Secretary and the Minister for the Cabinet Office on the issues raised in this inquiry, and we have been informed by our predecessor Committee's earlier evidence sessions on Civil Service Effectiveness.<sup>7</sup> The House of Commons Library also assisted us on specific points of information.

13. The inquiry has also benefited from a number of visits the Committee has made. We visited the National School of Government in Sunningdale, and we visited several regional and local Civil Service offices to talk to civil servants working on the front line of public service delivery. The Committee also travelled to the United States to see the Kennedy School of Government at Harvard University, and learn lessons for the United Kingdom. We are grateful to everyone who gave evidence of any form to the Committee, and to those who participated in meetings outside Westminster.

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5 Written Evidence from HMRC (PPF 37) [not printed – published at [www.parliament.uk/pasc](http://www.parliament.uk/pasc)]

6 Cabinet Office, SCS Survey 2006

7 Public Administration Select Committee, *Civil Service Effectiveness*, 14 April 2005, HC 307, 2004-05

## Background

14. The Department with explicit responsibility for improving Civil Service performance is the Cabinet Office. One of its three departmental objectives is:

Strengthening the Civil Service—to ensure that the Civil Service is organised effectively and has the capability in terms of skills, values and leadership to deliver the Government’s objectives.<sup>8</sup>

Underneath each department’s objectives sit supposedly quantifiable Public Service Agreement targets (widely referred to as PSA targets). The Cabinet Office has four of these, of which the relevant one to this inquiry is PSA 2:

By April 2008, work with departments to build the capacity of the Civil Service to deliver the Government’s priorities, by improving leadership, skills and diversity.<sup>9</sup>

15. There are various parts of the Cabinet Office working towards the objective of strengthening the Civil Service. The Strategy Unit, for example, works with departments to aid long-term planning. The Delivery Unit provides a form of consultancy service to departments with public service responsibilities, as well as playing a role in monitoring performance—although we note that in the last few weeks this unit has been moved to the Treasury. Other parts of the Cabinet Office are involved in quality assurance of other departments’ work, managing the Cabinet Committee system that binds departments together, providing guidance, setting standards and a variety of other roles.

16. The Cabinet Office also houses the Civil Service Capability Group (CSCG), previously the Corporate Development Group (CDG), which is charged with improving Civil Service capability in terms of skills and leadership across the Civil Service. The CSCG is possibly best described as the Human Resources department for the entire service, and indeed the Director General who heads the CSCG, Gill Rider, is also the Head of the HR profession for the whole of government. The importance attached to her task is indicated by the fact that she reports directly to the Head of the Home Civil Service, Sir Gus O’Donnell.

17. In addition to the units within the Cabinet Office, the Civil Service has its own training organisation. The National School of Government (NSG) was launched in 2005 as the cornerstone of Civil Service training—although, as discussed in more detail at paragraph 59, its remit is heavily directed at the highest echelons of the service. The National School was once part of the CDG but is now a separate non-ministerial department.

18. Achievement of the Cabinet Office’s objectives is further complicated by the fact that, below the level of the Senior Civil Service (less than 1% of all civil servants), responsibility for recruitment, staff development, pay and grading is delegated almost entirely to individual departments. Meanwhile, a further complication is the role in all Civil Service pay deals of the Treasury. The Cabinet Office only retains direct responsibility for the Fast Stream, a graduate trainee programme whose members make up a minute proportion of the total number of civil servants. Effective implementation of policies on Civil Service

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8 [http://www.hm-treasury.gov.uk/documents/public\\_spending\\_reporting/public\\_service\\_performance/](http://www.hm-treasury.gov.uk/documents/public_spending_reporting/public_service_performance/)

9 As above

skills thus depends on clear leadership from the centre and from departments themselves in assessing their skills needs and implementing change. This report looks at skills and leadership across Whitehall, as well as considering the role of the centre in initiating and carrying out change programmes.

## 2 The Capability Reviews

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### Civil Service Capability

19. Despite the initial scepticism of many commentators, the results of the Departmental Capability Reviews carried out by the Cabinet Office suggest they were unsparing. The former Cabinet Secretary Lord Wilson of Dinton has called them “rigorous to the point of self-flagellation”.<sup>10</sup> Professor Colin Talbot of the Manchester Business School (who was publicly doubtful about the value of the Reviews when they were first announced) told us he was “pleasantly surprised” at how rigorous they were compared to their predecessor, the Peer Review process, which he described as “basically a non-event”.<sup>11</sup>

20. The fact that the Capability Reviews look forward at departmental capability rather than focusing on past performance is a marked contrast with the approach taken to evaluating local government. Comprehensive Performance Assessments of local councils are, as the name suggests, measurements of the quality of those councils based on past actions rather than readiness for the future. The Cabinet Office argues that this is necessary because councils’ performance levels can be measured against each other, as they all carry out similar tasks, whereas the same is not true of government departments. Ian Watmore, the then Head of the Prime Minister’s Delivery Unit (which led on the Capability Reviews across government), has explained that:

I can’t compare the Ministry of Defence to three other Ministries of Defence in the UK. I can look across Ministries of Defence internationally, but other countries organise things in very different ways. Nevertheless, what I can do is compare the capabilities of the different Whitehall organisations to each other, whether it’s a corporate capability like HR or finance management, or the leadership capability of the key officials.<sup>12</sup>

This approach is understandable. It should be noted here that there is no shortage of published information about departmental performance (for example in relation to Public Service Agreement targets), although several Committees have had concerns about the usefulness of these targets.<sup>13</sup>

21. However, although there is a case for reviewing capability rather than performance, there were also concerns that the reviews were insufficiently independent of the

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10 Lord Wilson of Dinton, “Rebuilding trust in Civil Servants”, *Daily Telegraph*, 16 January 2007

11 Q 134

12 “Interview: Ian Watmore”, *Transformation*, Winter 2006, p24

13 Public Administration Select Committee, Fifth Report of Session 2002-03, *On Target? Government by Measurement*, HC 62-i; EFRA Committee, Fourth Report of Session 2005-06, *The Departmental Annual Report 2005*, HC 693-i; Foreign Affairs Committee, Eighth Report of Session 2005-06, *Foreign and Commonwealth Office Annual Report 2005-06*, HC 1371

organisation under review—the Civil Service. Again, the contrast with local government is instructive; Comprehensive Performance Assessments are undertaken by the Audit Commission, an independent public corporation under the aegis of the Department for Communities and Local Government. The Capability Reviews, on the other hand, have been led by the Cabinet Office. Each review team has included people from outside Government to bring external challenge and insight, as well as peer reviewers from other departments. Nonetheless, Sir Gus O’Donnell’s assurance that “this will not be Whitehall reviewing itself”<sup>14</sup> would be more convincing if review teams were not headed by Permanent Secretaries. We can understand why the initial reaction to the announcement of the reviews was sceptical.

**22. We welcome both the concept and the execution of the Departmental Capability Reviews. It is particularly valuable that their findings are being published; it gives us a benchmark against which to measure future performance. We hope that they will be repeated at regular intervals.**

**23. However, if future reviews are conducted in the same way as the current ones, there will be doubts about their objectivity. Any assertion of improvement will be questioned on grounds of the reviewers’ potential vested interest. We recommend that future review teams should be externally managed.**

## The Problems of Civil Service Performance

24. The Capability Reviews are not complete—we await findings, for example, on HM Revenue & Customs and the Treasury. Any general comments must, therefore, be provisional. Despite this, those reviews already completed show clear trends, and there is other evidence, such as Cabinet Office performance reports and Civil Service surveys, which confirms the general accuracy of the picture they give.

25. Each department has been assessed on its capability in ten different categories, all of which fall under the sub-headings of either leadership, strategy or delivery. Examples of categories include a department’s ability to “set direction”, “manage performance” or “plan, resource and prioritise”. For each of the ten categories, there are five different markings which a department can attain:

- Strong;
- Well placed;
- Development area;
- Urgent development area;
- Serious concerns.

26. It may be unrealistic to expect departments to be well placed or strong in all ten categories, but it is striking that to date only one department is anywhere near this. Table 1 summarises the performance of departments so far:

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14 Public Administration Select Committee, *Civil Service Effectiveness*, 9 December 2005, HC 513-i, 2005-06

Department	Score out of 10 – based on number of categories in which marked as “strong” or “well placed”
DfID	7
DCA <sup>15</sup>	5
DWP	4
DTI <sup>16</sup>	4
DfES <sup>17</sup>	4
DfT	4
Foreign Office	4
MoD	4
Cabinet Office	3
Crown Prosecution Service	3
DCLG	3
DEFRA	3
DCMS	2
DoH	2
Home Office	0

**Table 1 – Departmental performance in Capability Reviews, as of June 2007<sup>18</sup>**

27. No department seems to be exactly “fit for purpose”, although the Home Office is unique in being well placed in none of the categories measured. Perhaps most striking is the assessment of the whole Civil Service so far, which we set out at Table 2. It is also informative to compare performance in leadership, strategy and delivery—which we have done in Table 3. The full results are annexed to this report.

15 Now the Ministry of Justice.

16 Now the Department for Business, Enterprise and Regulatory Reform.

17 Now divided into the Department for Children, Families and Schools and the Department for Innovation, Universities and Skills.

18 Our analysis – taken from information published at [http://www.civilservice.gov.uk/reform/capability\\_reviews/](http://www.civilservice.gov.uk/reform/capability_reviews/)

Category	Frequency of occurrence
Strong	5.3%
Well placed	29.3%
Development area	38.7%
Urgent development area	24.7%
Serious concerns	2%

**Table 2 – Performance of whole Civil Service in Capability Reviews, as of June 2007<sup>19</sup>**

Area	Performance - based on number of categories in which marked as "strong" or "well placed"
Leadership	32%
Strategy	49%
Delivery	24%

**Table 3 – Performance of whole Civil Service in Capability Reviews, by category - as of June 2007<sup>20</sup>**

28. While none of these statistics is impressive, the findings suggest that the Civil Service is relatively capable with regard to strategy. As we saw in our inquiry into *Governing the Future*, the Government has made serious attempts to increase strategic capability for some time.<sup>21</sup> It is encouraging to see that such policies can be successful.

29. As we noted in paragraph 6 above, there are intrinsic difficulties in Civil Service leadership, given the dual leadership of civil servants and ministers. Nonetheless, the findings on leadership give us concern. They are reinforced by the results of the recent survey of the Senior Civil Service.<sup>22</sup> Only 48% of senior civil servants believed that their department's "top team" provide effective leadership; and only 57% had confidence in the leaders within their department. These are 15% and 22% respectively below the international benchmark norms for central government.

30. Leadership is crucial in any organisation, but it has different dimensions in the Civil Service, as Rt Hon Charles Clarke MP told us:

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

<sup>19</sup> As above

<sup>20</sup> As above

<sup>21</sup> Public Administration Select Committee, Second Report of Session 2006-07, *Governing the Future*, HC 122

<sup>22</sup> Cabinet Office, *SCS Survey 2006*, February 2007



permanent secretary, which then goes through the Civil Service structure, and the politician.<sup>23</sup>

Confident leadership is needed to allow civil servants to carry out their constitutional duty to speak truth to power. This contrasts unhappily with some evidence recently received by other Committees. For example, Johnston McNeill, the former Chief Executive of the Rural Payments Agency, confirmed to the EFRA Committee that when the Single Payments Scheme failed to pay out on time, “we never said [to ministers] it was not deliverable, we accept that. We said it was still doable”.<sup>24</sup>

31. If the findings on leadership are worrying, those on delivery are more so. Even major delivery departments like the DCA and the Home Office (before the recent machinery of government changes) were not well placed in any measured aspect of delivery. Successive Cabinet Secretaries have emphasised the importance of delivery to the Civil Service; the results of the Capability Reviews suggest that this emphasis has not been translated into a change in the culture of the organisation.

32. The former Head of the Prime Minister’s Delivery Unit, Sir Michael Barber, thought that the results on delivery primarily reflected high public expectations:

The British Civil Service is one of the best civil services in the world, but the challenge of the early 21<sup>st</sup> century, the transformation of the nature of the world in which we live, means that the standards being raised all the time ... you can argue that the expectations for Civil Service delivery were set by the Delivery Unit, by me, but actually they’re set by the public. The expectations are out there. The frustrations with delivery are out there ... the public want high standards and they want them now.<sup>25</sup>

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

### **Performance Management**

34. Many of the categories used in the Capability Reviews relate only indirectly to individuals’ skills (e.g. a department’s ability to set direction). However, at least one aspect of delivery is directly related to the theme of our inquiry—the management of performance. Only four out of fifteen departments were marked as “well placed” in this category.

35. The Civil Service faces a widespread perception that its leaders are unaccountable for poor performance. Rt Hon Michael Howard MP told us that:

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23 Q 214

24 Uncorrected transcript of evidence taken before the Environment, Food and Rural Affairs Committee (Rural Payments Agency Sub-Committee) on 15 January 2007, HC (2006-07) 107-iii, Q 1193

25 Uncorrected transcript of evidence taken before the Public Administration Select Committee on 19 July 2007, HC (2006-07) 958, Qq 71-74

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.<sup>26</sup>

Nor is it only former ministers who have identified this problem; the recent Senior Civil Service survey showed that a meagre 19% of senior civil servants believed that poor performance was dealt with effectively in their departments. Those surveyed were themselves responsible for doing the performance management.

36. Sir Gus O'Donnell was candid about this problem:

One of my messages to staff is that we must become more honest about the feedback we give. We must get better at giving that feedback. ... We have not cracked it. The private sector has not cracked it.<sup>27</sup>

The private sector may also have its difficulties with poor performance. However, Sir Gus told us that last year around 50,000 civil servants left the service, and of those around 2.5% were dismissals due to inefficiency.<sup>28</sup> The corresponding figure for such dismissals across all employers in the UK in the year ending June 2002 was 9%.<sup>29</sup>

**37. There is a clear consensus that the Civil Service is weak in its performance management. We accept that this problem is not unique to the Civil Service. Nonetheless, it is clear that the way poor performance is currently managed is not acceptable. A radically different approach may be needed, and it should be a top priority for the Cabinet Office to find one.**

## 3 Filling the Skills Gaps: The Government's Solutions

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38. Previous chapters have set out the scale of the challenges facing the Civil Service in providing the services government and citizens need. To its credit, the Civil Service itself has played a large part in identifying the need for improvement, and there is no shortage of initiatives planned or already underway to address this need. This chapter looks at those initiatives in detail, and assesses to what extent they are adequately designed to achieve the anticipated levels of service improvement .

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26 Public Administration Select Committee, *Civil Service Effectiveness*, 14 April 2005, HC 660-vi, 2004-05, Q 339

27 Public Administration Select Committee, *The Work of the Cabinet Office*, 6 February 2007, HC (2006-07) 305-i, Q 76

28 As above, Q 61

29 Department for Trade and Industry, *Job separations: A survey of workers who have recently left an employer*, December 2004

## Professionalising Government

### *The Aim of Professionalisation*

39. Professional Skills for Government (PSG) is the primary tool for improving Civil Service capability. Launched in October 2004, PSG is a major, long-term change programme designed to ensure that civil servants, wherever they work, have the right mix of skills and expertise to enable their departments or agencies to deliver effective services. To this end, its goal is to move away from the concepts of “generalist” and “specialist”, and create a Civil Service where all staff are specialists of one form or another. Future career development will be structured around three broad categories of policy delivery, operational service delivery and corporate service delivery (including services such as finance, ICT, communications and HR). The aim is to professionalise the business of government.

40. Despite successive Governments’ emphasis on the importance of delivery, policy work has often been perceived as the most esteemed Civil Service skill, and the one linked to promotion. The intention of PSG is that all three categories should carry equal esteem, and all three should provide opportunities for promotion to board level. Individuals are now expected early in their career to choose whether to pursue a career in a particular profession—such as a professional policy delivery specialist or a professional in Human Resources. Although all careers should include experience of at least two professions and preferably more, individuals should major in one of those. They are then expected to plot career paths accordingly (for example, a professional policy adviser might gain operational delivery experience by working in a job centre or a prison).

41. Professional Skills for Government also lists six core skills that all senior civil servants should have. Those skills are:

- Analysis and use of evidence;
- Financial management;
- People management;
- Programme and project management;
- Strategic thinking; and
- Communications and marketing.

Civil servants at the equivalent of Grade 7 level (one or two rungs below the Senior Civil Service) are also expected to demonstrate that they possess the first four of those skills.

42. The language of Professional Skills for Government bears a striking resemblance to that of the Fulton report, published nearly 40 years ago.<sup>30</sup> Certainly, the central tenets of PSG would sound familiar to Lord Fulton, and it is worth reproducing his committee’s central finding here:

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30 Prime Minister and Chancellor of the Exchequer, *The Civil Service: Vol. 1: Report of the Committee 1966-68*, Cm. 3638, June 1968

The Home Civil Service today is still fundamentally the product of the nineteenth-century philosophy of the Northcote-Trevelyan Report. The problems it faces are those of the second half of the twentieth century. In spite of its strengths, it is inadequate in six main respects for the most efficient discharge of the present and prospective responsibilities of government:

- (a) It is still too much based on the philosophy of the amateur (or “generalist” or “all-rounder”). This is most evident in the Administrative Class, which holds the dominant position in the Service.
- (b) The present system of classes in the Service (there are over 1400, each for the most part with its own separate pay and career structure) seriously impedes its work.
- (c) Scientists, engineers and members of other specialist classes are frequently given neither the full responsibilities and opportunities nor the corresponding authority they ought to have.
- (d) Too few civil servants are skilled managers.
- (e) There is not enough contact between the Service and the community it is there to serve.
- (f) Personnel management and career planning are inadequate.<sup>31</sup>

It is striking how little difference there is between this critique and the underlying assumptions of Professional Skills for Government. Even the language has changed surprisingly little, with criticism of amateurs or generalists still prevalent. Perhaps Fulton’s fifth criticism is out of date, but the other five remain very current.

43. Yet much of what Fulton recommended was subsequently implemented. A Civil Service College was set up, and survived, albeit in changing form. Departments did establish Planning Units. Senior specialist posts like Chief Scientists were created. Ministers can now appoint a small number of expert advisers from outside the Service. Employing departments did take on a larger role in recruitment, and we have seen “an expanded late entry, temporary appointments for fixed periods, short-term interchanges of staff and freer movement out of the Service”.<sup>32</sup> A Civil Service Department was established, although later disbanded; pay and grading were centralised, although again this has been substantially reversed; and the “hiving off” of certain government functions to non-departmental organisations has certainly taken place on a large scale. The great mystery remains: if so many of Fulton’s recommendations were (eventually) implemented, why are the same criticisms still valid?

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31 As above, p104

32 As above, p105

### **Professionalisation in Practice**

44. Gill Rider, the Cabinet Office’s Director-General of Leadership and People Strategy, was clear on why she believed Professional Skills for Government would succeed where so many other initiatives had failed before:

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 skills but they know they need some operational expertise as well in order to make sure the policies are implementable. They also know 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.<sup>33</sup>

45. Not all of the evidence we received supported this. The FDA, the trade union for senior civil servants, surveyed its Civil Service members in August 2006, and found that only 19.6% thought the aims of PSG were achievable. Moreover, 30.1% thought that departments were not taking PSG very seriously.<sup>34</sup> The largest Civil Service union, the PCS, also felt that PSG was being implemented inconsistently across different departments.<sup>35</sup>

46. Professional Skills for Government is now being led by Government Skills, the Sector Skills Council for central government, which was established in February 2006. It is one of 25 such councils covering around 80% of employees across the UK economy, and its remit includes Civil Service departments and agencies, non-departmental public bodies and the Armed Forces—around 775,000 staff in all.<sup>36</sup> All Sector Skills Councils have the same broad responsibilities, namely:

- to identify what skills are required in their sector;
- to identify the gaps in existing skills; and
- to develop and deliver a plan to fill those gaps (including through vocational qualifications).

47. The work of Government Skills includes developing a Sector Skills Agreement—which involves identifying the sector’s skills gaps and making a plan to fill them. It is unfortunate that this did not form part of the Capability Review process; we hope that the assessment of departments’ skills gaps will draw on the findings of those reviews. However, identifying skills gaps is clearly not a straightforward task. PSG may have defined in some detail the skills the Civil Service needs, although not necessarily in what quantities; but it did not identify what skills it already has. Sue Ferns of Prospect (the union for specialists in the Civil Service) told us that:

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33 Q 9

34 Ev 77

35 Ev 70

36 Ev 60

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 been borne out in parliamentary questions in the House of Lords and in answers we have seen from the Office of Science and Innovation.<sup>37</sup>

48. This is borne out by the Cabinet Office's own departmental performance reports. Data from the Senior Civil Service database records that for 25% of senior civil servants with professional qualifications, their profession is not recorded or not known by the Cabinet Office.<sup>38</sup> As recently as April 2004, the profession of qualified senior civil servants was not known to the Cabinet Office in 64% of cases. So it seems that the department, although it was responsible for providing civil servants with the right skills, had little idea what skills were already at its disposal.

49. A provisional target was also set that 75% of the Senior Civil Service should demonstrate all six PSG core skills by September 2007. The Cabinet Office's memorandum to us explained that:

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.<sup>39</sup>

However, when pressed on how this information was collected, we were told by Anne-Marie Lawlor, the Cabinet Office's Director of Leadership and Development, that:

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 ... 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...<sup>40</sup>

Discussions with line managers are one way of assessing individuals' skills, but they are necessarily imprecise. It would clearly be useful to have some more objective way of measuring civil servants' skills.

### **Accredited Qualifications**

50. One possible way of identifying and raising the skills of civil servants is extending the use of accredited qualifications. Government Skills is currently working on a Sector Qualifications Strategy, setting out where such qualifications might be needed; it is

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37 Q 79

38 Cabinet Office, *Making Government Work Better - Departmental Annual Report*, Cm 7108, May 2007, p54

39 Ev 60

40 Q 69

intended that this strategy will be complete by the end of 2007, with the qualifications themselves developed by December 2008. It is not yet clear who would develop these qualifications and who would accredit them.

51. The case for accredited skills was put effectively by Hugh Lanning, the Deputy General Secretary of the PCS. He told us that the skills of most current civil servants are not appreciated, because there was no way you could match those skills with the world outside the service:

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? ... There is no way that that can be done in most areas of the Civil Service at the moment.<sup>41</sup>

Prospect's Sue Ferns suggested that accredited qualifications would aid workforce planning, because they would make it easier for departments to understand what skills they had at their disposal:

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.<sup>42</sup>

52. Most witnesses seemed to agree that the everyday skills of civil servants ought to be recognised through some sort of vocational qualifications. We are pleased to see steps being taken to encourage this. We note, for example, that the Identity and Passport Service will sponsor its employees through an NVQ in customer care, aiming to get 70 staff through the course each year. An NVQ is of course a qualification which is recognised outside the Civil Service as well as within it.

53. At the higher levels of the Civil Service, some witnesses argued that staff should also be required to have academic professional qualifications. David Walker, the editor of the Guardian's Public magazine, suggested that there should be a compulsory postgraduate qualification in public administration, which he referred to as a "specialised MBA":

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.<sup>43</sup>

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41 Q 109

42 Q 114

43 Q 136

54. Professor Colin Talbot agreed with this approach in principle. We should note here that there is already such a thing as a Master of Public Administration, or an MPA. Warwick University provides such a course, and we saw for ourselves some of its delivery when we visited the Kennedy School of Government at Harvard University.

55. However, others are sceptical about the universal applicability of such academic qualifications. Sir Gus O'Donnell, who has taught on MBA courses although he does not himself have an MBA, was decidedly equivocal:

MBA is an interesting question. I am not a huge fan of MBAs ... I would like my successors who come through to have had more delivery experience than I have had. Precisely what technical qualifications they need, the fact that I have got training in finance and economics is very useful, I find, but some of the MBA modules that I have seen, I have certainly done lots of these training things that are things you would cover in an MBA and I have found them very useful; whether precisely an MBA is the right thing is an interesting question.<sup>44</sup>

Instead, Sir Gus favoured a greater diversity of approach:

Generally throughout the Service I am a fan of getting the right professional skills. Some of them it is best to do through an accreditation system; some it may be better that you do it through on-the-job training, so I am not being specific about the micro side of it.<sup>45</sup>

**56. There may well be scope to expand the use of accredited qualifications in the Civil Service, but we should not lose sight of the crucial importance of practical experience. The skills learnt through experience should be borne in mind before civil servants without professional qualifications are dismissed as “amateurs”.**

**57. Nonetheless, while we should not underestimate the Civil Service’s existing skills, there ought to be some way of measuring them more formally. It is clear that the Government cannot currently assess its existing skill levels, let alone identify how to fill gaps. Government Skills needs to concentrate on developing a robust means of assessing individuals’ skills. Accredited vocational qualifications would certainly help, and there may also be a case for expanding the use of academic qualifications in assessing the skills of people at the higher levels of the service.**

## Training

58. Beyond accrediting the skills of existing and future staff, the Civil Service continues (as any employer must) to provide its staff with formal and informal training to develop their skills. Any inquiry into Civil Service skills must inevitably ask if civil servants have access to appropriate training throughout their careers in government. Such access clearly depends on a number of factors, from the suitability of training offered, to the adequacy of time and money available.

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44 Public Administration Select Committee, *The Work of the Cabinet Office*, 6 February 2007, HC (2006-07) 305-i, Qq 80-81

45 As above, Q 79



## **The National School of Government**

59. The National School of Government is the latest incarnation of the Civil Service College which was instituted after the Fulton Report. It was relaunched in 2005. As we set out in paragraph 17, the National School is not intended to be the day-to-day training provider for 550,000 civil servants. It is instead designed to be a “centre of excellence for learning and development in support of the strategic business priorities of government”<sup>46</sup>—so providing high quality training to those in, or aspiring to, leadership positions in public service. In doing so, it works in partnership with a range of universities and other educational establishments. Our impression is that its courses are generally highly regarded. Certainly, we were struck when we visited the Top Management Programme at Sunningdale how it had attracted senior leaders not only from the Civil Service, but from other public services and from the private sector.

60. The main difference in status between the National School and its predecessor body, the Centre for Management and Policy Studies (CMPS), is that whereas the CMPS was part of the Cabinet Office, the National School is now a separate non-ministerial department. David Spencer, the School’s Principal and Chief Executive, told us that this “will allow the increased autonomy and management freedoms needed to develop the necessary organisational structure and systems to deliver its strategy”.<sup>47</sup>

61. The heart of the School’s strategy is to be demand-led, and to base its provision around its client organisations—individual departments and agencies. Each department has been assigned its own Strategic Relationship Manager to work with that department in moving from a catalogue of centrally provided courses to creating courses and bespoke activity suited to the perceived needs of the individual customers. The principle of demand-led training is central to the recent Leitch review of skills across all sectors in the UK.<sup>48</sup>

62. There is a danger, though, that being too demand-led may be a shift away from a more strategic approach, just when it is most needed. The National School has reorganised its open programmes in line with Professional Skills for Government. However, if its catalogue is to be demand-led, it is not clear that all of these programmes will continue to be offered; the School is certainly under no obligation to do so. A demand-led approach will only be compatible with PSG if departments buy into its tenets. If departments do not successfully integrate PSG into their recruitment and career management practices, then their staff will not necessarily look for training in PSG core skills. In those circumstances, demand-led training could lead to an entrenching of old ways of delivery.

63. The National School will also work with the Sunningdale Institute, a “virtual academy” of leading thinkers whose remit is to influence the style and the content of its courses. We understand the role of the Sunningdale Institute is to provide a challenge function and to shape the service provided by the National School. This goal is commendable. We note, however, that although the Institute’s many fellows include academics and individuals with a range of experience across the Civil Service, wider public sector, the private and third

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46 <http://www.nationalschool.gov.uk/>

47 Ev 109

48 HM Treasury, *Prosperity for all in the global economy - world class skills*, December 2006

sectors, there are no current or former ministers. Given that one of the major purposes of the Civil Service is to meet the needs of ministers, this seems an odd omission.

64. The National School is not attempting to be an equivalent of the Kennedy School of Government in the United States, which is not a State institution but is part of Harvard University. The Kennedy School provides a respected arena where ministers, senior officials and practitioners can come together to discuss issues of public administration. This sharing of experience does not seem to happen to the same extent in the UK. Nor do we have a single equivalent institution to provide a research base on government. There is continuing discussion of whether the UK would benefit from an organisation developing along these lines. The Kennedy School provides a valuable resource. Another model is provided by the Australia and New Zealand School of Government. There are a variety of ways in which a similar institution might develop here, either by growth of an existing institution or the creation of a new one. We would welcome the emergence of such capability in the UK.

**65. It is not clear how the National School of Government can simultaneously be “demand-led” and focus on providing the professional skills set out in Professional Skills for Government. The Capability Reviews indicate that most departments are poor at “building capability”, which in turn suggests that they have not been effective in identifying the skills they need. The National School should work closely with departments and the centre to ensure a coherent strategy is maintained based on identified skills gaps.**

**66. In identifying those skills gaps, the Government should look both to Government Skills and to the Sunningdale Institute. Both of these are potentially worthwhile innovations; but both should look for more ministerial input, to make sure that the Civil Service can respond to ministerial needs.**

67. We are also unsure about the merits of the School’s desire to measure its success by “reputation, not revenue”. **Measuring the success of training is not easy. The goal of training is to change behaviours over time, but it will be difficult to detect whether this is happening and to what extent it is attributable to training. Monitoring the demand for courses is still a relevant judge of the effectiveness of provision; revenue is surely one of the major tests of a demand-led organisation, and reputation is a relevant factor in determining demand. Success should be measured by both reputation and revenue.**

### **Other Civil Service Training**

68. The National School does not have the capacity to provide the job-specific training needed by the 550,000 men and women of the Civil Service. Nor does it attempt to; it is not realistic to expect a single provider to be best suited to every form of training for employees in environments as diverse as prisons, job centres and call centres. Departments inevitably use a wide variety of training providers, as well as running courses in-house.

69. It is worth recording our experience that staff in the Civil Service were generally positive about the training available to them. One court clerk we spoke to, who had worked in local government and the private sector, observed that in general the Civil Service was considerably more supportive than either of those sectors of staff who wanted training

beyond their own job—as well as being more supportive of shadowing, career breaks or out-of-hours academic study. This proposition seemed to have general assent, even from temporary staff.

70. There were significant caveats, nonetheless. Concerns were voiced in various parts of the Service about the quality of in-house training provision, and about the length of waiting lists for even the most essential courses. The Cabinet Office rightly point out that the Civil Service is among the most committed employers across the UK economy in terms of funding available per head for training,<sup>49</sup> although it is not clear to what extent that funding is spread equitably across the different grades of the service.

71. The other commonly cited problem was that staff were in fact unable to leave their posts for long enough to get the training they needed. This is a problem encountered by every organisation; but it is particularly pronounced when staff complements are allocated on the assumption that no staff are on leave or on holiday. Undoubtedly this situation (which of course is not universal) is not unrelated to the Government's efficiency programme—which we discuss in more detail in Chapter 4.

72. There remains a question, though, whether the Civil Service has developed quite the culture of training and skills development that it needs. Sir Richard Mottram, the non-executive chairman of Government Skills, has been a Permanent Secretary in three different departments, so is as well placed to comment as anyone. He draws a slightly negative contrast between the Civil Service and the Armed Forces, of which he also has extensive experience:

Why is it that our armed forces are amongst the best in the world? Partly because there is a strong focus on training and development throughout the whole career of people who join up. I think the Civil Service has done that rather more fitfully in the past than the armed services.<sup>50</sup>

**73. We recognise the commitment of the Civil Service to training. We have seen ourselves that staff are broadly positive about the opportunities open to them, and this is commendable. However, there is no point in offering training if there is insufficient time to take it. Staff complements should be calculated in such a way as to allow staff to make any necessary time commitment to personal development.**

## External Recruitment

74. One short term answer to skills gaps in the Civil Service is to recruit from outside. External recruitment provides an answer to skills gaps. It also has the advantage of bringing in experience and knowledge which is not held within the Civil Service, and can give valuable “outsider” perspectives. Sir Robin Mountfield put this case in his written evidence:

I have long taken the view that the Civil Service can benefit greatly from a degree of external recruitment at senior level. Sometimes recruitment from outside is to fill a specific skill gap in the Department concerned. But there is a wider case for such

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49 Ev 64

50 “Stretching the boundaries”, *Whitehall and Westminster World*, 29 May 2007, section 2, pXV

recruitment, to enrich the mixture of skills and experience in the upper reaches of the Civil Service.<sup>51</sup>

He also cited the Oughton Report on these issues, which found that the most successful private sector organisations “grow most of their own timber”, but sought to “ventilate” it with a proportion of appointments from outside.<sup>52</sup>

75. Even though external recruitment was also one of the Fulton report’s recommendations, the pace of recruitment at the higher levels of the service is widely perceived to be higher than ever before. In 2004-05, 43% of competitions in the Senior Civil Service were open, and just over two thirds of those were won by external candidates—meaning that around 29% of SCS appointees were from outside the Civil Service. In 2005-06 there was a slight drop to 41% of competitions being open.

76. In our initial call for evidence we asked if increased external recruitment posed a threat to the values and traditions of the Civil Service—by which we meant its permanence and its political impartiality. We were struck by the unanimity of the responses we received on this question. None of our witnesses saw any reason why external recruitment was of itself a danger to the permanence or the impartiality of the service.

77. Charles Clarke told us that during his time as Home Secretary there had been three deputy secretaries appointed to the department. One of them was a former chief executive in local government; one of them was a former chief executive of a voluntary organisation; and one of them was a policy officer originally from central government. None of them were Home Office civil servants. His conclusion was that:

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.<sup>53</sup>

One of the tests of Professional Skills for Government will be its effectiveness in ensuring that, in future, the Civil Service can produce credible candidates for important delivery functions. We have seen just how negative the Home Office’s Capability Review was; the review team ascribed this in major part to the fact that its Board all lacked detailed knowledge of Home Office systems.<sup>54</sup> External recruitment is welcome, but there are clearly significant losses if it is the only route to the top. Departments must be able to grow their own talent.

78. There are clear practical difficulties with the current levels of external recruitment in the higher echelons of the service. Joining a new organisation so near to the top is not easy. It inevitably takes time to get used to a new culture; senior posts ought to be too important to allow someone much time to find their feet. When we saw Gill Rider, who had joined the Cabinet Office at one rung below Permanent Secretary level after 27 years in Accenture, she told us “I have only been here five months—so very new, and still in my learning

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51 Ev 101

52 Cabinet Office, *Career Management and Succession Planning Study*, November 1993

53 Q 181

54 [http://www.civilservice.gov.uk/reform/capability\\_reviews/](http://www.civilservice.gov.uk/reform/capability_reviews/)

curve”.<sup>55</sup> It is not unreasonable to have a long learning curve; but it must be preferable for this learning curve to be negotiated without too much responsibility for important matters of state.

79. Sir Robin Mountfield argued that the benefits of external recruitment could still be felt if that recruitment took place predominantly at a lower level. He cautioned that the culture change from one sector to another is necessarily much greater than movement within a sector, and transition is difficult. According to Sir Robin, this argues against recruiting directly 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 them creatively with their own outside experience before reaching the very top.<sup>56</sup>

80. For related reasons, Sir Robin was sceptical about the value of limited term appointments, suggesting that too much of the time is spent learning the ropes, and that they fail in the object of changing the culture of the service: “the immune system of the Civil Service is strong, and this is not the way to overcome it”.<sup>57</sup> This evidence was strongly supported by the research conducted by Dr Ruth Levitt and William Solesbury,<sup>58</sup> who had used confidential interviews to evaluate the experience of outsiders in the Senior Civil Service. They also found that further improvement was required to recruitment and induction practices, and that external recruits needed high level support and an open, permeable culture to succeed. This requires a significant investment of time by senior leaders.

81. There are also often significant pay differentials between staff appointed from outside and those who rise up the Civil Service ladder. The FDA have told us that this is leading to increasing problems of morale, and that departments themselves have argued to the Senior Salaries Review Body (SSRB) that the current pay differential is neither justified nor sustainable.<sup>59</sup> Indeed, during our inquiry, the FDA told the SSRB that the entire SCS pay system was no longer “fit for purpose”.<sup>60</sup>

82. Charles Clarke was also critical of the pay offered to external recruits, but from the opposite perspective:

I do not think we pay enough ... 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.<sup>61</sup>

83. The Civil Service does not have a target for the number of external appointments to senior posts. We believe it would not be appropriate for it to do so. The ratio of external to

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55 Q 1

56 Ev 102

57 Ev 102

58 Ev 90-94

59 Ev 78

60 FDA response to Senior Salary Review Body report for 2007 – see [www.fda.org.uk](http://www.fda.org.uk)

61 Q 215

internal hires is one of the measures sometimes used by HR professionals to evaluate human capital, as it is indicative of the success of development of succession planning activities. A high proportion of external hires is taken to indicate less developed succession planning; specifically *targeting* a high level of external hires would imply no intention of improving such planning.

84. There is, however, a target that “about half” of SCS posts should be openly advertised. We asked the Cabinet Office on what basis this target had been set. We were told that the target was adopted as part of work on improving leadership capacity in 2003. The Civil Service Management Board had agreed that it was right to aspire to maintain recent levels of open competitions at the time (50% average in 2000-02 period) to attract the best leaders from outside the Civil Service and to benchmark their own internal talent against the wider market.<sup>62</sup> Open advertisement acts as a *de facto* benchmark of internal talent. We can see that this might put off poor performing departments from open advertisement, as the results might reflect badly on them. Therefore we can understand the rationale for having a numerical target for departments to meet. However, it is neither scientific nor aspirational to set a target which merely reflected current practice at the time. Before setting targets, we suggest the Government researches the effectiveness of previous outside appointments, and, if it is not already in place, ensures that any future initiatives are from the start accompanied by an assessment system with a realistic timetable for reporting back on their efficiency.

85. Mark Serwotka of the PCS was concerned that there was another reason behind the Government’s target:

What I think is the difficulty now is that we are told the ideology that there is not an ideology, what matters is what works. That is what the Government says. It is not public/private; it is what matters is what works. However we have a deeply held suspicion that actually the ideology is a bias to the private sector.<sup>63</sup>

**If career civil servants have limited opportunities of getting to the top, the Government will not get the benefits of talented people joining lower down the service.**

86. Colin Talbot and David Walker were both strongly of the opinion that the Government would benefit more by bringing in people with experience of the wider public sector than by recruiting from the private sector. Mr Walker’s view was that:

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.<sup>64</sup>

Professor Talbot echoed this:

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62 Ev 68

63 Oral Evidence taken before the Public Administration Select Committee, *Civil Service Effectiveness*, HC (2004-05) 327, April 2005, Q 115

64 Q 152

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.<sup>65</sup>

**87. We do not see any evidence that external recruitment is a threat to the traditional Civil Service values of permanence and impartiality. No organisation should be closed—outsiders can bring different skills and perspectives which should be welcomed. Every organisation can benefit from some degree of “ventilation”. This should not, however, automatically lead to recruitment from the private sector. Much of the relevant skills and expertise for Civil Service work is likely to be found in the wider public sector.**

**88. We do not understand why the target is that “about half” of postings in the Senior Civil Service should be externally advertised. This particular target seems arbitrary and inexact, and does not seem to be based around identified skills gaps. If the Government does want to set a target, there should be a clear evidence base for it.**

**89. We believe there are difficulties with the current practice of recruiting directly to very senior posts. The current pay differentials may serve to demotivate internal staff and discourage talented staff entering the Civil Service early in their career. It is also problematic that new entrants can take a considerable amount of time to find their feet in the Civil Service, if those new entrants have important responsibilities. We believe many of these difficulties would be alleviated if external recruitment was focused slightly lower down the management chain.**

90. One alternative or supplementary approach to external recruitment is to encourage temporary interchange between the Civil Service and other organisations. The Government has long recognised the value of civil servants getting experience in the private sector; the Whitehall and Industry Group has provided such opportunities since 1984 (although the PCS suggest that take-up of such opportunities is sparse).<sup>66</sup> But the private sector is not the only place where civil servants could be seconded to learn useful skills, as Colin Talbot told us:

What we do not have is a Whitehall in Public Services Group, which actually organises interchanges between the 10 per cent of public servants who work in the Civil Service and the 90 per cent who work in the rest of the public sector and amongst whom there are many extremely good leaders.<sup>67</sup>

91. It is clear that the current Cabinet Secretary recognises the value of interchange within the public sector, as witnessed by his famous mantra of “if you want to get on, get out”.<sup>68</sup> He was also effusive about the possibilities of interchange with the Third Sector:

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65 Q 152

66 Ev 71

67 Q 151

68 Public Administration Select Committee, *Civil Service Effectiveness*, 9 December 2005, HC 513-i, 2005-06, Q 34

One of my themes will be: can we manage more interchange between the Civil Service and the charities and voluntary sector, which I am very keen on because of their role in delivery of public services. I think this is a very important thing.<sup>69</sup>

92. We agree. **Interchange between sectors is laudable; Whitehall can only benefit from first-hand knowledge of the private, voluntary and wider public sectors. Sir Gus O'Donnell has been an advocate of interchange between the Civil Service and voluntary sector organisations—as he says, this is increasingly important in a world where those organisations are being encouraged to provide public services. We hope that Government is also encouraging civil servants to get experience of other parts of the public sector.**

## Career Management

93. One way of developing an individual's skills is through the active management of their career progression. This happens to a limited extent in the Senior Civil Service, through initiatives such as the High Potential Development Schemes and the Top 200 “leadership community”, but there is very little run at a service-wide level below the SCS. The obvious exception is the Fast Stream, which remains (as successive Cabinet Secretaries never tire of pointing out) consistently among the ten most popular graduate recruiters. The Cabinet Office has also launched “Leaders UnLtd”, a corporate leadership development scheme 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.

94. Professional Skills for Government is a hook on which more active career management might hang—allowing departments to plot suggested paths to board level through different professions. It is clear, though, that the majority of Fast Stream posts remain in policy delivery, despite the relatively small number of civil servants who work on policy; and that the institutional bias towards policy is reflected in the grading of posts all the way up to the Senior Civil Service. As we have already noted, this institutional bias was recognised in the Fulton Report nearly 40 years ago.

95. The central danger of regularly moving individuals between posts (or encouraging them to seek regular moves for themselves) is the loss of organisational expertise and institutional memory, which was criticised by Rt Hon David Blunkett MP:

In a logical structure a team that has done well would not be disbanded but given new responsibility ... People would be promoted in post to do that rather than what is clearly musical chairs in which someone is moved every 18 months or two years to get promoted. That is a crazy system.<sup>70</sup>

96. We have also heard evidence from another former minister on the importance of continuity in staff (both ministerial and official), when we asked former Housing and Local Government Minister Rt Hon Nick Raynsford MP about why his former department scored so badly in its Capability Review with regard to making evidence-based policy:

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69 As above, Q 35

70 Public Administration Select Committee, *Civil Service Effectiveness*, 14 April 2005, HC 660-vi, 2004-05, Q 334



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 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.<sup>71</sup>

97. Even though there is an expectation of a four-year norm for SCS postings, the median length of time spent in a completed post in the Senior Civil Service at April 2006 was only 2.7 years. This was a slight increase from 2.6 years at April 2005 but a reduction from the average of 3.3 years as recently as April 2003.<sup>72</sup> Clearly the norm is not currently being met. However, we have had evidence that four years itself is often too short a period for individuals to be in one post. The FDA told us they are “concerned at the current practice of insisting that all SCS staff should move to a new post after four years, almost regardless of the importance of their expertise and knowledge to the organisation, and often heedless of the wishes of the individuals themselves”.<sup>73</sup> We do not know to what extent this is happening, but we do know that it should not be.

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

99. Both Colin Talbot and Sir Robin Mountfield suggested that the place for regular movement between posts was lower down the chain. Sir Robin was particularly keen on more active career management, albeit “more sophisticated and flexible” career management than the current “excessively mechanistic approach”.<sup>74</sup> He called for “much more deliberate nurturing of high-flyers”, which we support as a cheaper and potentially more effective means of filling skills gaps than looking to the private sector. We were extremely impressed when we visited Inner London Crown Court to see they were implementing their own internal version of a Fast Stream, for staff talented in service delivery; this may well be the way forward for developing professionals in operational service delivery. The Cabinet Office does not currently issue guidance to departments on the management of their own internal “fast track” schemes.<sup>75</sup>

**100. There is scope for more active career management in the Civil Service. We are encouraged by some of the schemes being implemented in individual departments and agencies. Departments should identify and nurture their own talent, beyond the confines of the centrally administered Fast Stream. The centre should do more to encourage and support such departmental initiatives.**

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71 Q 211

72 Cabinet Office, *Autumn Performance Report 2006*, Cm 7004, December 2006, p9

73 Ev 80

74 Ev 103

75 Ev 68

## 4 Implementing Skills Initiatives

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### The Problems of Implementation

101. A central difficulty in judging the merits of the Government's various skills initiatives is the varied extent to which those initiatives are put into practice. The PCS and FDA appear to agree that departments have widely varying interpretations of, and commitment to, Professional Skills for Government. The PCS also saw difficulties in career management raised by the delegation of recruitment, pay and HR to individual departments and agencies.<sup>76</sup>

102. On pay, Hugh Lanning told us that the PCS had argued for a long time that the delegation of pay to individual departments was leading to unjustifiable differences between departments—some of them running at 30 and 40 per cent. The same problem was evident to the PCS in the delegation of grading arrangements:

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.<sup>77</sup>

103. This criticism is of course very similar to that of the Fulton Report. It was Fulton's report which led to the creation of the unified grading system in the early 1970s. However, concern about an unduly bureaucratic and homogeneous Civil Service in the 1980s was manifested in the Ibbs Report of 1988, also known as the Next Steps report.<sup>78</sup> That report began the process, continuing to this day, of moving functions from the "core" Civil Service to semi-detached executive agencies. Those agencies have usually had control of their own pay and grading arrangements to give greater flexibility in meeting specific customer needs, and the logic of this has since led to individual departments also obtaining responsibility for setting their own pay and conditions of employment.

104. The unions' proposition is that varying pay levels and recruitment practices are an impediment to talented staff moving freely between different parts of the Civil Service. Although it is difficult to test this empirically, it is certainly plausible; it was certainly the belief of the House of Lords Committee on the Public Service, which in 1998 found "firm evidence" that devolution of responsibility for pay and conditions had contributed to a sense of disunity in the Civil Service.<sup>79</sup> Anecdotal evidence suggests that the "old money" terms such as EO or Grade 7 continue to be used informally all over the Civil Service. It seems wrong that inconsistent grading practices should stand in the way of movement

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76 Ev 72

77 Q 102

78 Prime Minister, *Improving Management in Government: The Next Steps*, February 1988

79 House of Lords Select Committee on Public Service, First Report of Session 1997-98, *The Public Service*, HL 55, para 429

between departments—especially when it is clear to us from our discussions with front-line civil servants that this opportunity is an important part of the Civil Service job offer.

**105. The current system of delegating pay and grading arrangements to individual departments may have its merits, but it can also be a barrier to staff development. Care should be taken that such arrangements do not militate against the free movement of talented staff across the Civil Service to develop their skills.**

### **Skills and Efficiency**

106. There is another major factor affecting all of the Government’s skills initiatives. A lot of the Government’s positive messages about skills are being undermined by the relentless search for efficiencies. Although the picture is not universal, we have rarely heard ministers recently publicly praising civil servants or defending the value of the Civil Service; and when they do, it is drowned out by the level of noise about efficiency and headcount reduction. Few Civil Servants will have forgotten the apparent auction between the Government and the Opposition in the run-up to the last general election over who could cut the most jobs in the service. Such actions make it tough to convince anyone that there is a genuine commitment to increasing skills.

107. Recent experiences at HM Revenue and Customs (HMRC) are a case in point. The PCS is concerned that staff at HMRC are being systematically “de-skilled” in the name of efficiency, a concern we have heard voiced elsewhere in the service. When we asked Hugh Lanning how this tied in with skills programmes, he told us that “it does not at all actually”.<sup>80</sup> He cited a presentation to the Government Skills Board from Paul Gray, the Chairman of HMRC, about Professional Skills for Government. Mr Lanning told us that he asked about the effects of the LEAN management process inside HMRC:

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”.<sup>81</sup>

108. The fears of civil servants go beyond de-skilling, however. Sir Peter Gershon’s Review of Public Sector Efficiency in July 2004 (commonly known as the Gershon Review) has set the tone for much of the period since.<sup>82</sup> The Gershon Review called for efficiency gains of over £20 billion across the public sector by 2007-08, and a gross reduction of over 84,000 posts in the Civil Service and military personnel in administrative and support roles. Since the publication of the review, departments have been set annual targets to achieve in terms of both total spending and headcount reduction.

109. As we heard from Prospect, “in reality, the pressure to cut posts will overwhelm the opportunity for positive engagement on skills issues”.<sup>83</sup> HMRC staff did not react positively to an announcement in November 2006 that a further 12,500 posts would be cut, in

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80 Q 100

81 Q 100

82 Sir Peter Gershon, *Releasing resources to the front line: Independent Review of Public Sector Efficiency*, July 2004

83 Ev 75

addition to the reduction of 12,500 posts already in progress.<sup>84</sup> The result has been a national strike in which PCS tell us that 131,000 civil servants took part, and industrial action is continuing. Nor, despite the Cabinet Secretary's suggestions to the contrary, is concern over events at HMRC limited to just one of the Civil Service unions—as witnessed by the FDA's statement that:

Senior staff at HMRC are concerned that such pressure on the fabric of the organisation will make it difficult to maintain delivery. The FDA was also saddened to learn of the new thinking around a second round of job losses of 12,500 without any prior consultation ... today's announcements will leave all staff worried for their futures and fearful of the demands likely to be put upon them.<sup>85</sup>

We also heard fears from civil servants in Jobcentre Plus that their roles and their jobs might be out-sourced to the private or third sector against their wishes.

110. We do not doubt that there is substantial scope for achieving efficiencies in the Civil Service, as in any organisation; and it is clearly in the national interest that such efficiencies are achieved. However, we note the compelling evidence we have received that headcount cuts are not the way to go about realising efficiencies. Professor Colin Talbot told us that most OECD countries (including Britain) turned their back on headcount cuts in the 1980s because “it is an incredibly blunt and counter-productive instrument to use”.<sup>86</sup> In short, cutting headcount does not necessarily help to achieve efficiency at all. It is at best a mechanism for cutting budget; but often administrative costs of departments will go up, because the jobs still have to be done, and end up outsourced at a higher cost than was originally paid.

111. Professor Talbot had completed a study of the administrative costs of departments in the 1990s. He and his colleagues found that the administrative budgets remained stable while headcount was going down. His explanation for that was that departments were achieving headcount cuts by outsourcing jobs. According to Professor Talbot, that was why people abandoned it as an instrument and moved on to other ideas:

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.<sup>87</sup>

**112. There may well be substantial scope for efficiency savings in the Civil Service, but headcount cuts are a poor tool for achieving those savings. Setting numerical targets for departments is crude and counterproductive.**

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84 see Helene Mulholland, “Civil servants may strike over job cuts”, *The Guardian*, 22 November 2006

85 <https://www.fda.org.uk/>

86 Q 165

87 Q 166

## Monitoring and Enforcing Progress

113. If Professional Skills for Government is to achieve tangible results, it will need champions who are both able and willing to drive change across Whitehall. If the Capability Reviews are to make a real difference to the quality of Civil Service performance across the board, then somebody must take a lead on monitoring and, where necessary, enforcing progress.

### *The Role of the Cabinet Office*

114. As discussed at paragraph 16, it is the Civil Service Capability Group (CSCG) of the Cabinet Office which is primarily responsible for championing skills initiatives. The CSCG leads (along with Government Skills) on the Professional Skills for Government programme, and also on Civil Service training, recruitment and diversity policies. Unfortunately, there is little evidence that a recast Corporate Development Group has the capability to take on a stronger, more directive role. We have already noted the poverty of the Cabinet Office's targets on external recruitment and length of time in post (at paragraphs 84 and 97 respectively). But these are symptomatic of a wider lack of direction. None of the Cabinet Office's targets on improving leadership and skills appear to have been adequately thought through. It is not clear that, even if all of them were achieved, the Civil Service's capability would be significantly increased.

115. The targets on leadership, for example, are:

- An expectation of a four-year norm for Senior Civil Service postings;
- About half of SCS competitions to be open;
- An increase in the proportion of Senior Civil Servants who have experience working outside the Service from the baseline of 40% in April 2004;
- An increase in the proportion of the SCS working a flexible pattern (part time/job share).<sup>88</sup>

116. There do not seem to be any quantifiable targets at all on skills; as we have noted before, there was a target that 75% of the SCS should be demonstrating all six PSG "core skills" by September 2007, but this target is now being reviewed. We can only conclude that it was either proving impossible to measure or that the target was going to be substantially missed.

117. In particular, the starting point of a more professionalised Civil Service has to be a professional Human Resources function at the centre. We were struck by the evidence to that effect from the Chartered Institute of Personnel and Development, who have worked with the Cabinet Office in the past in looking at the challenges faced by HR functions in government. They told us that there is a shortage of HR professionals with the skills to fulfil key roles in departments. However, even where there were professionals in place, the credibility of the HR function depends on its business knowledge and developing the skills and behaviours to manage relationships. The HR function in the public sector needs to be

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88 [http://www.hm-treasury.gov.uk/documents/public\\_spending\\_reporting/public\\_service\\_performance/](http://www.hm-treasury.gov.uk/documents/public_spending_reporting/public_service_performance/)

significantly more engaged in the wider business of the organisation; if departments are to make best use of their people, HR needs to be at the heart of strategy and delivery.<sup>89</sup>

118. David Walker suggested that it was not compulsory, nor even commonplace, for departmental HR heads to be professionally qualified:

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 seems curiously under-powered.<sup>90</sup>

119. To its credit, the Cabinet Office has acknowledged this deficiency, along with many others identified in the department's unimpressive Capability Review. A number of changes are underway to address them, but perhaps the most interesting development is that the Corporate Development Group has been "totally relaunched" as the Civil Service Capability Group.<sup>91</sup> As of 19 January there were 23 Grade 7 jobs in the Group being advertised—a quite extraordinary number at a single grade, considering the total number of people working in the Group is being cut. We hope that this is designed to give the Civil Service the professional central HR function it needs.

120. We understand that the new Civil Service Capability Group will take on from the Delivery Unit the role of managing the Capability Reviews and ensuring that Permanent Secretaries are held to account for progress in their departments. It became increasingly obvious during our inquiry that the measures used by the Delivery Unit in analysing delivery did not mesh with the targets pursued by the Corporate Development Group in improving departments' skill sets. Capability and skills must be treated as closely related issues. If they are now to be the responsibility of a single unit, that at least represents some progress.

121. Meanwhile, a review has been announced in which Sir Suma Chakrabarti (the Permanent Secretary of the Department for International Development) "will examine where the Cabinet Office is best deployed in influencing, negotiating, co-ordinating and directing roles in respect of its management of the Civil Service and associated processes such as shared services".<sup>92</sup> This review is welcome, and indeed overdue; we hope that it will consider the proper balance between influencing and negotiating, which appears to have been the Cabinet Office approach in the past, and a more co-ordinating and directive approach.

**122. Dramatic changes to the Cabinet Office are underway, not least the seemingly complete rebirth of its Corporate Development Group. We welcome this development. When compared to the efficiency programme, the Government's policies on skills and capability are lacking in cohesion and lacking in drive from the centre. Yet they are just as important. To rectify this imbalance, the Cabinet Office needs an effective replacement for the Corporate Development Group, with both the credibility to influence other departments and the power to direct.**

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89 Ev 88-89

90 Ev 86

91 [http://www.civilservice.gov.uk/reform/capability\\_reviews/](http://www.civilservice.gov.uk/reform/capability_reviews/)

92 As above

**123. Capability and skills are closely linked. The Government needs a co-ordinated approach to tackling both issues. If the responsibility within government for both now sits within the same Group, then that is a significant step in the right direction.**

### **External Monitoring**

124. Perhaps one reason why skills initiatives do not have enough central impetus is that there is a lack of external accountability for performance in these areas. We look at Cabinet Office performance against PSA targets, but these targets are poorly drawn. Progress against Gershon efficiency targets, on the other hand, is monitored closely by the National Audit Office (NAO), and has been the subject of oral evidence before, and reports by, the Public Accounts Committee.<sup>93</sup> It is not, however, the NAO's job to monitor Civil Service skills, or to investigate matters of poor performance in individual instances (unless there is a value for money dimension).

125. The prospect of external accountability should improve the quality of an organisation's performance. This has certainly been the experience in local government since the Audit Commission began to undertake Comprehensive Performance Assessments. We believe it would also be the case for the Civil Service. Our recent report into Politics and Administration concluded that civil servants could be considerably more accountable to Parliament without threatening the doctrine of ministerial responsibility.<sup>94</sup> However, Select Committees do not have the powers or resources to monitor the performance of departments in the same comprehensive way as the Audit Commission does with regard to local authorities, or the NAO with regard to departments' financial performance.

126. The former Cabinet Secretary, Lord Butler of Brockwell, told us that he believed there should be a body equivalent to the NAO looking at issues of non-financial performance in the Civil Service. He envisaged this body reporting to its own Select Committee, as the NAO does:

Just like the NAO looks at financial propriety, it would be a good thing if there was a similar body working to a similar select committee that looked at the quality of a civil servant's management ... I think that Parliament and its committees needs a body like the NAO that has access to papers and can look at these things in detail, to advise it if Parliament is going to play a more effective role in these matters.<sup>95</sup>

**127. We see merit in Lord Butler's suggestion that there should be a National Performance Office, equivalent to the National Audit Office, that scrutinises Civil Service performance in detail on more than a financial basis. It is Parliament's job to hold the Executive to account; therefore the National Performance Office should have the same parliamentary status as the NAO.**

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93 National Audit Office, *Progress in improving government efficiency*, HC 802, February 2006; Public Accounts Committee, fifty-fifth report of session 2005-06, *Progress in improving government efficiency*, HC 978, July 2006; National Audit Office, *The Efficiency Programme: A Second Review of Progress*, HC 156-i, February 2007

94 Public Administration Select Committee, Third Report of Session 2006-07, *Politics and Administration: Ministers and Civil Servants*, HC 122

95 Public Administration Select Committee, Seventh Report of Session 2006-07, *Machinery of Government Changes*, HC 672, Qq 65, 72

128. We have already noted (at paragraph 23 above) that onlookers might have more faith in Departmental Capability Reviews if they were not managed by the Civil Service. If Comprehensive Performance Assessments can be managed outside of local government, we believe that Capability Reviews can be managed outside central government. A National Performance Office would be ideally placed to provide such a service. External management would give future reviews credibility and have less potential for conflict of interest, while the relationship with Parliament would ensure that findings were publicised and departments properly held to account.

**129. It is intended that the Departmental Capability Reviews will be repeated after two years. We believe they should become a regular feature, and that future reviews should be carried out by the new National Performance Office. Standards of government will be increased both by external audit and greater parliamentary accountability. Such a body could also provide a regular performance report on government, in the spirit of the government's now discontinued annual reports.**

## 5 The Influence of Ministers

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### Ministerial Leadership

130. Questions of Civil Service performance cannot be considered in a vacuum. Performance depends on a number of factors, not just capability; and the elements we have looked at are not enough to ensure the right outcomes. Ultimately, civil servants work for ministers. Though they can advise ministers on policy design, and may in practice have considerable discretion in the implementation of policies, civil servants do not decide on their departments' strategies. They are not, ultimately, the leaders of government. Nor should they be: they have no electoral mandate.

131. The corollary of this is that the skills needed by the permanent members of government—the officials—have to complement the skills of the elected members of government whom they serve. The obvious difficulty with this is that if it is hard to pinpoint the skills needs of entire departments, it is harder still to define the skills needed to be a good minister—not least because there is no single model, and no arbiter to make that judgement. Our particular democratic system limits the pool from which ministers can be drawn, and obviously does not use the same competence-based selection processes as for civil servants. In consequence, there is no reason to expect (as there might be in some parts of the Civil Service) that successive appointees to the same post will have the same skills.

132. Our recent report into Ministers and Civil Servants has already demonstrated how difficult it is to disentangle the respective responsibilities of the two.<sup>96</sup> Nonetheless, ministers do from time to time look to set out their job descriptions. Rt Hon John Reid MP, for example, told the Home Affairs Committee when he was Home Secretary that:

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<sup>96</sup> Public Administration Select Committee, Third Report of Session 2006-07, *Politics and Administration: Ministers and Civil Servants*, HC 122



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.<sup>97</sup>

Yet Baroness Shephard told us something very different:

At the very least they (ministers) 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.<sup>98</sup>

133. There are clearly different expectations, even within politics, of what a minister should do. There are also a wide variety of ministerial roles—leading giant organisations like the Department for Work and Pensions is a hugely different job to being Secretary of State for Northern Ireland, with only 150 staff of your own. Junior ministers also have very different roles and responsibilities from Cabinet ministers.

134. Any number of considerations will be taken into account when Prime Ministers name their ministerial teams. Some new ministers will have sector-specific knowledge from experience outside politics; some may have shadowed their brief while in opposition; some will have specialised in specific areas on entering Parliament; and some will even have ministerial experience within the department. But it is inevitable that ministers will not always be appointed to posts because they are judged to have the right skills to lead their specific department. There are other valid factors to consider, whether that is the individual's ideological position, the confidence they command from their party colleagues, or their performance at the despatch box. Baroness Shephard was very clear:

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.<sup>99</sup>

135. Yet even if civil servants may understand that government is an “HR-free zone”, it does not necessarily make it any easier for them to work around it. We have already cited Nick Raynsford's evidence that, in his view, “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”.<sup>100</sup> We have discussed the need at times for greater official continuity; but some witnesses suggested there was also a need for greater ministerial continuity. Mr Raynsford certainly thought so:

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

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97 Home Affairs Committee, Fifth Report of Session 2005-06, *Immigration Control*, HC 775-iii, Q 866

98 Q 179

99 Q 187

100 Q 211

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 ten years to produce results when they will not be there to get the benefit and the praise. That, I think, is an insidious culture.<sup>101</sup>

He gave us the example of the housing sector, where he felt there had been an “extraordinary succession” of housing ministers under both parties, in an area where “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”.<sup>102</sup>

136. Mr Raynsford told us that one year in post is rapidly becoming the norm for ministers. We are not sure that the picture is quite as bleak as that. House of Commons Library research suggests that the average tenure of a ministerial post under the current Government has been 1.7 years, and that for Cabinet posts this goes up to 2.2 years—some way short of the Senior Civil Service median of 2.7 years. Nonetheless, Rt Hon Hilary Armstrong MP was right to point out that:

I have been in government now for nearly 10 years and I am only in my third job. Nick was working with me in what was then DETR and he remained in virtually that same job throughout his ministerial career ... so there are some ministers who change frequently and other ministers who do not change.<sup>103</sup>

137. There certainly are some ministers who change frequently. Dr Reid famously served in seven roles in seven years, while the number of Ministers for Europe since the Labour Government was elected in 1997 has occasioned much public comment. Charles Clarke was critical of this turnover:

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.<sup>104</sup>

However, he did not accept the suggestion that, in general, the issue of turnover was not considered:

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 [Baroness Shephard] describes as “political considerations”, or whatever.<sup>105</sup>

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101 Q 188

102 Q 188

103 Public Administration Select Committee, *The Work of the Cabinet Office*, 6 March 2007, HC (2006-07) 305-ii, Q 105

104 Q 201

105 Q 201

138. We agree with Mr Clarke. The question is whether human resources considerations are given enough weight in comparison with political considerations. We note the belief of all of our witnesses that such considerations should be given more weight. Nick Raynsford remarked on the lack of systematic performance appraisal of ministers, while Charles Clarke noted that some Secretaries of State do not even hold regular meetings of their ministerial teams. The disciplines of management so drilled into civil servants are not necessarily all appropriate for ministers; but some of them surely are.

**139. Government does not have to be an entirely HR-free zone. The Prime Minister must bear in mind when managing ministerial moves that these can have a significant effect on Civil Service performance.**

140. As well as the turnover of ministers, the turnover of ministries can have a significant impact on Civil Service performance. We have discussed this in detail in our recent report into Machinery of Government Changes.<sup>106</sup> In that report we called for a parliamentary check on the Prime Minister's power to alter departmental boundaries. Such a check would be one more step towards enshrining principles of good governance.

## Ministerial Training

141. So far in this chapter we have made recommendations which we believe would create a slightly more stable environment for civil servants to work in—which can only be beneficial to their ability to discharge their duties. Nonetheless, we recognise that some degree of volatility in structure and key personnel will always be part of the political environment. We also recognise that it is inevitable that some ministers will have little or no experience of leading large organisations, or little sector-specific knowledge. The Civil Service needs to work around that; but this does not mean that ministers cannot themselves do more to mitigate its effects. One key way of managing this is providing appropriate training for ministers.

142. Historically, Britain does not provide its ministers with much in the way of formal training. Baroness Shephard described what happened when she first became a minister:

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.<sup>107</sup>

She went on to say that some more training would have been useful in her case.

143. Change, however, is afoot. The Government has recognised that training for ministers is beneficial to good government; Hilary Armstrong has written to us that "it has become increasingly anomalous that Ministers do not have access to a professional development

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<sup>106</sup> Public Administration Select Committee, Seventh Report of Session 2006-07, *Machinery of Government Changes*, HC 672

<sup>107</sup> Q 184

programme”.<sup>108</sup> To address that anomaly, Ms Armstrong was working (before the change of Prime Minister) in conjunction with other ministers, primarily Rt Hon Baroness Amos and Rt Hon Des Browne MP, and with the National School of Government, to expand the opportunities for professional development available to ministers. Recent events have included induction seminars for new ministers, a two-day leadership event for Parliamentary Secretaries and Whips, group workshops and individual briefing sessions. The Cabinet Office has provided us with some details of ministerial learning and development since May 2005, which we append to this report.<sup>109</sup>

144. Turnout on some of the events organised by the National School appears to have been reasonably impressive; for example, 32 ministers have attended financial and risk management seminars since May 2005, and 32 attended the leadership event for Parliamentary Secretaries in 2006.<sup>110</sup> We do not, of course, know how many ministers attended events of this nature before May 2005. We also know that departments do provide varying degrees of induction to ministers who are new in post, and of course it is inevitable that a great deal of learning is done on the job.

145. Nonetheless there is much that the learning and development programme does not cover. There is very little, for example, on generic management. The FDA have told us that there ought to be a fully fleshed out programme:

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.<sup>111</sup>

One suggestion that has been made to us is that while ministers are willing to be trained in technical matters, there is a stigma around attending too much training, especially in areas such as interpersonal skills; admitting a need is seen as a sign of weakness. Again, we cite the evidence of the FDA, who told us that there seems to have been an unhelpful culture historically in that ministers felt reluctant to publicly acknowledge that they were participating in such training and development. They contrast this with Sir Gus O’Donnell, who they say has been “proud to acknowledge” that he continued to take part in personal development programmes and take advantage of mentoring and coaching since his appointment as Cabinet Secretary.<sup>112</sup>

146. When we spoke to former ministers, they denied that there was any such stigma. Charles Clarke told us that some ministers were resistant to training, but that he did not think this was very general.<sup>113</sup> Nick Raynsford elaborated on this point:

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

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<sup>108</sup> Public Administration Select Committee, *The Work of the Cabinet Office*, 6 March 2007, HC (2006-07) 305-ii, Ev 18

<sup>109</sup> Appendix 2

<sup>110</sup> As above

<sup>111</sup> Ev 82

<sup>112</sup> Ev 82

<sup>113</sup> Q 184

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”.<sup>114</sup>

He cited the example of a training session he had been invited to speak at, in around the year 2001, where he had prepared to discuss with colleagues what he had learned from the experience of piloting the Greater London Authority Bill through the House. A number of people signed up, and Mr Raynsford told us that he “put quite a lot of effort” into drawing out lessons for new ministers, but in the event only one turned up on the day. The others bowed out, citing work pressures.

147. We should not overrate the value of formal training; all the former ministers we spoke to agreed that spending longer in posts was more important. Mr Clarke was particularly candid:

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.<sup>115</sup>

Nonetheless, there appeared to be consensus that a new culture of public commitment to training needed to be inculcated. Mr Raynsford also made the related point that “encouraging a culture where people learn from each other's successes and failures would help to improve the quality of ministerial performance”.<sup>116</sup> He talked about encouraging exit interviews with ministers leaving posts, to learn from their experiences—something that the Government has no plans to do—and he talked about systematic performance appraisal for ministers, which he found to be absent from the current system. We would be interested to see any of this at work.

148. One final observation of Mr Raynsford was of great interest:

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.<sup>117</sup>

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114 Q 184

115 Q 187

116 Q 192

117 Q 216

149. Our witnesses made a compelling case for more professional development for ministers. We are heartened that the Government has already accepted this case, and we are pleased to see the efforts being made in this direction by several ministers in conjunction with the National School. These efforts go against the historical grain, and so should be applauded.

150. There is more, however, that could be done to professionalise the ministerial side of the business of government. We would be interested to see some of the ideas discussed in our evidence sessions put into practice, if only on a trial basis. Exit interviews to find how the support given to ministers had in fact met their needs seem eminently sensible. Systematic performance appraisal is a worthwhile discipline. We see no reason why the Government could not adopt these and other, similar approaches.

151. Above all, though, it is the culture of commitment to professional development that needs to be inculcated among ministers. We have spoken much in this report about how ministers require a professional Civil Service, and how that can be achieved; but it is a truism that leaders of an organisation should not expect that which they are not prepared to give. Both ministers and civil servants should be equipped with the right skills for their differing roles.

## Conclusions and recommendations

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1. Although this report will look at ways in which performance can, and must, be improved, we should not lose sight of the very many excellent things that are done by excellent people every day. It is a sign of the professionalism of the existing Civil Service that we take so many of these for granted. (Paragraph 11)
2. We welcome both the concept and the execution of the Departmental Capability Reviews. It is particularly valuable that their findings are being published; it gives us a benchmark against which to measure future performance. We hope that they will be repeated at regular intervals. (Paragraph 22)
3. However, if future reviews are conducted in the same way as the current ones, there will be doubts about their objectivity. Any assertion of improvement will be questioned on grounds of the reviewers' potential vested interest. We recommend that future review teams should be externally managed. (Paragraph 23)
4. The Capability Reviews paint a bleak picture of Civil Service performance. They suggest a lack of leadership and serious deficiencies in service delivery. But these results do at least expose the scale of the challenge. Departments now have a benchmark against which to measure progress. Ensuring civil servants have the right skills will be essential to improving services in future. (Paragraph 33)
5. There is a clear consensus that the Civil Service is weak in its performance management. We accept that this problem is not unique to the Civil Service. Nonetheless, it is clear that the way poor performance is currently managed is not acceptable. A radically different approach may be needed, and it should be a top priority for the Cabinet Office to find one. (Paragraph 37)
6. There may well be scope to expand the use of accredited qualifications in the Civil Service, but we should not lose sight of the crucial importance of practical experience. The skills learnt through experience should be borne in mind before civil servants without professional qualifications are dismissed as "amateurs". (Paragraph 56)
7. Nonetheless, while we should not underestimate the Civil Service's existing skills, there ought to be some way of measuring them more formally. It is clear that the Government cannot currently assess its existing skill levels, let alone identify how to fill gaps. Government Skills needs to concentrate on developing a robust means of assessing individuals' skills. Accredited vocational qualifications would certainly help, and there may also be a case for expanding the use of academic qualifications in assessing the skills of people at the higher levels of the service. (Paragraph 57)
8. It is not clear how the National School of Government can simultaneously be "demand-led" and focus on providing the professional skills set out in PSG. The Capability Reviews indicate that most departments are poor at "building capability", which in turn suggests that they have not been effective in identifying the skills they need. The NSG should work closely with departments and the centre to ensure a coherent strategy is maintained based on identified skills gaps. (Paragraph 65)

9. In identifying those skills gaps, the Government should look both to Government Skills and to the Sunningdale Institute. Both of these are potentially worthwhile innovations; but both should look for more ministerial input, to make sure that the Civil Service can respond to Ministerial needs. (Paragraph 66)
10. Measuring the success of training is not easy. The goal of training is to change behaviours over time, but it will be difficult to detect whether this is happening and to what extent it is attributable to training. Monitoring the demand for courses is still a relevant judge of the effectiveness of provision; revenue is surely one of the major tests of a demand-led organisation, and reputation is a relevant factor in determining demand. Success should be measured by both reputation and revenue. (Paragraph 67)
11. We recognise the commitment of the Civil Service to training. We have seen ourselves that staff are broadly positive about the opportunities open to them, and this is commendable. However, there is no point in offering training if there is insufficient time to take it. Staff complements should be calculated in such a way as to allow staff to make any necessary time commitment to personal development. (Paragraph 73)
12. If career civil servants have limited opportunities of getting to the top, the Government will not get the benefits of talented people joining lower down the service. (Paragraph 85)
13. We do not see any evidence that external recruitment is a threat to the traditional Civil Service values of permanence and impartiality. No organisation should be closed—outsiders can bring different skills and perspectives which should be welcomed. Every organisation can benefit from some degree of “ventilation”. This should not, however, automatically lead to recruitment from the private sector. Much of the relevant skills and expertise for Civil Service work is likely to be found in the wider public sector. (Paragraph 87)
14. We do not understand why the target is that “about half” of postings in the Senior Civil Service should be externally advertised. This particular target seems arbitrary and inexact, and does not seem to be based around identified skills gaps. If the Government does want to set a target, there should be a clear evidence base for it. (Paragraph 88)
15. We believe there are difficulties with the current practice of recruiting directly to very senior posts. The current pay differentials may serve to demotivate internal staff and discourage talented staff entering the Civil Service early in their career. It is also problematic that new entrants can take a considerable amount of time to find their feet in the Civil Service, if those new entrants have important responsibilities. We believe many of these difficulties would be alleviated if external recruitment was focused slightly lower down the management chain. (Paragraph 89)
16. Interchange between sectors is laudable; Whitehall can only benefit from first-hand knowledge of the private, voluntary and wider public sectors. Sir Gus O’Donnell has been an advocate of interchange between the Civil Service and voluntary sector organisations—as he says, this is increasingly important in a world where those



organisations are being encouraged to provide public services. We hope that Government is also encouraging civil servants to get experience of other parts of the public sector. (Paragraph 92)

17. Staff development should not be at the expense of doing the job properly. We are concerned that the current emphasis on wide experience is affecting the Civil Service's ability to carry out some of its core functions. A four year norm should be just what it says; it emphatically should not be a four year maximum. Although individuals should not stay forever in one post, we need to recognise that some stability is also necessary. (Paragraph 98)
18. There is scope for more active career management in the Civil Service. We are encouraged by some of the schemes being implemented in individual departments and agencies. Departments should identify and nurture their own talent, beyond the confines of the centrally administered Fast Stream. The centre should do more to encourage and support such departmental initiatives. (Paragraph 100)
19. The current system of delegating pay and grading arrangements to individual departments may have its merits, but it can also be a barrier to staff development. Care should be taken that such arrangements do not militate against the free movement of talented staff across the Civil Service to develop their skills. (Paragraph 105)
20. There may well be substantial scope for efficiency savings in the Civil Service, but headcount cuts are a poor tool for achieving those savings. Setting numerical targets for departments is crude and counterproductive. (Paragraph 112)
21. Dramatic changes to the Cabinet Office are underway, not least the seemingly complete rebirth of its Corporate Development Group. We welcome this development. When compared to the efficiency programme, the Government's policies on skills and capability are lacking in cohesion and lacking in drive from the centre. Yet they are just as important. To rectify this imbalance, the Cabinet Office needs an effective replacement for the Corporate Development Group, with both the credibility to influence other departments and the power to direct. (Paragraph 122)
22. Capability and skills are closely linked. The Government needs a co-ordinated approach to tackling both issues. If the responsibility within government for both now sits within the same Group, then that is a significant step in the right direction. (Paragraph 123)
23. We see merit in Lord Butler's suggestion that there should be a National Performance Office, equivalent to the National Audit Office, that scrutinises Civil Service performance in detail on more than a financial basis. It is Parliament's job to hold the Executive to account; therefore the National Performance Office should have the same parliamentary status as the NAO. (Paragraph 127)
24. It is intended that the Departmental Capability Reviews will be repeated after two years. We believe they should become a regular feature, and that future reviews should be carried out by the new National Performance Office. Standards of government will be increased both by external audit and greater parliamentary

accountability. Such a body could also provide a regular performance report on government, in the spirit of the government's now discontinued annual reports. (Paragraph 129)

25. Government does not have to be an entirely HR-free zone. The Prime Minister must bear in mind when managing ministerial moves that these can have a significant effect on Civil Service performance. (Paragraph 140)
26. Our witnesses made a compelling case for more professional development for ministers. We are heartened that the Government has already accepted this case, and we are pleased to see the efforts being made in this direction by several ministers in conjunction with the National School. These efforts go against the historical grain, and so should be applauded. (Paragraph 150)
27. There is more, however, that could be done to professionalise the ministerial side of the business of government. We would be interested to see some of the ideas discussed in our evidence sessions put into practice, if only on a trial basis. Exit interviews to find how the support given to ministers had in fact met their needs seem eminently sensible. Systematic performance appraisal is a worthwhile discipline. We see no reason why the Government could not adopt these and other, similar approaches. (Paragraph 151)
28. Above all, though, it is the culture of commitment to professional development that needs to be inculcated among ministers. We have spoken much in this report about how ministers require a professional Civil Service, and how that can be achieved; but it is a truism that leaders of an organisation should not expect that which they are not prepared to give. Both ministers and civil servants should be equipped with the right skills for their differing roles. (Paragraph 152)

## Annex: Capability Review results

	<b>Leadership</b>			
	<i>Set direction</i>	<i>Ignite passion, pace and drive</i>	<i>Take responsibility for leading delivery and change</i>	<i>Build capability</i>
Cabinet Office	Well placed	Well placed	Development area	Urgent development area
CPS	Strong	Development area	Development area	Urgent development area
DCA	Well placed	Development area	Urgent development area	Well placed
DCLG	Well placed	Well placed	Development area	Urgent development area
DCMS	Well placed	Development area	Urgent development area	Development area
DEFRA	Well placed	Urgent development area	Urgent development area	Development area
DfES	Development area	Strong	Well placed	Urgent development area
DfID	Strong	Strong	Well placed	Development area
DfT	Well placed	Development area	Urgent development area	Development area
DoH	Serious concerns	Urgent development area	Development area	Development area
DTI	Development area	Development area	Urgent development area	Development area
DWP	Development area	Well placed	Development area	Urgent development area
FCO	Urgent development area	Well placed	Development area	Development area
Home Office	Urgent development area	Development area	Development area	Serious concerns
MoD	Urgent development area	Well placed	Well placed	Development area

	<b>Strategy</b>		
	<i>Focus on outcomes</i>	<i>Base choice on evidence</i>	<i>Build common purpose</i>
Cabinet Office	Well placed	Development area	Development area
CPS	Development area	Well placed	Development area
DCA	Strong	Well placed	Well placed
DCLG	Well placed	Urgent development area	Development area
DCMS	Urgent development area	Development area	Development area
DEFRA	Well placed	Well placed	Development area
DfES	Development area	Well placed	Well placed
DfID	Well placed	Well placed	Urgent development area
DfT	Well placed	Strong	Development area
DoH	Urgent development area	Urgent development area	Development area
DTI	Urgent development area	Well placed	Well placed
DWP	Development area	Strong	Well placed
FCO	Development area	Well placed	Well placed
Home Office	Development area	Development area	Development area
MoD	Strong	Well placed	Development area

	<b>Delivery</b>		
	<i>Plan, resource and prioritise</i>	<i>Develop clear roles, responsibilities and business model(s)</i>	<i>Manage performance</i>
Cabinet Office	Urgent development area	Urgent development area	Development area
CPS	Well placed	Urgent development area	Development area
DCA	Urgent development area	Urgent development area	Development area
DCLG	Development area	Urgent development area	Urgent development area
DCMS	Well placed	Urgent development area	Development area
DEFRA	Urgent development area	Development area	Urgent development area
DfES	Development area	Development area	Development area
DfID	Urgent development area	Well placed	Well placed
DfT	Well placed	Urgent development area	Development area
DoH	Well placed	Development area	Well placed
DTI	Well placed	Development area	Well placed
DWP	Urgent development area	Well placed	Development area
FCO	Urgent development area	Development area	Well placed
Home Office	Serious concerns	Urgent development area	Development area
MoD	Development area	Urgent development area	Development area

# Appendix 1: Model of capability

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## Assessment categories

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

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

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

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

**Serious concern** Serious concerns about current capability. Intervention is required to address current weaknesses and secure improvement in the medium term. [N.B. Only used infrequently, for the most serious gaps]

## Key questions that test current capability

### Leadership

#### L1 Set direction

- How do you set a clear direction and articulate the vision to provide a compelling and coherent view of the future?
- How do you take difficult decisions and do you follow them through?
- How do you generate common ownership of the vision amongst the Board, department and delivery owners?
- How do you maintain focus when faced with crises/system shocks? How do you balance this with the need to keep the vision up to date when circumstances change?

#### L2 Ignite passion, pace and drive

- Are you seen as role models in the department, inspiring the respect, trust, loyalty and confidence of superiors, peers and staff? Do you talk, listen and act on feedback and thereby demonstrate an understanding of the business?
- Do you display passion about meeting delivery outcomes?

- How do you engage personally with customers and staff in the department and across the system?
- How do you maintain energy and enthusiasm? How do you inspire staff to be proud to work for the organisation?

### **L3 Take responsibility for leading delivery and change**

- Do you drive delivery by: taking responsibility, welcoming challenging feedback on performance and learning lessons from successes and failures?
- How do you role model an effective corporate culture of teamwork within the system? Do you and the senior leadership team act as an effective guiding coalition and initiate work across boundaries to achieve delivery outcomes?
- Do you accept the pressing need for change? Do you demonstrate your personal commitment to that change?
- How do you manage change effectively? How do you champion and drive through that change, addressing and overcoming resistance when it occurs?
- Are you open, honest, courageous and unflinching in delivering tough messages to your ministers and department?

### **L4 Build capability**

- How do you nurture talent and encourage innovation in order to build capacity?
- Do you have a leadership development/promotion process that is fair and transparent?
- How do you manage the performance of everyone by rewarding good performance and tackling poor performance?
- Do you get enthusiastically involved in identifying talent and building capability in individuals and teams?
- Do your culture, behaviour and staff profile reflect the diversity of the customers it serves?

## **Strategy**

### **S1 Focus on outcomes**

- Do you have one overarching set of clear and challenging outcomes, aims and objectives which will improve the overall quality of life for customers and benefit the nation?
- How do you work with ministers to develop strategy?
- How do you negotiate trade-offs between 'priority' policies?
- How do you work with other departments and partners external to government when developing strategy?

## **S2 Base choices on evidence**

- How do you understand what your customers and stakeholders want?
- How do you identify future trends and plan for them? How well do you identify and manage the associated risks?
- How do you innovate by developing creative solutions to challenging problems? How do you ensure appropriate ambition?
- How do you choose between the range of options available?
- Once a strategic challenge has been identified, what processes do you have to follow to address it, and who is involved?
- How do you ensure that your decisions are informed by sound evidence and analysis?
- How do you design systems which deliver your strategic objectives? How do you consider whole systems and understand the cost base?

## **S3 Build common purpose**

- How do you align and enthuse the different players in the delivery chain to deliver?
- How do you remove obstacles to effective joint working? How do you share learning in order to ensure the strategy is delivered?

## **Delivery**

### **D1 Plan, resource and prioritise**

- Do you have the right skills, resources, structures and plans necessary to deliver the strategy as part of a clear model of delivery?
- Do you prioritise (and de-prioritise) and sequence deliverables taking account of a proper risk management strategy, focused on change management priorities?
- Are your delivery plans aligned with the strategy? Are they robust and regularly reviewed?
- Are your delivery plans consistent with each other? Do they form a coherent whole which will deliver your strategy?

- How do you maintain a focus on efficiency and value for money?

### **D2 Develop clear roles, responsibilities and business model(s)**

- Is the purpose of the departmental centre and HQ functions clear?
- How do you ensure you have clear roles and responsibilities, rewards and incentives, which are understood across the delivery chain? Do they reflect the business model(s) and are supported by appropriate governance arrangements?
- How well do you understand your business model(s)?



- How do you know whether you have the right balance between centralised and decentralised services?
- How do you identify and agree accountabilities and responsibilities for delivering desired outcomes across the delivery chain? How do you make sure that they are clear and well understood by all parties?
- How do you negotiate and contract with delivery agents, stakeholders and partners? How are these agreements documented and shared?

### **D3 Manage performance**

- Do you have quality performance information supported by research and analytical capability? Does it allow you to track performance across the delivery chain?
- Do you actively respond to performance issues and follow them up?
- How effective is high level programme and risk management across the delivery chain?
- How do you ensure and maintain effective control of the department's resources and quality of its outputs?
- How do you know that your delivery chain understands customer needs and the drivers for satisfaction and responds to them?
- How do you ensure that your delivery chain captures and realises benefits?
- How do you feed this information back into the development of your strategy?

## Appendix 2: Ministerial Learning and Development – May 2005 to February 2007

Event	Description	Participants and Dates
<b>Induction Seminars for New Ministers</b>	Induction to working in Government for new Departmental Ministers and Whips	20 Ministers (2005) 12 Ministers (2006)
<b>Bills: overview workshops</b>	Parliamentary procedure on Public Bills and the role of Departments in support of Ministers	5 Ministers (2005) 3 Ministers (2007)
<b>Bills: Committee stage briefing</b>	Briefing session on Bill procedure at Committee	2 Ministers (2007)
<b>Working with Select Committee sessions</b>	Working with Select Committees and the role of Departments in support of Ministers	3 Ministers (2005-06)
<b>Financial and Risk Management Seminars</b>	Good practice on financial and risk management in Government Departments	13 Ministers (2005) 19 Ministers (2006)
<b>Financial Management briefing sessions</b>	1:1 sessions	2 Ministers (2006)
<b>Project Management briefing session</b>	1:1 session	1 Minister (2006)
<b>Leadership Event for Parliamentary Secretaries</b>	Leadership event with plenary and small group sessions	32 Ministers (2006)
<b>Action Learning Sets and Coaching</b>	Group and individual work as follow-up to leadership event	12 Ministers (2007)
<b>Working with Private Office workshops</b>	Organisation of Private Office in support of Ministers	8 Ministers (2005-07)

# Formal Minutes

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**Tuesday 24 July 2007**

Members present:

Dr Tony Wright, in the Chair

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

Draft Report [*Skills for Government*], proposed by the Chairman, brought up and read.

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

Paragraphs entitled Summary read and postponed.

Paragraphs 1 to 152 read and agreed to.

Postponed paragraphs entitled Summary read again and agreed to.

*Resolved*, That the Report be the Ninth Report of the Committee to the House.

Annex agreed to.

*Ordered*, That the Chairman make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order 134.

Several papers were ordered to be appended to the Report.

[Adjourned till 11 Oct at 9.45 a.m.]

# Witnesses

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## Thursday 12 October 2006

**Gill Rider**, Director General, Leadership and People Strategy and **Anne-Marie Lawlor**, Director of Leadership Development, Cabinet Office Ev 1

## Thursday 30 November 2006

**Hugh Lanning**, Deputy General Secretary, PCS, **Martin Furlong**, National Officer, FDA and **Sue Ferns**, Head of Research and Specialist Services, Prospect Ev 14

## Thursday 7 December 2006

**Professor Colin Talbot**, Chair of Public Policy and Management, Manchester Business School and **David Walker**, Editor, *Public* Magazine Ev 28

## Thursday 14 December 2006

**Rt Hon Charles Clarke MP**, Member of the House, **Rt Hon Nick Raynsford**, Member of the House and **Baroness Shephard of Northwold**, a Member of the House of Lords Ev 40

## List of written evidence

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1	Cabinet Office	Ev 57
2	Public and Commercial Services Union	Ev 68
3	Prospect	Ev 74
4	FDA	Ev 76
5	Professor Colin Talbot, University of Manchester	Ev 83
6	David Walker, <i>Public</i> Magazine	Ev 85
7	Rt Hon Baroness Shephard of Northwold JP DL	Ev 87
8	Chartered Institute of Personnel and Development (CIPD)	Ev 87
9	Dr Ruth Levitt and William Solesbury, King's College London	Ev 90
10	Intellect	Ev 94
11	Sir Robin Mountfield	Ev 101
12	Investors in People UK	Ev 105
13	Parliamentary and Health Service Ombudsman	Ev 107
14	David Spencer, National School of Government	Ev 109
15	CBI	Ev 113

# List of Reports from the Committee during the current Parliament

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

## Session 2006-07

First Report	The Work of the Committee in 2005-06	HC 258
Second Report	Governing the Future	HC 123 ( <i>cm 7154</i> )
Third Report	Politics and Administration: Ministers and Civil Servants	HC 122
Fourth Report	Ethics and Standards: The Regulation of Conduct in Public Life	HC 121
Fifth Report	Pensions Bill: Government Undertakings relating to the Financial Assistance Scheme	HC 523 ( <i>HC 922</i> )
Sixth Report	The Business Appointment Rules	HC 651
Seventh Report	Machinery of Government Changes	HC 672
First Special Report	The Governance of Britain	HC 901
Eighth Report	The Pensions Bill and the FAS: An Update, Including the Government Response to the Fifth Report of Session 2006-07	HC 922

## Session 2005-06

First Report	A Debt of Honour	HC 735
Second Report	Tax Credits: putting things right	HC 577 ( <i>HC 1076</i> )
Third Report	Legislative and Regulatory Reform Bill	HC 1033 ( <i>HC 1205</i> )
Fourth Report	Propriety and Honours: Interim Findings	HC 1119
Fifth Report	Whitehall Confidential? The Publication of Political Memoirs	HC 689
Sixth Report	The Ombudsman in Question: the Ombudsman's report on pensions and its constitutional implications	HC 1081
Seventh Report	The Ministerial Code: the case for Independent Investigation	HC 1457
First Special Report	The Attendance of the Prime Minister's Strategy Adviser before the Public Administration Select Committee	HC 690
Second Special Report	Ministerial Accountability and Parliamentary Questions: Government Response to the Committee's Fifth Report (Session 2004-05)	HC 853
Third Special Report	Inquiry into the Scrutiny of Political Honours	HC 1020