



House of Commons

Committee of Public Accounts

Managing early departures in central government

Eighth Report of Session 2012–13



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written evidence*

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Committee of Public Accounts

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Publications

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 www.parliament.uk/pac. A list of Reports of the Committee in the present Parliament is at the back of this volume. Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee is Adrian Jenner (Clerk), Sonia Draper (Senior Committee Assistant), Ian Blair and James McQuade (Committee Assistants) and Alex Paterson (Media Officer).

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Summary

The 2010 Spending Review required most departments to make cost savings, which would necessitate significant staff reductions. Departments have acted quickly to reduce their number of employees, delivering a total reduction in headcount of around 35,000 in 2011, nearly 18,000 of which have been achieved through early departures.

The initial cost to departments of these departures, which should be around £600 million, will take between 11 and 15 months to recoup, after which departments will save around £400 million per year. However, if the staff reductions achieved so far, and planned, are to be sustainable then they will need to be supported by a redesign of the way business is carried out. We remain to be persuaded that all departments are putting in place the fundamental redesign in working practices that is needed to operate permanently with a lower number of staff. It is imperative that they do so.

The widespread absence of new operating models, coupled with the pace and scale of the reductions, means that there is a real risk to departments' ability to deliver services. Furthermore, we are worried about the lack of clear information to track the extent to which this risk is materialising. Without clear information on performance, we cannot know to what extent services are being adversely affected by staff departures. The latest round of Capability Reviews is nearly complete, but these Reviews do not link capability and actual performance.

Departments have been hampered in delivering early departures efficiently by poor management information. Departments are rightly considering individuals' performance when making decisions on whether to offer to pay staff to leave. However, the quality of data captured in performance appraisals has not been detailed enough to support this decision-making. It is clear to us that improving the quality and consistency of performance appraisal arrangements across the civil service would bring both efficiency savings and better decision-making about the management of the workforce.

At the centre, the Treasury is responsible for signing off any individual exit payments that exceed the terms of the compensation scheme. We were surprised to find that the Treasury does not keep proper records of such requests, and was not even confident that it had sight of all unusual payments. We expect to see this rectified.

There are even greater challenges ahead. The Cabinet Office estimates that around half of the required headcount reduction is yet to come. That second half is likely to be more challenging than the first, as the more readily achievable cuts have already been made. Future rounds of staff reductions are also likely to involve more compulsory redundancies, and excellent leadership will be required to manage this while also strengthening morale

across the civil service.

On the basis of a report by the Comptroller and Auditor General,¹ we took evidence from the Cabinet Office, the Department for Work and Pensions and the Head of the Home Civil Service on managing early departures in central government.

1 C&AG's Report, *Managing early departures in central government*, HC 1795, Session 2010-2012

Conclusions and recommendations

- 1. Departments do not have long-term plans in place for new ways of working with fewer staff.** Although departments have moved quickly to reduce headcount, we have not seen evidence, except in a small number of specific areas, of how they are fundamentally rethinking the way they will operate with lower staff numbers. This means that the numbers of staff may increase once restrictions on recruitment and spending have been lifted. To ensure that the savings in staff costs are sustainable, departments should now complete long-term operating models for their business beyond the spending review period. Likewise work force plans on their own are not enough and unless departments fundamentally redesign ways of working then numbers of staff may increase over time. The Cabinet Office should ensure all departments produce these plans, review their adequacy, and report the results of this review to us by the end of the 2012-13 financial year.
- 2. There is a lack of information to show what effect the lower number of staff is having on departmental performance and service standards.** Given the scale and pace of headcount reduction, and the lack of business redesign in departments, there are significant risks to service delivery. The latest round of Departmental Capability Reviews is approaching completion, but does not make the link between capability and actual performance. The Cabinet Office should ensure that a new approach to Capability Reviews is in place by September 2012, to assess both capability and performance.
- 3. Performance appraisal information is not good enough to inform individual early departure decisions.** Information about employees' performance is important for departments when deciding who should be granted paid early departure and who should not. However, information from appraisals is not sufficiently detailed to inform the process, and departments had to run time-consuming and costly exercises to gather additional information. Improved arrangements for performance appraisal would not only bring cost efficiencies but should also improve the morale of staff. The Cabinet Office, through Civil Service Employee Policy, should work with departments to roll out the best practice performance management system that it has developed.
- 4. The Treasury does not have proper control over individual exit payments that exceed the standard early departure terms.** Any individual payment proposed by a department that exceeds the limits of the appropriate compensation scheme is supposed to be reviewed by the Treasury. The C&AG's report indicated that the Treasury reviewed around 400 cases in 2011. However, the Treasury does not keep adequate records of the cases they review, so it was unable to tell us from which bodies it received applications, the sums involved, or whether they were approved. Furthermore, the Treasury is uncertain even whether all cases were referred to it that should have been. The Treasury should ensure that information on all cases is recorded centrally, and that departments are held to account where they fail to refer a case for approval.

- 5. Further staff reductions will be more challenging to deliver than those achieved so far.** The Cabinet Office estimates that departments have delivered around half of the expected headcount reductions. Although this is good progress, the second half are likely to be more challenging to realise, as the ‘easier’ savings will already have been made. As departments reach the point where most individuals who are likely to volunteer to leave have already done so, compulsory redundancy will also need to be used to a greater extent, bringing with it considerable risks to morale. Strong and transparent leadership will be essential, and staff will need clear information about the future of the business. Permanent Secretaries should publish their personal objectives to demonstrate their accountability for the success of these change programmes.
- 6. The Cabinet Office did not agree the Comptroller and Auditor General’s report before publication and did not formally articulate the reasons for its disagreement.** The C&AG did not receive a formal letter setting out the Cabinet Office’s Accounting Officer’s comments on his report in time for him to take account of them before publication, and the Cabinet Office also subsequently produced a different figure for expected savings that was not in the report. This meant that the Committee wasted time debating the accuracy of specific findings when it could have been discussing the issues raised in the report. The Cabinet Office should in future ensure that any information to be shared with the Committee is shared with the NAO during the clearance process in sufficient time for it to be considered.

1 Achieving sustainable headcount reduction in departments

1. Most departments are required to make considerable reductions in expenditure over the current Spending Review period. With staff costs typically forming around half of administrative spend, departments are seeking to reduce their headcount, and the size of the civil service is forecast to fall by around 114,000 between 2010 and 2015.² One means by which departments are working to achieve this is through early departure programmes, which include exits under Voluntary Exit, Voluntary Redundancy and Compulsory Redundancy terms.

2. Numbers of early departures are variable across departments, and are affected by factors including natural turnover and machinery of government changes. Change has been particularly marked in the Cabinet Office and the Department for Communities and Local Government, early departures from which in 2011 make up 14% and 16% of total headcount respectively.³

3. Departments have acted quickly and decisively in implementing programmes of early departures. They delivered a headcount reduction of 35,000 in 2011, of which half were through early departures. By doing so, they have already removed significant costs for the taxpayer in a short time.⁴ The cost of the early departures in 2011 was £600 million, which will take between 11 and 15 months to recoup from reduced expenditure.⁵ The National Audit Office estimates that the annual average saving over five years after paying off these initial costs will be around £400 million, while the Cabinet Office calculates a gross saving of £630 million in the first year after the early departures were completed. The difference is accounted for by the period over which the figures are calculated and also the assumptions as to how many staff would have retired or left anyway. We recognise there is uncertainty in any estimates; nevertheless it is clear that the savings are substantial.

4. However, departments have not demonstrated that they have redesigned the way in which they work in order to permanently operate with fewer staff. Instead, they have targeted staff cuts where their business will be least impacted under existing structures.⁶ The Cabinet Office told us that departments are operating a two-stage process: first identifying initial savings and downsizing quickly, followed by more fundamental change in the second half of the Parliament. The latter will be underpinned by the Civil Service reform plan.⁷ Unless departmental reform plans are finalised as a matter of urgency, however, there is a risk that reductions in staff costs will not be sustainable in the medium

2 C&AG's Report, para 1.2, 1.3

3 Q101; C&AG's Report, para 1.8

4 Qq 2, 15, 20, 51

5 Qq 42-51; C&AG's Report, para 10

6 Q15

7 Q16

to long term. The Cabinet Office concedes that, if restrictions on recruitment and spending were lifted now, staff numbers would probably increase again.⁸

5. The Head of Government Human Resources (HR) Operations told us that the current performance appraisal system did not assist departments in their efforts to run early departure programmes.⁹ The marking system is not detailed enough in distinguishing between different levels of performance to inform individual early departure decisions. This meant that the selection process was longer and more complex than it needed to be, as departments ran bespoke exercises to gather the necessary information.¹⁰ There is also scope to improve performance management more generally across the civil service, equipping managers with the necessary skills.¹¹

6. Although progress varies, departments broadly are about half way through their planned headcount reduction for this Spending Review period. The Cabinet Office concedes that the second half will be more challenging for departments than the first; as the more straightforward removal of surplus staff costs have already been achieved, future rounds will require a greater deal of reform.¹²

7. Departments have made deliberate efforts to avoid compulsory redundancies; and indeed this has been largely successful, with the vast majority of departures, so far, achieved under voluntary terms. However, the second phase of headcount reduction is likely to make greater use of compulsory redundancy as the number of those willing to leave on voluntary terms dwindles, and reform within departments results in more positions becoming surplus.¹³ This will bring heightened challenges to morale at a time where staff perceptions of senior leadership are already poor.¹⁴ Departments where large numbers of staff have left under early departure programmes have already seen falls in the level of staff engagement—a measure of staff morale based on a standardised survey used throughout central government. The Department for Communities and Local Government, for example, saw a fall of eight percentage points between 2010 and 2011.¹⁵

8. Given these challenges, strong leadership for change within departments will be essential. We understand that there are structural reform plans setting out what departments are planning to do, and that Permanent Secretaries' objectives will include the delivery of these major programmes of change, though these are not currently published. We are concerned that without a clear, public articulation of what success looks like (e.g. in terms of staff engagement) and some measures of how departments are working smarter, it will be difficult to hold Permanent Secretaries to account. Publishing their objectives would enhance the extent to which Permanent Secretaries can be accountable.¹⁶

8 Q111

9 Q82

10 Q83

11 Q84

12 Qq 16, 39, 103

13 Q35

14 Q104

15 Q105

16 Qq 121-125

2 Overseeing headcount reduction across government

9. Departments are responsible for implementing their own early departure programmes, but there is also a role for the centre of government. The Cabinet Office introduced the new terms of the Civil Service Compensation Scheme in December 2010. Departments must comply with this scheme, and should apply to the Cabinet Office if they wish to run a programme of departures under the terms.¹⁷

10. In response to an earlier report from the Public Administration Select Committee, the Cabinet Office did not accept that its role is to provide central direction by monitoring departments' programmes, for example to ensure that they are retaining key skills. However, it did concede that a cross-departmental approach would be useful and that the new Head of the Civil Service would have a role in this respect. The Head of the Civil Service told us that he would have a role in challenging and coordinating departments' headcount reduction programmes, with particular focus on forward planning of numbers and skills.¹⁸

11. The Comptroller and Auditor General reported that, to date, there has not been a great deal of central co-ordination of the early departures across central government.¹⁹ The Head of the Civil Service said that more could be done, and that rolling out the services of Civil Service HR—a programme to review and modernise civil service human resourcing—would be central to this.²⁰ The Cabinet Office and the Head of Government HR Operations told us that there are considerable benefits from having shared HR services across government, but that there are challenges to Civil Service HR's progress, particularly in terms of redeploying staff.²¹ The extent to which staff can be encouraged to move between departments is limited by the variability of mobility clauses within contracts. The Cabinet Office told us that changing these across the board is not feasible without producing a single contract, which would mean the civil service becoming a single employer. This has been investigated, but the costs of reorganisation were believed to be too great.²²

12. Given the extent of the reductions, and the speed at which change has taken place, we have concerns that service delivery may be suffering, particularly in light of the fact that departments have not redesigned their delivery models.²³ We understand that departments have their own performance indicators; there are indicators on key priorities within the Business Plans; and there is also a Performance and Implementation Unit based in Downing Street. However, we are concerned that no one at the centre is bringing together

17 Q14; C&AG's Report, para 1.7

18 Q1

19 Q73; C&AG's Report, para 3.19

20 Q74

21 Q12

22 Qq 89, 95

23 Q70

a picture of how these large scale headcount reductions have affected delivery of core services. The Capability Reviews, the latest round of which are currently coming to a close, would be the natural mechanism for this. However, at present these focus solely on capability, with no link made to performance.²⁴

13. One of the key risks to value for money associated with early departures is that individuals who have received a payment to leave the civil service are then re-employed in some form within departments.²⁵ This may be in direct employment, as an individual contractor or consultant, or as part of a company contracted by government.²⁶ The Cabinet Office provided us with assurances that, in the case of direct employment, the mechanism is in place to prevent employees returning within six months of their departure.²⁷ However, beyond this date, there is nothing to prevent re-employment of leavers, nor is there any barrier to those leaving under the Civil Service Compensation Scheme finding employment elsewhere in the public sector.²⁸ Furthermore, when individuals return as contractors or as employees of a contracted company the case is more complex, and relies on the department in question noticing where leavers have been hired by a consultancy or contracting firm and have reappeared in the department. There is no process in place to detect where this is the case, nor any official barrier to prevent it.²⁹

14. The revised terms of the Civil Service Compensation Scheme are designed to minimise the risk to the taxpayer of excessive individual payments. All payments which exceed the terms of the compensation scheme must be referred to the Treasury for approval. These will normally be dealt with by the Spending Team for that department, and the Treasury received some 400 cases in 2011.³⁰ However, the Treasury does not maintain a record of the referrals made, the size of payments, from which bodies it received applications, and whether they were approved or not.³¹ Furthermore, the Treasury were unable to guarantee that all payments exceeding the terms of the scheme had been submitted to them for approval.³²

15. We note that the pension provider, My Civil Service Pension (MyCSP), has recently become a mutual, owned jointly by the private sector, the government and staff. We have some concerns about the possibility of individuals benefiting, at the expense of the taxpayer, should the organisation demutualise in future. However, we are reassured by the Cabinet Office's assertion that there is a clause which states that all three parties must agree to any demutualisation proposals, including the government.³³

24 Qq 71-72

25 Q57

26 Q61

27 Q58

28 Q59

29 Q61

30 Q136

31 Q140

32 Q144

33 Qq 126-130

16. We are not clear as to the reasons for the Cabinet Office refusing to agree the Comptroller and Auditor General's report. Our view is that the report provides a generally positive outlook on the government's performance thus far, as well as some logical recommendations going forward. The C&AG did not receive a formal letter setting out the Accounting Officer's reasons for disagreeing with the report, and so could not take account of these reasons before publication. The Cabinet Office also subsequently produced a different figure for the expected savings from early departures that was not in the report. This meant that the Committee wasted time debating the accuracy of specific findings when it could have been discussing the issues raised in the report.³⁴

Formal Minutes

Thursday 12 July 2012

Members present:

Rt Hon Margaret Hodge, in the Chair

Mr Richard Bacon
Mr Jackie Doyle-Price
Matthew Hancock
Mr Stewart Jackson
Fiona Mactaggart

Meg Hillier
Mr Austin Mitchell
Nick Smith
James Wharton

Draft Report *Managing early departures in central government*, proposed by the Chair, brought up and read.

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

Paragraphs 1 to 16 read and agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

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

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

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

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

[Adjourned till Monday 16 July at 3.00 pm]

Witnesses

Monday 30 April 2012

Page

Ian Watmore, Permanent Secretary, Cabinet Office, **Sir Bob Kerslake**, Head of the Home Civil Service and **Chris Last**, HR Director, Department for Work and Pensions

Ev 1

List of printed written evidence

1 Cabinet Office and Department for Work and Pensions

Ev 20

List of Reports from the Committee during the current Parliament

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

Session 2012–13

First Report	The Government Procurement Card	HC 1915
Second Report	Mobile Technology in Policing	HC 1863
Third Report	Efficiency and reform in government corporate functions through shared service centres	HC 463
Fourth Report	The completion and sale of High Speed 1	HC 464

Oral evidence

Taken before the Committee of Public Accounts on Monday 30 April 2012

Members present:

Mr Richard Bacon (Chair)

Stephen Barclay	Meg Hillier
Matthew Hancock	Mr Stewart Jackson
Chris Heaton-Harris	Ian Swales

In the absence of the Chair, Mr Bacon was called to the Chair.

Amyas Morse, Comptroller and Auditor General, National Audit Office, **Keith Davis**, Director, NAO, and **Marius Gallaher**, Alternate Treasury Officer of Accounts, gave evidence. **Gabrielle Cohen**, Assistant Auditor General, NAO, was in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

Managing early departures in central government (HC 1795)

Examination of Witnesses

Witnesses: **Ian Watmore**, Permanent Secretary, Cabinet Office, **Sir Bob Kerslake**, Head of the Home Civil Service, and **Chris Last**, HR Director, Department for Work and Pensions, gave evidence.

Q1 Chair: Welcome to this afternoon's meeting of the Public Accounts Committee. We are joined by Sir Bob Kerslake, the head of the Civil Service, Mr Ian Watmore, the permanent secretary at the Cabinet Office, and Chris Last, HR director for the Department for Work and Pensions—you are all very welcome—to discuss the National Audit Office Report, "Managing Early Departures in Central Government".

Sir Bob and Mr Watmore, I would like to start with you. Paragraph 1.13 on page 21 of the Report refers to the Public Administration Select Committee's report from last September, which recommended "that the Cabinet Office should monitor departments' redundancy programmes to ensure they were retaining key skills." It goes on: "The Cabinet Office stated it was not their role to provide central direction in this way. However, they agreed that a more corporate, cross-departmental approach would be helpful and indicated that the new Head of the Civil Service would be responsible for developing corporate priorities". It would be helpful if we started with each of you setting out how you see your responsibilities in relation to the management of the early departure programme working.

Sir Bob Kerslake: My role is to make sure that there is an effectively co-ordinated approach to reducing staff numbers, recognising that, under the current arrangements, each Department is its own employer and takes the responsibility for that reductions process within the Department. What do I mean by effective co-ordination? I think it goes to whether we have clarity about the compensation schemes; clarity about what happens in relation to recruitment—is there a recruitment freeze?—what happens in relation to redeployment; and what happens in relation to forward planning of numbers by each Department?

Finally, while it is each Department's responsibility to take this process through, I expect each Department to have undertaken the exercise in a way that looked to secure the retention of their requirements as far as skills and capabilities are concerned. Those are the things I would look for in a process such as this. It is going to be a combination of leads within the Department and a challenge and co-ordination process by the centre.

Ian Watmore: I have the specific role of managing within the Cabinet Office; that is one side. The cross-Civil Service role was really to support the Minister for the Cabinet Office in creating the new compensation scheme that was deployed throughout the system; overseeing the recruitment freeze that was another part of the reduction process; and helping him to retain the fast-stream recruitment and working with BIS on promulgating apprenticeships within the Civil Service, so that we were in effect continuing to feed in at the bottom of the system while taking out at various levels along the way.

At the time, Gus O'Donnell was the head of the Civil Service, so my role was also to support him and what he was doing to bring all of the permanent secretaries together and to have an orchestrated approach to the first phase of the Civil Service reduction programme, which he did—I am trying to remember the exact date, but it must have been very soon after I started in September 2010. He got all the permanent secretaries together and some outside business experts in, and we all discussed what the best way of going forward was. Clear messages came through. One was to get on with it—do it quickly, don't drag it out over a long period of time. Secondly, it was start with head office first and leave the front line to be protected as far as possible. Thirdly, for both groups of staff—staff who were leaving and staff who were staying—it was to

be very clear that you were being very professional, treating both with dignity and, for those staying, giving them a forward message about why.

Q2 Chair: The Report is very clear that it was done quickly, and it is quite complimentary about that, but neither of you focused particularly on skills in your answers. You are doing things quickly, so there is an even higher risk, particularly with a voluntary scheme, that you are losing some of the wrong people. One purpose of my question was to find out what you are doing to ensure that you retain the right skills.

Sir Bob Kerlake: I think I made reference to retention of skills in my evidence—

Chair: No, you didn't. The record will show you talked about forward planning, and implicit in that, I suppose, is the idea of people who can, rather than can't, do the job. This is at the heart of it, isn't it? The fact that so many directors general have been brought in over the last 10 years—we seem them very regularly in this Committee—and they have a mostly outside-the-Civil-Service CV is, in one respect, a good thing, because fresh blood is coming in, but in another respect, it is a reflection of the fact that the Whitehall system does not throw up enough people with the right skills to fill these top jobs.

Sir Bob Kerlake: That is a slightly wider point. I think we do benefit from a Civil Service that has a mix of experience and backgrounds. In this process—I can certainly speak for my own Department, which I took through this exercise—we took a great deal of care to secure the process of reduction while retaining key skills that we required. For example, the process was carried through on a grade-by-grade basis, and, across the whole Department, every member of staff had to submit a form for us to assess, so there was a pretty tight process of assessment. As always, you have to balance that against the desire to maximise the number of redundancies you achieve through voluntary, rather than compulsory, means. There is always a balancing act. In the Department I was responsible for then, and, I think, in most Departments, there was quite a conscious effort to make sure that the reductions occurred in places where they would have least impact on services and the skills required to deliver them.

Q3 Chair: You referred earlier to departmental leads, and we have one with us, Mr Last, who works for the Department for Work and Pensions. Mr Last, you are the HR Director, but you have an overall, cross-cutting responsibility for the three Civil Service HR strands: Resourcing, Employee Policy and Civil Service Learning. I was fascinated to learn that all of those are held in completely different places; Civil Service Resourcing is in HMRC, Employee Policy is in your Department and Civil Service Learning is in the Home Office, but they all report to you, and you then report to the Cabinet Office. Have I got that right?

Chris Last: Yes, that is correct.

Q4 Chair: Can you tell us how those responsibilities work in terms of making sure we are making the best

use of early departures and at the same time retaining key skills?

Chris Last: Yes, absolutely. First, let me explain the reason why they are in Departments. The HR function before the current programme worked out that it needed to find a way to work across the Civil Service to organise some of the HR activities—indeed, that is what the Report suggests we should do. Rather than have the groups held centrally, which would be the alternative, we felt it was better that each of the most senior operational HR directors general took responsibility for one strand of the work, and that works well.

In this context, the main activity would be Civil Service Resourcing, which is responsible for making sure that we have a system across Government and across the Civil Service that allows all jobs to be advertised. We have got that up and running, and it has been up and running for a number of months. Civil Service Resourcing also has the expertise, for instance, to help people with outplacement activities. In two of the big Departments, it is also helping with recruitment—we are doing some recruitment to the front line in HMRC and the DWP. That is avoiding the duplication we had in the prior system, so that we have one system.

Civil Service Employee Policy is what it says, really: it is an activity that is trying to make sure that, where Departments determine they need to have a particular policy, we take one approach, rather than trying to develop 21 versions of fundamentally the same thing. That is what people are working on.

Civil Service Learning looks at generic learning, not technical learning, across the Civil Service. In the prior system, we had quite a lot of duplication—lots of different training courses on people management, time management or leadership. As these are generic skills, they are not fundamentally different from the DWP to DFID. What we are trying to do now is ensure that we have one go at it. That is more cost efficient and it is more efficient for the HR function as part of our programme to reduce the size and the cost of HR in modern Government.

Q5 Chair: Would bodies such as Ofcom be covered? I have just remembered that they spent £2.9 million on thought leadership out of a budget one could describe as quite succulent. Is that part of this, or is it outside of it?

Chris Last: What we decided to do, because this is quite a big undertaking, is to start with the core Civil Service. The only people that we are using this service for at the moment are civil servants. That does not include the devolved Administrations at the moment, although we are in discussions with them on how we can provide them with the service as well.

Q6 Chair: And it does not include regulators?

Chris Last: No, it does not include NDPBs.

Chair: Okay.

Q7 Stephen Barclay: Does that include arm's length bodies?

 30 April 2012 Cabinet Office, Home Civil Service and Department for Work and Pensions

Chris Last: No, it does not, but it is interesting that a number of arm's length bodies have asked to take the service. This is a question—

Q8 Stephen Barclay: Why does it not? Nine Whitehall Departments spend more than 50% of their budget through arm's length bodies, so we are not talking about a small add-on; it is actually core business.

Chris Last: We do not exclude that. It is just that we are trying to get it up and running and to make sure that it works properly. It is quite a complicated system to put in for all the core Government Departments.

Q9 Stephen Barclay: How many arm's length bodies currently use it?

Chris Last: About three? I don't know. That is because, at the end of the day, we have not been doing this very long. We want to get it up and running and make sure—

Q10 Stephen Barclay: How many arm's length bodies are there?

Chris Last: I don't know.

Ian Watmore: I think that we may be getting confused about arm's length bodies that are outside the Civil Service and those that are within. For example, Jobcentre Plus, when it was an arm's length body, would use this system, so that would be inside the tent. I think Chris is referring to the ones outside the Civil Service in the main.

Q11 Stephen Barclay: Perhaps we could have note about how many are in and how many are out.

Ian Watmore: Arm's length bodies are two types: Civil Service arm's length bodies and others. The Civil Service ones are in the scheme and the others are voluntary.

Q12 Chair: The public sector is 5 million or 6 million, and we are talking about 400,000 or 500,000 people. If we could have a note setting out who is in, who is out, who is in the sandwich, what layers, and who is next, that would be helpful.

Ian Watmore: Yes.

Amyas Morse: I want to pick up on the interesting model that you have there. It is similar to the one you have in IT of having a group of departmental directors and having people leading on that. Compared with having somebody as an imposed head, I am curious to know what the benefits and disbenefits are.

Ian Watmore: The theology, for want of a better word, behind this is that there things that we have to do once on behalf of the whole Government, but to accumulate all of those into one great big "Department of Administrative Affairs" did not sound like the way forward, so we have taken a selective approach. Some functions have come into the Cabinet Office, but for others, we said that the best people doing this at the moment are in the Departments, so why don't we ask them to operate over the whole of Government. That has two advantages. One is that we get access to the best resources, and two, it buys the Departments in and they do not feel as though it has been done to them.

Amyas Morse: In these boxes, you do not include career and experience structured planning. Is that not something that you are trying to address across the Civil Service?

Chris Last: One of the things that we will do as we get more experienced with how this works, and one of the things that we are currently looking at, is whether there are other things that we do across Government that make more sense to be done across the Civil Service. For instance, we looked at complex casework, career planning and career mapping. Performance below the Top 200 is another thing that we are considering and whether we can offer that.

Sir Bob Kerlake: To what extent should we share services, not just transactional but expert services, will be one of the key themes in the Civil Service reform plan.

Q13 Chair: When is that coming out? The last I heard was the end of May, so am I right to think that it will be late July, just before we all go off on holiday?

Sir Bob Kerlake: No, it will not be late July; it will be end of May, perhaps early June.

Chair: Terrific.

Q14 Stephen Barclay: Who keeps the list of non-compliance for Departments that are not complying with the points raised by the NAO? Sir Bob talked about effective co-ordination, so who is the owner?

Ian Watmore: If you took for example something like the recruitment freeze, Departments are responsible for their own decisions on the recruitment freeze, but the centre has the right to go in and look at what is going on and, for want of a better word, audit it if we think fit. By and large, however, Departments are complying with the controls that we have put in place.

Q15 Stephen Barclay: Right, but I meant something else. If we look at paragraph c on page 10, it states that a number of Departments "had not finalised detailed workforce planning... Departments should now move quickly to finalise future workforce models". Which Departments have not finalised their models?

Ian Watmore: There were chunks of this Report that we challenged in advance, and, in the end, we had a sort of agreement that Amyas would publish and I would hold my fire on the points concerned. That was one of them. I think most Departments have had two phases: the first was to get moving quickly to do the first part of the journey, which probably brings us to the present day, and to bring the Civil Service down in size quickly while money is haemorrhaging out of the system, and we have done that. We did 35,000 staff reductions in one year.

Q16 Stephen Barclay: You said "most". Which Departments have not, in your view, satisfied the point addressed, or is it your view that all Departments have?

Ian Watmore: My view is that all Departments have developed a two-stage approach to this. One was to downsize quickly to get early savings and the second was then to build, for the second half of the

Parliament, the reform agenda that they need underneath the Civil Service reform plan.

Q17 Chair: All Departments except yours, which, according to figure 2 on page 12, has gone up. Is that because of the Efficiency and Reform Group?

Ian Watmore: That is totally misleading, because of all the other things that were hoovered in under the machinery of government moves. The basis of the Cabinet Office when it started was something like 1,600 people. All the machinery of government changes moved it up to about 3,500.

Q18 Chair: Where had they been sitting before?

Ian Watmore: They were in places such as the OGC, which was attached to the Treasury; COI, which is a non-ministerial Department; the National School of Government; Directgov, which was with the DWP, and so on.

Q19 Stephen Barclay: So have they come out of other lines here? Are you saying that they have exaggerated the progress in other Departments?

Ian Watmore: I presume so, because I did not compile this chart, but the Cabinet Office baseline number, like-for-like, is about 3,500 staff, and with the final phase of redundancies going through, we will be in the 2,100 to 2,200 range, so we have actually come down by a third.

Keith Davis: It may be worth my saying just a little bit more about what was behind the point that we made here. The evidence for it came in. It is things like our recent Report on the Ministry of Defence, which, as with this one, acknowledges the short-term progress made, but there was clear evidence in that that the longer-term vision of a new way of working was not yet in place. Also, from when we put together the different individual departmental cost-reduction reports, again there were certainly some examples within some Departments of this strategic planning, a new target operating model and a new strategic work force plan, but our view at this point in time is that there is no pervasive evidence across Departments that all of that is in place.

Q20 Chair: Mr Watmore, you were nodding. Do you accept basically what Mr Davis just said? That is the issue. It is not whether you did it quickly—you did and you are to be commended for that—but the NAO says: “Most departments had no plans for transforming their business and headcount reductions were driven solely by a target to reduce...costs.” The great question that is prompted by that is: how are they going to be kept down? The answer to that is presumably that you genuinely have new ways of working, rather than just trotting out that phrase.

Ian Watmore: I think Bob should speak for the Civil Service as whole, but I will give you an example in my own Department. We had to reduce by a third quickly. I decided that the only way we could do that was to change the operating model from one of traditional teams into a flexible resource model so we could deploy people to wherever the project was. We moved to that quite aggressively and quite quickly.

You can ask: was that thought out to the nth degree of detail at the time? Probably not.

Q21 Chair: To what extent was it informed by your experience of running a big consulting firm?

Ian Watmore: It was, and it was also from a previous Department where I had trialled it on a smaller basis, so I have tried to use best practice. I would say that we have now worked out how to do that properly, and we are now spreading it through the rest of the Cabinet Office.

Sir Bob Kerslake: I think every Department will have had some form of work force planning. The key point here is that the scale of what they were asked to do in rapid order was quite unprecedented. We are talking about reductions of a third in size; in the case of CLG, if we allow for the Government Office staff, it was 40%. Did we have work force plans and structures that absolutely matched the scale of that task in place at the time that the announcement was made by the new Government? No.

Chair: You had to build your wings and fly at the same time.

Sir Bob Kerslake: Yes, exactly. What happened was that, across Government, people started the process of reduction—they had to; they couldn’t wait—but alongside that, they worked through their work force plans and in particular they worked through the transformation of how they did business. So you saw both processes going on.

The question, I think more fairly, is: have they made the progress now? I think you will find that a lot of Departments have. In some cases—if we take Defence—the scale of change that they are undergoing over probably nearer a decade rather than the current Spending Review period, as well as the fundamental nature of that change, inevitably meant that change has taken longer; but most Departments would have started the process, very quickly rethought the strategic direction of their Department and then guided the rest of the process through that.

Amyas Morse: If it is the case that many Departments now have these plans in place, it would be good to get positive assurance of that. The reason for making this point is that we did not expect that they would have them all in place before they started cost reduction. We understood that it had to happen quickly, but—you know this, Ian, I know very well—it is not helpful to go through massive change without knowing what the destination model and the direction of travel really are. You can start making moves in roughly the right direction—there is nothing wrong with that—but our point is that it is urgent to get these plans in place.

If Departments really are moving forward quickly and there is evidence that the plans are being prepared now, that’s great, but please let us not be having this conversation in a year’s time and finding the plans are still not in place. It is not just about HR. It is about HR, information—the use of every resource in a Department needs to be thought through, even at a broad level. Otherwise, we will end up in trouble. I know you know that. We are simply trying to put a bit of push behind it and see some objective evidence that it is really happening.

Ian Watmore: I have sat in a number of these hearings now and I think the same theme is emerging. Actually, we have got on and done stuff in the first two years of the Government, and we have saved money, made progress and shown the art of the possible, but now we are at that point in the journey where long-term sustainable reform has to kick in. Hence, in this particular area, you have the plan that Bob has referred to—Civil Service reform; just today, we announced that we have launched the first Civil Service mutual organisation, My Civil Service Pension; we have significant plans for the digitisation of public services; and I think we spoke about shared services only last Monday. There is a lot going on now to get that sort of systemic reform embedded in and to keep it there, so that we do not have a sort of springing back up in six to 12 months' time.

Q22 Stephen Barclay: I think that there is recognition—certainly, it is my sense from the Committee—that people have got on and made progress, and that is to be commended. However, what I find quite startling—paragraph 3.6 on page 35 alludes to this—is that the plans were not there, ready to go. It was not a surprise: whoever had won the election, there would need to be major reductions, whether that was on the Darling proposals or on the Coalition proposals. Picking up on the CAG's point, it almost beggars belief that it has taken two years to work up those plans while you have been cracking on with the reductions. Why had there not been more planning?

Sir Bob Kerslake: I do not think it is right to say that every Department took two years. Some had clearly anticipated the impact of the election, were able to do so, and had quite well-developed plans—Transport, for example, had done quite a lot on this, and so had the MOJ. For other Departments, it was much harder to know what the scale of the task was going to be: for example, to take CLG again, a decision would be made to abolish the Government Offices. These are things that came post-election or they became clearer post-election. It is not a kind of absolute—nobody had plans ready. Some had some plans ready, where they could advance thinking ahead of the election, but for some it was much harder for them to make that judgment until they knew the outcome of the election and what the ask of the new Government was.

Q23 Ian Swales: Can I ask a bit more about the way people are being managed? Figure 5 seems to show entrants and leavers, and suggests that even as recently as 2010 we had as many entrants as leavers. I can see—we can all see—what happened in 2011. As you rightly said, you kept up the fast stream and the apprentice recruitment programme. I am just interested to know what the control mechanisms are for the recruitment freeze that you introduced, and if I am a manager in a Department, what do I have to do? How does it feel to me if, let's say, I want to recruit somebody? What do I have to do? I am exploring how it is controlled.

Ian Watmore: I think it varies quite markedly between whether you are a Department at the core of Whitehall or whether you are one of the very front-line

Departments, like DWP, where they are serving the public. I might let Chris answer for the latter, but for the former, we have an assumption in our Department that there will be no recruitment unless the Minister for the Cabinet Office personally signs it off. Any and all cases of external recruitment are brought to him for sign-off, and his judgments tend to be applied: does it need to be done; if so, do we have somebody good enough to do it internally? Only then does he think externally, and the external is usually to get new skills in that we currently do not have—niche commercial skills, head of digital, or whatever.

Q24 Ian Swales: To what extent—I think the answer to this is not much, from the earlier answers—are you looking to cross-match across Departments? I think the answer is not at all so far.

Ian Watmore: No, that is not quite what I meant to say, if that is the way it came through. Legally, each Department is a separate employer, and the Civil Service is, if you like, an umbrella. That is just the way it is. We have systems around the place that enable people to apply for one person's job in another Department. I happen to live in the north-west of England, and the Civil Service north west region, which I happen to be the champion of, if you like, has for some time put up all its job vacancies locally, in Manchester and Liverpool and so on, between all the Departments, so that in the unlikely event that Jobcentre Plus are recruiting and HMRC are downsizing, people can move from one Department to the other.

Sir Bob Kerslake: To add to that, I think there has been quite a lot of active redeployment of staff. I again take the example of Government Offices. What we did do in the case of quite a lot of staff was redundancy swaps, so if there were staff who wanted to continue working and there were staff who wanted to go in the same place, then we allowed people to go and then moved the staff in. Within the limits of what is possible, quite a lot was done here.

Q25 Ian Swales: That leads to another question. I am sure that there is no precise answer to this, but in terms of your making voluntary redundancy available, what proportion of people came forward? Was it about the number you wanted so far? A lot less? A lot more?

Ian Watmore: It was in general slightly more than we wanted. Speaking again very parochially, in the Cabinet Office, of the core Department I think we let 200 people go in the voluntary scheme, and I think we had about 230 to 250 applications.

Q26 Chair: Is this why the fast stream is now going to be larger in its intake than before—because you have holes to fill?

Ian Watmore: No, not at all. What I am saying is that in order to get the 200 people out of the Cabinet Office that we had to get out, we asked for voluntary applications and we had about 230 to 250, and we said no to about 30 to 50 of them—I cannot remember the exact number—either because they were people we wanted to keep, for skills or performance reasons, or just because their job was absolutely necessary at

this time. We kept those people and we let the 200 go that we needed to.

Q27 Ian Swales: I am a veteran of this kind of thing in industry, actually, having worked for a company that was reducing numbers most of the time I was there. How did you deal with the fact that the people who come forward obviously include people that you don't want to let go, and, by definition, they desire voluntary redundancy? So for the ones you do give it to, it's then seen as a reward for poor performance, in effect, or—

Ian Watmore: No, no. I'm sorry to jump on you, but we were quite deliberate in ensuring that people who took these redundancy programmes were not seen as poor performers. We separated out the poor performers and dealt with those differently in the performance measurement regime. This was about right-sizing the organisation—getting the numbers right. I can think of somebody—a specific case; he was a bright young thing, fast-tracking. He applied for the scheme. I discovered afterwards he quite fancied having the money to go off and swan around for six months before he got a job with a consultancy firm, or something. In the end, by having that conversation with him I understood what his motivational problem was, so we actually gave him a job that made him much more interested in his work, and he stayed with us.

Sir Bob Kerslake: May I add a couple of points? First, we dealt with it by managing expectations, so we were very clear that expressing an interest in voluntary redundancy was not the same as saying you have a right to go. The decision would be a management decision as well as an individual one. The second thing was to be very clear about where you need to retain key skills, so if you had an issue about finance people, it was very clear that in those areas, you would say, "Look, it is unlikely that you are going to be able to let people go in that area, because we need the skills."

Q28 Ian Swales: You answered the overall question. I do not know if that was true in all Departments. In Mr Last's Department, did you get more people coming forward than you needed?

Chris Last: Yes, we did. As the Report suggests, we had actually decided that we were going to change the structure of the Department before this period. We decided that in a largely operational Department, the corporate centre was too big in relation to the operations. We knew we were going to be under pressure in terms of resources, so we determined to take a 40% cut in the corporate centre. We began working out how we could do that organisationally before we ran any early retirement or redundancy programmes, and that was largely by combining areas. The DWP had corporate activities in the different agencies—in Jobcentre Plus and in the Pension Service—so we combined those. We went to a flexible resourcing model, as Ian mentioned, in terms of policy and strategy.

As a result, of the 12,000 people that we define as being in the corporate centre of activities, we determined that we could go down to 8,000. Of that

4,000 difference, we found jobs for about 3,000 of them back in the front line. That left us with approximately 1,000 people. About 1,800 people applied to go on redundancy. In that corporate centre, we had gone through an evaluation of each individual, and determined which jobs and people we could afford to go, as Ian mentioned, and then as a result, we confirmed those that we were prepared to let go. In the end, when it finally came to the crunch, not all of them went, so we had to keep balancing those figures. Ultimately, we got the right number of people to go, and we believe we got the right people to go.

Q29 Stephen Barclay: When you did the business models of future needs, within that, your plan was to let four times as many senior civil servants go as there were as a proportion of staff. Was that in the model?

Chris Last: No, because the corporate centre was not all senior civil servants. In the DWP, we determined that we had 12,000 people in corporate activities that were not in the front line, from a Department of 100,000. We had about 300 people who—

Q30 Chair: Does that compare with an organisation of the same size in the private sector, such as Shell or a very large bank?

Chris Last: It does. However—

Q31 Chair: When you say, "It does", do you mean 12,000 and 1,000 is a comparison, so it does compare, or do you mean that they are roughly much of a muchness?

Chris Last: Roughly proportionate, but we looked at some private sector organisations, and we determined that the corporate centre had grown too much, and that was caused by a lot of duplication between agencies. There was the true corporate centre and each agency then had its corporate centre, much as a large-scale organisation such as Shell would have a corporate centre and each business would have its own—

Chair: Yes, a marketing department for Europe, the Middle East, Africa, etc. I have seen it happen.

Q32 Ian Swales: Can I clarify a point? You said that you redesigned it and could see how you would get from 12,000 to 8,000.

Chris Last: That's right.

Q33 Ian Swales: Figure 6 shows your Department going down by about 1,000 in this period. Does that mean you still have 3,000 to go?

Chris Last: No, as I said, we gave 1,000 of the 4,000 early retirement or redundancy. We deployed 3,000 back to operations.

Q34 Ian Swales: Redeployed back to what?

Chris Last: To work in jobcentres and contact centres, because during this time, the Department, as you will realise, was very busy. We had hired a lot of people on fixed-term contracts to avoid future redundancies. As their fixed-term appointments ended, we were trying to make sure that we replaced them with people in the Department on permanent contracts, who were

moved out of the corporate centre back into operations.

Keith Davis: Figure 6 does not include any natural wastage either, so there might be some of that in this picture.

Q35 Ian Swales: One last question, before I let someone else come in. Although there are no metrics of how many numbers are in the columns—I have had a few figures from behind me—figure 8 shows a column of compulsory redundancies, including a big slug in the 40 to 49 age group. How have you been working the compulsory/voluntary balance in this period?

Ian Watmore: I think that if these were proportionate to the numbers of people, the middle column would be very small. The majority of people who have gone under an exit programme of some sort have been in voluntary. We have reserved compulsory for where there has been no other choice. I used compulsory in the end for the final 200 people in the COI, because there was nowhere else to go. Up until that point, we had used voluntary as the mechanism, so the vast bulk—I probably have a number somewhere; I will give it to you offline—have been in the voluntary scheme on the left.

Q36 Chair: I want to return to the transformation of the work force model, and then I want to bring in Chris Heaton-Harris. You were at some pains to say that you have done more than simply cut quickly and that you had done some more work around that. Can we take it that we will see for all major Departments a first iteration—if you like—of the transformation plans by, say, the end of this financial year?

Ian Watmore: Yes, I think we probably could. Bob has talked about the Civil Service reform plan as a whole, which comes out in May or June. Then, obviously, each Department will look to apply that to their own world. I am already thinking about how it works for the Government Office.

Sir Bob Kerslake: Many will have done a change plan already. They will keep moving. They do not stand still. They change over time. I would be very surprised if we cannot pull together a set of plans at the point you ask for them.

Q37 Chair: Because you were at the Department for Innovation, Universities and Skills in its bright, brief life, I will ask you this question. I was told—it may have been by you, actually—that Lord Drayson, when he was a Minister, used to hot desk, and that it had a significant cultural effect. In terms of changing a way that a Department works, that is potentially quite transformational. I know that it was only a small Department, but do you want to speak to that?

Ian Watmore: Yes. I started this trend in that Department and Paul arrived halfway through as the Science Minister; he heard about it and he decided to deploy it himself. He did not do it every day, because there were days when you need the office environment for the meetings and so on, but he would go and sit with staff regularly. Nick Hurd does it in my Department quite regularly; Francis, ditto, comes to the Horse Guards building at least one day a week.

Q38 Chair: Does it alter the behaviour of officials? If they want to get the ear of the Minister, do they go somewhere else?

Ian Watmore: You know, I think does. I think that it makes the barrier between the two less. I think that people see each other as humans, rather than as people on an organisational chart who they have to write to. I think that it breaks down barriers, which is to the health of the Department.

Q39 Chris Heaton-Harris: I have a couple of questions. First, well done, because this is quite a good Report. I am delighted that you have managed to make good savings, and the taxpayer will benefit from that. Can you talk to me about the service that you offered before and the service that you offer now? What is the difference with using fewer people? Has service been compromised in anyway by the reduction?

Ian Watmore: This is where we go back to what I think we have largely done in Government and the Civil Service today, which is tackle the head office first. One of the people we brought in for advice was Richard Baker of Boots, for example. He said that when he had to do something similar at Boots, the first place you start is head office and then you move to the stores. We have clearly been about that in Government. Whether the head office is the head office of a big Department, such as the DWP, or the head office is the head office of the Government, such as the Cabinet Office, the Treasury or CLG would be, we have dealt with that first.

The reform agenda will mostly impact the delivery side. That is where I think the second half of the Parliament, or its final three years, will have to focus most. As Chris was saying, the first problem that they had to deal with was that they had to downsize at the same time as they had to increase the number of people paying jobseeker's allowance. Their number was coming down, while the economy was causing them to have an increase in demand. They solved that in the short term by moving 4,000 people out of the head office and into the front line. In the medium term, they are going to have to do that differently with new benefit programmes, new IT and new ways of working. That is where the second half of the agenda really kicks in.

Q40 Chris Heaton-Harris: So how did the central bit of the Civil Service get so chubby in the first place?

Ian Watmore: One person's chubby is another person's right size.

Chris Heaton-Harris: Beauty is in the eye of the beholder, but we like value.

Ian Watmore: We will not get into weight-ist comments. A point I thought interesting was one I brought out in my letter to Amyas. Although the Civil Service had fallen from a peak in 2003–04, it had been stable for the last three years of the previous Government—it had not actually declined at all in numbers. That was in part because in the latter stages of the previous Government there was a lot of activity around the credit crunch and all the programmes the Government were throwing at it. When this

Government were elected, they took a different approach, and that enabled us to start the downsizing quite quickly. I do not think it was a problem of oversizing. There were a lot of very busy people in that last period of the previous Parliament.

Amyas Morse: It is hardly worth getting into, but to be clear, I was not actually favoured with a letter. I got an informally shared draft; that is the only thing I have ever had on the subject from you. Just to keep the record straight.

Ian Watmore: You had a letter from me; that is different. What I was trying to say is that it had come down but it had plateaued. The fall had stopped and the reason it had stopped was the hyperactivity of the end of the last Parliament.

Q41 Chair: It would be quite helpful, since you did not agree the Report, if you could send us a note setting out where you did not agree.

Ian Watmore: Yes. I will

Q42 Chair: I was quite surprised to hear that you had not agreed this Report. Apart from the fact that the number that the NAO has come up with for the total savings is based on a model that makes some assumptions, it ends up with around £400 million—this is the chart on page 28. Am I right in thinking that your number, which you finally came up with in a note to the NAO after the Report was published, was £630 million a year?

Ian Watmore: No. We came up with that number well before the Report.

Q43 Chair: Right, and that is based on what? Salaries, NI and pensions?

Ian Watmore: Yes. We would have to get the statisticians and auditors in a room to thrash this one out, but my understanding is that in the model that the NAO used it made an assumption about the counterfactual: what would have happened anyway.

Q44 Chair: And you didn't.

Ian Watmore: We made a different assumption. The NAO assumption was that large numbers of people would take early retirement regardless. In fact, the evidence is that they do not.

Q45 Chair: What was your assumption?

Ian Watmore: Very small numbers. We assumed that if people hit the age of 55 in the system, they stay until they are 60 to get their full pension.

Q46 Chair: You just told us that more people came forward for your scheme than you expected.

Ian Watmore: No, before the scheme. The counterfactual: what would have happened in an alternative environment. What we have actually done is calculate the savings due to the people who actually left.

Q47 Chair: So it is only one year's savings. It is not annualised and going forward.

Ian Watmore: No, it is the annualised figure.

Q48 Chair: But you're not expecting it to be £630 million each year, year after year, are you?

Ian Watmore: For that, you get the recurring saving. Once you have reduced the system by 35,000, you get it year after year after year.

Q49 Stephen Barclay: For how many years?

Ian Watmore: Until you go above the number again.

Q50 Stephen Barclay: Until 2039?

Ian Watmore: For ever.

Q51 Chair: This is the point, surely. If they were about to retire three years hence—

Ian Watmore: No, no. The point I am making is about the calculation. When 35,000 people left the Civil Service in the year in question—we agree on that—half of them left of their own volition, with no cost to us at all, and we agree on that. For the other half—17,500 of them—their pay bill was about £630 million and their cost of exit was £600 million. That is our figure. Therefore, we have said that in just slightly under a year you get a payback. The model that the NAO or their consultants used was to say that a significant number of them would have gone anyway, so they can't be counted. We just disagree with that point. I think we could work that out offline.

Q52 Chair: Indeed. It does not sound enormous. It sounds as if you could have come up with a range, if you had engaged with the NAO.

Ian Watmore: The reason it was particularly important to us I think was that it was important to get the right number in the public domain. I am happy to sort that out afterwards, whichever number is settled on.

Chair: It would be helpful because we would like to publish a Report with some accurate figures in it.

Ian Watmore: It gives a one-year payback.

Keith Davis: We certainly had a lot of discussions with the Cabinet Office about the financial model, and we were able to improve it before we published, because we got some more accurate data into it. I don't think the £630 million figure was ever mentioned to us during those discussions. We wanted to come up with a longer-term, more sustainable view. It is the case that lots of these people who are leaving were in either their late 50s or in some cases over 60, so we felt you need to make an assumption that these people will have gone in the counterfactual. So you can only count those savings for a short amount of time—in some cases only a limited number of months if they are very close to 60. We have adjusted our model and our numbers to reflect that.

Ian Watmore: Why don't we agree offline that we'll go and wrestle this number to the ground and come back with a final number.

Chair: That would be very helpful. It is an object lesson in how the early engagement of the NAO helps.

Sir Bob Kerslake: I wanted to come back to a slightly different point which was made by Mr Heaton-Harris about what have been the drivers of reductions. It is certainly true to say that reductions in the current support services costs have been a key part of it, but they have not been the only part. It is worth saying

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that part of the thing that has driven reductions is that some programmes have stopped—specific grant programmes have stopped, so you do not need people to run them. Secondly, some of the functions have stopped—if you stop the Government Offices, you clearly do not need the staff. Thirdly, some things that have previously been done by central Government have moved out either to local government or to other bodies. So certainly in the case of CLG, all of those things were at play to quite a significant degree.

Q53 Stephen Barclay: Do you have a staff estimate for that latter number?

Sir Bob Kerslake: We could certainly calculate one.

Q54 Stephen Barclay: Obviously that would have an impact. If you say from a peak in 2004 it has come down by 100,000, give or take. To what degree has there been—

Sir Bob Kerslake: It is difficult to judge another Department, but we will certainly look at how much occurred through function shifts.

Q55 Ian Swales: That is an important figure that I was going to come back to. A standard game to play, if you are asked to reduce numbers, is to try to move the numbers to somewhere else. Obviously we have seen—I am sure not for this reason—a big growth in arm's length bodies and the Government outsourcing various things. I think Mr Barclay's question is a good one: to what extent has that impacted on Civil Service numbers over the last few years?

Sir Bob Kerslake: I don't think I was suggesting that we have shifted the numbers particularly. Actually, I think it has been a stopping of things done centrally and a freeing up of people to do things locally. In the past we did both.

Q56 Stephen Barclay: But there is a cost. I thought you were chairing, and still are, the working group of permanent secretaries looking at where cuts in one area have a cost impact on the other. I do not know what visibility the NAO have had in terms of the output of that working group, but surely if it has been picked up locally there will be a cost.

Sir Bob Kerslake: Not necessarily, because some of the things that we have looked to do locally were things where effectively we were controlling the process centrally. We have simply said, taking grants as an example, moving to unring-fenced grants means that we do not need staff at the centre who are trying to patrol exactly how these grants are and are not spent. It is that sort of thing I am thinking of.

Ian Watmore: I am really cautious about where this question has gone. There has not been a wholesale move of cost from inside a Civil Service boundary to the wider public sector. I have seen those games in the past.

Ian Swales: But it would affect the numbers, wouldn't it? As I understand it, there is a plan to outsource an HMRC call centre in Glasgow to an outside organisation. If that happens—I don't think it has happened yet—the number of people employed in that call centre will disappear from these numbers, won't it—not the cost, but the people?

Ian Watmore: I understand the point. I think at another hearing we discussed this. I can't remember which hearing. I think we said that as more things literally do move outside we will make sure that we keep a running tab—

Ian Swales: That is important.

Ian Watmore: To avoid the game playing.

Ian Swales: Exactly. To avoid being misled by your own people.

Amyas Morse: I want to give a couple of positive examples. First, I am aware of a very substantial change in the service delivery methods in HMRC where direct, face-to-face interaction has gone down enormously. There is a great deal of electronic medium. That has led to a very considerable change in the scale of the headcount involved. I think you have done a lot of delayering, as you were saying, in DWP. We have certainly seen evidence of that. We did not find a lot of evidence of people in these numbers shipping out into other organisations. I do not want to take us off down that line. You can be concerned about possibilities in the future, but we do not see it as impacting on these numbers.

Sir Bob Kerslake: That is not what I was suggesting.

Q57 Chris Heaton-Harris: There is a practice that we have come across in many previous PAC sessions. I came across it in the Ministry of Defence—a while back, admittedly, before this Government came in—whereby someone leaves the Civil Service and then immediately starts consulting to it in a very similar role.

Ian Watmore: We were very alive to that. We built in the maximum safeguard that the lawyers would allow us: if they have left one part of the forest, we would not rehire them in another. If we did, there was a formula for reclaiming any payments to them.

Q58 Chair: Would you expect a permanent secretary to know how many people might have been rehired? When we had Ursula Brennan in front of us recently, we asked about the perhaps appropriately named FATS contract. It is difficult to talk about this without seeming weight-ist, but it stands for framework agreement for technical services. I asked Ursula Brennan how many of those people were ex-MOD employees, and she simply did not know—in fact, to be perfectly honest, she looked like she did not want to know.

Ian Watmore: I will go and ask Ursula offline for you and find out as much as I can. If under this scheme we gave somebody either voluntary or compulsory redundancy, and they were then rehired by the system, there was a clawback mechanism to get those redundancy payments back if it was within a six-month period.

Q59 Chair: But if it is the seventh month, it's okay? So you just consult for seven months and then—

Ian Watmore: At the same time, consulting budgets were going down by 80%.

Chair: But the FATS contract was not a consulting budget. That was the whole point.

Ian Watmore: It is not as though when you push down here, there is a bubble up there.

Q60 Meg Hillier: Can I ask what the mechanism is for knowing? You go out with one name and you come back perhaps as a company with another name. What is the mechanism?

Ian Watmore: We have got, through the HR functions and resourcing mechanisms, the ability to track that when somebody comes back in. There is a limit to how far you can do it, because the law limits it, but that is not happening, I can assure you.

Q61 Ian Swales: There are three possible levels. Somebody goes out and they get rehired directly. I can well understand how you can leap into action and reclaim money. The second order is they come back as an individual contractor or consultant. The third order is they come back badged under some packaged company or association or something. You have obviously taken legal advice on this. Where does the law act in those three cases?

Ian Watmore: Well, if I understand your three cases correctly, the first is a straightforward rehiring in employment law; after a period of time it becomes a restraint of trade issue. When hiring through a consulting firm, if you are the consulting firm and I am buying a service through you, and if you happen to have recruited somebody ex from me and you put them in front of my nose, I am probably going to say, "You are not going to win that contract." Anyway, the consultancy money has dried up as well, so there is no money to pay for all this stuff.

Q62 Ian Swales: That was the third case. The second case was where the person literally comes back as an individual on some sort of contract.

Ian Watmore: This implies that that is what we want to do.

Q63 Chair: We are not really talking about what you want to do; we are talking about what happens in practice. Let me give you an example. Let us say that the UK Border Force finds that it needs to hire extra people. It might want people who have experience of watching people coming through and of checking passports and so on. If it then gets some extra people at, shall we say, £30 an hour or whatever it is, are they consultants? What are they?

Ian Watmore: In the particular case and the type of labour that you are talking about, they would be contractor resources, because you would go to a contract agency to hire contractors.

Q64 Chair: As long as they are labelled contractors rather than consultants?

Ian Watmore: No, we count the two together in our numbers. I think "consulting and contingent labour" is the phrase that we use, and therefore we make sure that there are no "push down here, come up here" bubbles. I promise you we have got that covered.

Q65 Chair: You can aver that that is not happening in the Border Force at the moment?

Ian Watmore: I cannot aver anything about the Border Force at the moment, because I am not in charge of it, but I can tell you that from across the system of Government, all the permanent secretaries are being,

in their HR functions, very wise to this risk, and they are not doing it. It takes a long time to get people out. You do not want to rehire them again the next day.

Q66 Chair: Sir Bob, can I ask a general question about the information that you are capturing from Departments about what their plans are for the future size and shape of their work force?

Sir Bob Kerlake: Each Department has had to give us a forecast of their work force—clearly, it is not an absolutely cast-iron number because it will change over time—and that is how we have been able to work out the aggregate numbers that I spoke to you about. I have said that our projections are that we would go below 400,000 by 2015, and indeed you have that in your Report. I can say that because we have work force projections from each of the Departments.

Q67 Chair: What objectives do you have for the future size and profile, and do the Departments' plans fit with your objectives?

Sir Bob Kerlake: We do not have a view that the Civil Service should be of size x. We know it is already the smallest since the Second World War. We think the Civil Service should be the size it needs to be to deliver the priorities of Government, but we also keep open the potential that some things that we do through the Civil Service can be better done in other ways—for example, MyCSP—so there is no planned number for the size that the Civil Service should be. What I described to you was the consequential impact of the plans of each Department based on their business plans.

Q68 Chair: This is probably one for Mr Watmore. How can you tell whether you are on track? How can you tell whether you are on track to deliver the necessary level of savings during the Spending Review period?

Sir Bob Kerlake: Because they have got budgets to keep to, as a very simple point. Each Department's budget—what essentially drives the numbers of staff are the budgets they have and the tasks they have. Put bluntly, you take the money out of the budget. That is how it works.

Ian Watmore: There is a double-hander here, because the Treasury are obviously managing each Department through their spending teams. They manage the budgets exactly as Bob has just described, but we also, through the ONS, keep tabs on the overall Civil Service numbers across the system. I get a report, as is indeed made public, every six months of the number of reductions in the Civil Service each quarter that goes past, so we know we are keeping on track with that. That is how we have these figures.

Q69 Chair: Have most of the expected departures now been agreed with the Departments?

Ian Watmore: No, we are about halfway through, I think, in terms of the total number. I am trying to remember—we started at about 480 and we are ending up at about 380. At the moment, we are almost bang in the middle of those two numbers, so we are about halfway through.

Q70 Chair: If you are right, Sir Bob—I am sure you are; who am I to contradict the head of the Civil Service?—about the fact that the money is quite a driver of this, that prompts another question, namely what are you doing to track the performance so that the service delivery does not suffer as the result of the fact that you are achieving your headcount number reductions?

Sir Bob Kerslake: Each Department has its own performance indicators. There are also, of course, areas of performance that are tracked through the business plans of Departments at the same time. You will know that there has been some strengthening of the capacity at the centre through the creation of the implementation unit, which will play a role here as well, so there are quite a lot of ways in which both Departments and the centre of Government can track performance on the key indicators.

Q71 Chair: What is the current status of the capability reviews that we first looked at with Gus O'Donnell three years ago?

Sir Bob Kerslake: The capability reviews have continued and we have just pretty much completed—not quite—a further round of capability reviews of each Department, some of which have published and some of which are about to publish their plans in the light of those reviews. So we will complete a round of capability reviews of Departments, and we are very nearly there on that.

Q72 Chair: Will you be going beyond what the last round did? I remember distinctly in the National Audit Office Report in 2009 one of the clear omissions was that the Cabinet Office only tracked capability; it did not track performance.

Sir Bob Kerslake: I think you raise a good point here. My personal view—this is obviously subject to confirmation and approval by Ministers—is that we should take this completion of the process of capability reviews as the conclusion of that form of approach and develop a new model that incorporates some elements of performance assessment as part of it.

Ian Watmore: I was involved with the original scheme. We talked about it then, and at the time it was radical enough to go through with the capability model. I think it is time to move on and give it more of that performance-efficiency type of plan.

Q73 Ian Swales: Can I come in on this? The Report, at paragraph 3.19, is quite clear that there does not seem to have been a lot of central co-ordination on practices, documentation and so on. It mentions that, “In response to the Public Administration Select Committee...the Cabinet Office stated that it had no plans to impose central direction” over the programme and so on. I know that that is a strong phrase. You are talking, Sir Bob, as though this is all in hand—that you have your arms round it and you are playing it to make sure it works as well as it can—but there is a suggestion in the Report that there is not a lot of central drive.

Sir Bob Kerslake: I have to say that I came late to the process, because clearly I was not in the role that I

am now. Reading that comment, I thought that that was harsh, actually; I thought there had been quite a lot of co-ordination.

Q74 Ian Swales: Maybe we should ask—

Sir Bob Kerslake: If I could illustrate that point? First, work to reduce the scale of compensation was a cross-Government process. Secondly, the process of recruitment freeze was a cross-Government process. Thirdly, I absolutely know for a certainty—from my experience in the DCLG before taking on this role—that the heads of HR consistently talked about the process and compared notes about the task very intensively through Chris's leadership. It would just be wrong to say that it was “minimal”.

Can we do more in the future? Absolutely, and what we will try to do for the Civil Service reform plan is to move that on a stage further. For example, we now have in place the Civil Service Board, and I would see that playing a role in the future. I would also see Civil Service Resourcing playing a stronger role in the future. So “minimal” was unjustified, if I might say so. I have no axe to grind on this point, but in the future we can do more.

Q75 Ian Swales: May I ask Mr Last to come in, because you are on the other end of this process? How does it feel in terms of how much help you have had, how much best practice sharing there is and so on? Again, the Report uses the word that work was done in “isolation”. It may not be fair, but how does that seem to you?

Chris Last: I do not think it feels completely fair, as Sir Bob said. When we were going through this process, the HR directors—both under me and my predecessor—met every month for a day to work through HR issues across Government. During this period, I can absolutely guarantee that we spent a considerable part of each of those days talking about how each of us was getting on with this.

Q76 Ian Swales: This was all the different Departments meeting together?

Chris Last: This was all the different Departments. So I do not think that that is quite right. I have to say, of course, that different Departments were at different stages of reform in this process, so some were going earlier.

Q77 Ian Swales: Can you think of an example in which one Department picked up, for example, documents or templates from another Department? Did you?

Chair: Do you have any best practice guidance? What best practice guidance would you have liked to have had?

Chris Last: Ian has already mentioned two things. The whole issue about changing the Civil Service compensation terms was determined centrally. How we were going to act when it was announced, and how we were going to act prior to the compensation terms being announced, was discussed as well, so we did do that. The Department for Transport, for instance, had done some very good work on how it was going to place people who were declared surplus, and a lot of

other Departments borrowed that. For instance, the DWP—my own Department—actually used the facility after the Department for Transport had finished using it.

Q78 Ian Swales: What about the point about documentation and that kind of thing?

Chris Last: Yes, I absolutely remember Sir Bob's HR director sharing the work, because she was one of those—from memory, DCLG was one of the Departments that was early on this process—who absolutely shared materials across Departments.

Q79 Ian Swales: Did they use it or was it not invented here?

Chris Last: Some did and some did not. One of the things you have to realise is that there is quite a lot of difference between a small policy Government Department and a big operational delivery Department, and they have different needs, so the answer is some did—

Q80 Ian Swales: How much difference is there in dealing in a human resource way with an individual person? Surely it does not matter which Department they work for, does it?

Chris Last: I absolutely agree with you. One of the things I have absolutely been saying to the HR teams is that HR is HR—that is your point—and we need to move to a more generic approach. If you see the way we have reorganised, which is mentioned in this Report, it is towards that approach. At this point, we had not organised it in that way. The way we organised it was as a response to the point that you made. Nevertheless, a Department like mine, which just by natural attrition loses between 300 and 400 people a month, is in a very different state from a small Department that might have only a couple of thousand people in it.

Amyas Morse: I have just a couple of points. It is good that you have changed the approach. I am pleased about that, although obviously there was nothing wrong with the previous situation, as you stated.

We went and talked to seven study subjects. We understand that there were examples of co-ordination. I am not suggesting that people's hearts were not in the right place, but we are forced to testify to what we were told by the Departments, which was that a lot of people felt as if they were being left to handle it on their own. I am not prepared to just wash over that because it was a significant finding and when we asked, that is what we were told. Is it the most important thing in the world whether or not that is right? I am just telling you that we went through and talked to people, and that is what they told us. Unless they had some reason for being dishonest with us—

Ian Watmore: I would be very surprised if that was the Permanent Secretary or an HR reaction.

Amyas Morse: That is fine. I understand that you are surprised about it. What do I want out of it—you have already changed it? However, I am forced to tell you that whatever it was before, it did not amount to enough to satisfy all the people—or the majority of people—we talked to, and we are bound to put that

on the record. I know that it is not a convenient thing to say, but I am telling you because that is what we found. Secondly, we went through very careful procedures. We are not here to make trouble and most of the Report is positive about what you have achieved, so please bear that in mind.

Finally, I thought that the capability review started out hopefully, but in my view it got softer as it went forward, which was a real pity. That was a wasted opportunity. Next time, please let us not start tough and get soft.

Ian Watmore: There is a natural lifecycle to some of these things, but I agree with you that the first round of the capability review, which I lived with night and day, was very hard hitting.

Amyas Morse: Yes, it was.

Ian Watmore: We had some spectacular moments along the way, including Dr Reid's famous remarks. It did get softer, and as Bob said when he arrived, which I absolutely agreed with, the same thing happened in local government. They had a CPA model that lost its edge and that is the nature of these things.

Sir Bob Kerslake: You have to refresh the model.

Q81 Meg Hillier: Moving on a bit along the HR theme, one of the things that the Report identified was a variation in the quality of appraisals across Departments. What lessons have you learned from that, and what impact has that had on the leaving programme?

Chris Last: We agree with the need to improve our appraisal systems across the Civil Service. In my Department, for instance, the granularity of the appraisal did not help our selection process as well as it might have done. In the end, we spent a lot of time—

Q82 Meg Hillier: Are you saying that it was too detailed?

Chris Last: No, the opposite; it was not detailed enough. We learned the lesson from that and we are looking to change it.

To take the point about a cross-Government approach—absolutely, that is what we are trying to do. We are trying to change the performance appraisal system. People think just about its form and how many classifications it has, but it is more about the support mechanisms and how we help leaders to be better managers of performance. Performance management is best done on the run rather than in an annual exercise. We have done a lot of work to determine how we will do that better across the Civil Service. To take the point that was made earlier, we are looking to use the same mechanisms across Government Departments in the future.

Q83 Meg Hillier: Going back to the points that my colleagues were raising—I apologise for not being in the room—because you did not have as good information as you could have had, are you confident about the impact on skills lost from the Civil Service? If you didn't have all the information about somebody's performance—performance and skills kind of go hand in hand—can you be sure that you have kept the people whom you need?

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Chris Last: Yes. For the DWP, which is the point I was making earlier, I am pretty confident because the outcome of that is that we had to spend more time and more effort going through the selection process than we would have done if we had had a better appraisal system to input to this selection process.

Sir Bob Kerslake: I'd like to reinforce that point. The real handicap of not having more robust information before us was that in effect you had to create a much more extensive process during the selection of those who wouldn't continue. That was the big challenge of it.

Q84 Meg Hillier: Do you think there could be cost savings in having a better appraisal system, because many people, such as managers, don't like it, and you meet fast-streamers who have never done it and have to do it and learn on the job? Many employees—those who are managed—shy away from it, so how are you going to get that through the hearts and minds of the Civil Service?

Chris Last: Having a better approach to performance management as a whole is not only more cost-effective; if you look at some of the things that we don't score very well on in our employee surveys, they include managing performance. I think a better approach to performance, wherever it is in the organisation, absolutely will help the whole organisation. Any academic book will tell you that. The challenge here is not just the forms that we issue; the challenge is the work—again we are trying to co-ordinate it across the Civil Service—to improve training and support for managers to do a better job of that. There is a bit for us as leaders. They have expectations of performance management across the Civil Service.

Q85 Meg Hillier: Do you have global figures across the Civil Service? Perhaps Ian might be able to answer, or to find out the number of civil servants employed who do not make their probation period?

Ian Watmore: I will ask the question. I do not know the answer. I will find out for you.

Q86 Meg Hillier: Even if it is only indicatively from some Departments. It would be interesting to see because it is difficult to say, whether more people dropped out at that point if appraisals were working better, or perhaps you could encourage people to improve and stay in their jobs, so it could be either way, but it would be an interesting indicator of the impact of appraisals. When I was a Minister we discovered that some staff, after a number of performance issues, had issues about the English language, and not because of their nationality. Those problems cause a lot of expensive problems down the line.

On deployment across Departments, it is a great pride of the Civil Service that people are generalists. We have had debates with others about whether that is a good thing. Do you think having a more robust system will help with deployment? Given what you have said about individual Departments working differently—you said both that and that you want a bit more consistency on HR—I am a bit muddled as to whether

it will help people to move across Departments if there is a proper appraisal system or make it more difficult.

Chris Last: I think it would help. In answer to your previous question, I absolutely believe that most of this is generic, whether it is within the Civil Service or working for Shell or someone else. The HR processes are fundamentally generic, so it will absolutely help if two different Departments use the same processes, because it will mean that when we want to move people, our assessment of them in the DWP will be by the same processes as in HMRC.

Q87 Meg Hillier: There are issues about different grades, aren't there? There are many other issues about differences between Departments, and appraisal on its own will not solve that.

Chris Last: Yes. You clearly have a different approach for someone who is working at a call centre and someone who is an economist in a central Government Department.

Q88 Meg Hillier: I'm sorry. Perhaps I wasn't clear. You can be on a different grade when working in a call centre in DWP from when working in a call centre in another Department.

Chris Last: Yes. Although generically we know the jobs, you wouldn't refine the appraisal system grade by grade. You would have a potentially different system, and a different level of granularity.

Q89 Meg Hillier: What I am driving at is that if you are going to be looking at the whole of the HR procedures anyway, would there not be some sense and money saving in having a Home Civil Service that had the same terms of paying rations? You all grimace at the thought. It is very peculiar. I think I would perhaps exempt the Foreign Office on this one.

Ian Watmore: There are two reasons why that would be very difficult. One is the simple single-employer issue that the laws of the land are different for different employers. We are different employers, not one great big one. The real point is that if you put everyone on to the same pay scale and the same Civil Service terms and conditions across all Departments, you couldn't do that in a cost-neutral way.

Q90 Chair: You don't know whether it would save money?

Ian Watmore: No.

Sir Bob Kerslake: We have looked at this, and it is just not cost-neutral. It is extremely expensive.

Q91 Meg Hillier: Could an individual Department decide to change? If one was an outlier, it would be interesting to see whether you could lay your hands on a simple indicator.

Ian Watmore: Only over a medium-term period. I had to do this—

Q92 Meg Hillier: That's not something you're looking at now?

Ian Watmore: I had to do this with the Department that is now BIS, where we had former DTI people and former Department for Education people—put the two

together, completely different systems and the only way to get them on the same one is to level up, and that's expensive and the Treasury won't let you do it. So you do it over a medium-term period.

Q93 Meg Hillier: Okay. And when you say "medium term", how many years are you talking about?

Ian Watmore: Five, six, seven years.

Q94 Meg Hillier: Well, five, six or seven years, we're still—

Ian Watmore: Within a Department, which is what most Departments try to do, they harmonise their pay scales within the Department.

Q95 Stephen Barclay: Just building on that, where people have a specialist skill, is there scope? I am mindful of the comment earlier about the different legal entities. There is a temptation for people to sit tight and take their redundancy, rather than be moved across. Have you taken employment advice in terms of whether for new entrants into the Civil Service, there is scope to make it a condition in terms of how they are redeployed?

Ian Watmore: The so-called mobility aspect of people's employment? I think at the SCS level we already have that, from memory—in theory, anyway. The issues, in practice, are that if somebody has a really strong skill in something and there is a demand for that somewhere else, actually, the movement just happens. The usual problem is that people don't want other people's cast-offs, if I can put it that way. If Department A is recruiting and Department B says, "Have I got the person for you?", the immediate thought people have is of Greeks bearing gifts.

Q96 Stephen Barclay: But, with respect, you are arguing for the opposite of your earlier—

Ian Watmore: That is why we have the labour market system that we do, which encourages people to apply for jobs when they have the skills, if they want to stay in the long term in the Civil Service, and then be tested at performance, through the interview process. We get a lot of trans-departmental movement that way—a lot.

Q97 Stephen Barclay: But you are arguing the opposite of your earlier argument. Your earlier argument was that there is a legal impediment: these are separate employers and therefore we cannot compel. Now, as I understand it, your suggestion is the opposite: recipient Departments don't want, as opposed to they can't compel.

Ian Watmore: I think I was saying we could, in theory, compel at SCS level.

Q98 Stephen Barclay: What is the legal distinction between SCS level—Senior Civil Service level—and, say, a grade 6?

Ian Watmore: It is the mobility clause in people's terms and conditions. The vast majority of civil servants are employed in a job locally.

Q99 Stephen Barclay: My original question was, what is stopping you putting a mobility clause in

more? You might define what that field increased population is, but what is stopping you putting that mobility clause in for new entrants—my original question—more commonly?

Ian Watmore: I will get the right advice to you on that, but my understanding is that if we start to edge back towards the single-employer issue, which is something we just don't want to be in—the more of that type of clause you put in, the more you look like a single employer—that opens us up to all sorts of other challenges.

Sir Bob Kerslake: An awful lot of redeployment does happen—we mustn't go away with the impression it doesn't—especially in the professional areas. That does happen. We would not lightly let people go if we thought they could work in another Department.

Q100 Stephen Barclay: No, but one of the risks of this, and the Report touches on it, is grade inflation as well—isn't it?—where you get rid of people with skills because, in essence, they have self-assessed or there haven't been the controls around what skills they are taking with them and what the future business needs are. The MOD is the clearest example. You then have a skills gap and therefore you have to redeploy. You take someone from elsewhere and how do you persuade them to move? You give them an increased grade. Therefore some of the savings are lost, because of grade inflation, and the Report touches on that.

Can I come back, Mr Last, to the answer you were giving Meg, a moment ago? You said that you are looking to use the same mechanisms around appraisals, which is not quite the same as saying you are going to have a standard appraisal. Why would we not have—what is the impediment to—a standard appraisal system?

Chris Last: First, you would have different types of appraisal for somebody who works in a call centre and somebody who is an economist working in a central Government Department, so there is a vertical difference, but horizontally, I agree with you. Over time, there is absolutely no reason why we should not go to a standard form across the Civil Service. Indeed, a number of Departments have gone to that system now—this month—and they represent about a third of the Civil Service.

Q101 Ian Swales: If we look at figure 6, there is a line showing the early departure substantiate total of permanent staff, which forms a mountain range across the middle of the picture. The Everest in the mountain range is represented—amazing coincidence—by the two people sitting in front of us at the moment. If I read it correctly, DCLG and the Cabinet Office are the two figures way up at the top.

I find it very hard to believe that that is pure coincidence. I think we have two people in the room who are concerned about efficiency, as we have heard today, and the Report gives a lot of support to the work that you have been doing. My question is about what has been going on in the other Departments. To what extent is this about the leadership of senior civil servants and politicians? Are we truly saying that with absolutely best efforts, it is the right answer for all

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those Departments? It beggars belief to accept that story.

Ian Watmore: If I can tell my story first, it is quite clear that the Cabinet Office had a lot of functions put upon it in the machinery of Government move, and they had to be restructured and rationalised. Two of those got closed completely: the COI and the National School of Government. I am trying to remember the exact number, but I think that we have lost about 1,300 or 1,400 people out of a base of 3,500. Two of those come from structural reform of inherited agencies.

In the normal course of events—the core Department part—we are pretty much in the pack with other Departments. Overall, administrative budgets in the spending review are meant to fall by one third. Staffing estimates are expected to fall by a quarter. We are finding ways of making savings other than just people savings, as you would expect us to do. It is obviously better to save on a property lease than to put someone out of a job. We in the core Department have done our bit like the rest, and we have had add-on functions on top.

Sir Bob Kerslake: There are two things. Like Ian, we had a specific issue: when the Government Offices were abolished, all the staff who had not gone came on to DCLG's books, in effect. Clearly, we treated them the same as every other member of staff, but there was a disproportionate reduction over a very short period of time. Secondly, the size of the reduction in DCLG as a Department was one of the higher ones. Those two things have impacted on the numbers that you see today.

Q102 Ian Swales: We are about value for money. My question is this. Particularly given the latter part of your answer about the efforts you have made to restructure the Department, do you believe that there is enough drive, leadership and sharing of best practice in all the Departments to enable them to do something similar? From that line, it does not feel like that is happening. I can understand your point that if you shut down a whole area, particularly a geographic area, you will have a lot more early departures.

Ian Watmore: One thing that I have found is that doing change programmes is not just an HR or management function; there is a change function as well. Change directors are forming a network and helping each other. For my restructuring, I borrowed a change director somebody else had used already. It gave me a head start, because she knew a lot about what we were trying to do before we started.

Q103 Ian Swales: Is that happening enough? In particular, on my point about leadership, do you believe that at Perm Sec and politician level, we have the right amount of drive in each of these Departments?

Ian Watmore: From the ones I interact with regularly—not every bit of Whitehall, but most—I think we have strong leadership and drive on this, but I come back to the central conclusion of this Report and others. We have done the first half of this job. The second half is still to be done. The second half will be tough.

Q104 Chair: Mr Last had something to add, but on the point about leadership, you will agree that the Capability Review Report that the NAO published in 2009 was accurate when it said that the staff impression of leadership was very low. Was it not?

Sir Bob Kerslake: It is clearly the case that engagement scores tell us that we have to strengthen our leadership, certainly our visible leadership. That will be true across the Civil Service. Like Ian, I see a lot of drive to deliver the reductions. Looking across the piece, I am pretty confident that Departments will deliver their numbers, as they have promised. Indeed, many are ahead of their timetables, so I am fairly confident about that. The challenge is much more about how you secure those numbers by changing the way the business runs.

Q105 Chair: In figure 30 on page 45, your engagement numbers for the Department for Communities and Local Government are stated as 48%, although I understand that is now down to 40%. Is that mainly because of the very large number of staff that you have let go?

Sir Bob Kerslake: It was absolutely that. The survey came at the point when we had just completed a process of taking out, as I said, 33% from the main Department—40% from all the staff, if you include the Government Offices. That was done in the space of a year, although some of the staff left later, so it had its effect. I would expect those scores to move back now that we've got it out of the way. The challenge for a lot of Departments was do you do it over four years, which gives you four years of uncertainty and doubt, or do you get it out of the way, and then you can build from a base? That is essentially what we are doing in CLG.

Q106 Chair: I want to bring in Mr Last, who had a comment.

Chris Last: It was from the previous question, on figure 6. If Ian and Bob are the peak, I guess the DWP is the trough or the valley in the diagram, but it does illustrate the difference in Departments. The figure shows just about 1,000, which is the right number leaving the DWP, but only 1%—

Q107 Chair: It's the proportion.

Chris Last: But that is because we took the people we declared in making the change and we redeployed them back into operations. We had pre-prepared, because the large volume of people we had hired to deal with the depth of the recession were on fixed-term contracts, so they had gradually gone. These were substituting for people who were going through natural attrition.

Q108 Chair: Sir Leigh Lewis was very proud of the fact that during a period of retrenchment, the Department had coped with a huge increase in jobseeker's allowance applications, almost without a murmur. Behind the scenes, people were probably paddling very hard, but he was very proud of the fact that it happened without anything falling over. From your experience in DWP, what lessons are there for

other Departments that are dealing with peaks like that in work load while cutting numbers?

Chris Last: Yes, as the Report characterises, the DWP has a lot of experience—way before my time—of dealing with large peaks and troughs in work load. During that time, we hoped, and we were right, that the Department’s needs would peak and then drop off, so we hired most of the people who were recruited at that time on fixed-term contracts, so based on the pace at which we could hire them, they would drop off gradually in the future.

The Department did another thing—again, way before my time—that is mentioned in the Report as well. It created, effectively, a virtual organisation, so it could take attrition in one organisation and substitute with work in the virtual network being done in others, because attrition tends to be geographical. The Department—again, nothing to do with me—has been able to develop a lot of resources and expertise in understanding where its work force dynamics are and where they will be in future.

Q109 Chair: That is great information, but how will you spread it across to other Departments?

Chris Last: A fair number of people from my organisation—not surprisingly, as we host it—are now in Civil Service Employee Policy, and we have people in Civil Service Resourcing, which are the two HR functions that are most applicable to this across Government.

Q110 Chris Heaton-Harris: In relation to figure 6, I was wondering about the Department of Energy and Climate Change and how it is doing so well.

Ian Watmore: I only know a little bit about DECC from the project reviews that we do. What you need to understand about DECC is that it is the newest Department. I think it was created even after the DIUS/BIS period. It has had a huge growth in work load since it was created, particularly as the whole climate change agenda has unfolded. It almost has the opposite problem; it is too small for its requirements.

Sir Bob Kerslake: The critical shift in DECC is that it is moving from what was predominantly a policy Department to one that is leading the implementation of major projects and programmes. It has shifted, and that is why it is growing, not reducing, in staff numbers.

Ian Watmore: It is quite a marked shift that has happened since the Department has given birth to projects and programmes. I think they have six or eight of our top 20 or 30 projects in the portfolio, which is a huge pressure point for that Department.

Q111 Chair: One of the most fundamental issues is how do you know the numbers are not going to rise again? What will you do to stop them rising again? What will you do to make sure that the transformation that you are talking about but still haven’t really got yet, although you are working at it, is locked in?

Ian Watmore: I was talking to some staff in BIS this morning to try to spread the message about this very subject. If we took all the restrictions away today, it would probably spring back up, so I do not think there is any danger of Ministers relaxing the controls and

strictures that they have put in place to stop the growth re-emerging, which is primarily a combination of what Francis Maude is doing and what Danny Alexander is doing, so the two central thrusts, I think, are going to remain very strong.

Secondly, we already have huge financial pressures coming down the track from this spending review, and I think the Autumn Statement has signalled a further—

Q112 Chair: Indeed, but that is potentially temporary. There will come a time—it may take a number of years—when there is less financial pressure, so what do you do in that environment to ensure that it does not grow again?

Ian Watmore: With those two pressures from both controls and money, I do not think we are going to see a spring-back of the type that we had in the past. However, the real challenge now is how we turn that into reform, rather than restrictions. That requires us to do some of the things we were talking about earlier, as well as all the things that Bob is lining up in his reform paper. We can only do this if, for example, we make digital public services the norm.

Chair: And then you have to worry about the 9 million people who don’t access the internet.

Ian Watmore: Which is where the Post Office comes in. That is actually another win-win because if we can get the Post Office doing more digital transactions on behalf of the 9 million, they will actually make more direct money out of that and BIS will subsidise it less. I am only using that as one of many levers, but that is the kind of thing that will cause sustainable reforms.

Q113 Meg Hillier: It all sounds very lovely, and I do not actually disagree with going more digital for those who need it, but we have heard from DWP. When I asked about Tell Us Once and where it got to we were told that it had been implemented. It has got as far as telling people once when you’re dead, except someone else does that for you, but none of the rest of Tell Us Once is happening because, understandably in a sense, the DWP have a lot of other things on their plate with the universal benefit. That was a major plank of digitising access to Government, and it is not happening. When you talk about it, what are the time frames?

Ian Watmore: I will find out what has happened to Tell Us Once, because I do not actually know, so you may have better information than me.

Meg Hillier: It is on the record before this Committee.

Ian Watmore: I know this is the ubiquitous example, but we always use it just to illustrate the point: car tax online takes about 1 minute, 45 seconds to do online and is massively effective, but still only 60% of people do it that way. If, through the means we have just been talking about, we can get the other 40% of transactions done that way, it will save huge swathes of cost inside the Department for Transport. That is the sustainable bit of that sort of programme.

Q114 Meg Hillier: Chair, I am aware that we have officials in front of us who cannot get into the politics, but the Government have an avowed policy of being

distrustful of databases, on the one hand, yet we are hearing about the desire to digitise. There is no desire, for instance, to have any biometric indicators so that online transactions can be more secure. One of the first acts of this Government, or the first act, was to abolish a major database that includes that sort of information. We are not going to have passports, even as a major identity document, upgraded to include things that make them more secure. So, for instance, at Heathrow airport, as is being discussed in the main Chamber now, some of you can go through with an electronic passport. That would speed things up, but instead we are actually going backwards on some of the things that could be implemented and included in those documents that would speed things up, and we are still relying on a lot of manual checks. While I hear what you are saying and I am thinking, “Yes, this sounds not a bad idea,” on the other hand there are constraints.

Ian Watmore: There are, yes.

Q115 Meg Hillier: So which wins out?

Ian Watmore: We should probably have a separate conversation on the approach to ID, otherwise the rest of the Committee will get dominated by it. There are constraints and challenges, but what I am trying to say is that there are a number of reforms like that that we have to roll out and embed before this will become long term.

Q116 Meg Hillier: Is that your view as civil servants, or is this an avowed Government policy position?

Ian Watmore: Government policy position.

Q117 Meg Hillier: That there will be more digital access to everything?

Ian Watmore: Martha Lane Fox’s report, *Digital by Default*, was accepted in full by the Government and is now being implemented.

Sir Bob Kerslake: If a subsequent Government says, “We want to do more of this” or “We want to shift into this area of work,” there will be changes in the work force. The Civil Service exists to deliver what the Government of the day wants it to do. Where your challenge is stronger is that if we reduce resources in a given area, and unless we have underpinned it by systemic change, we are building a pressure that will come back.

Chair: That is exactly the point I was seeking to make earlier.

Q118 Stephen Barclay: Will you be publishing that forward piece? Will you be publishing where Departments expect to be on staff numbers, and what those transformation plans are?

Sir Bob Kerslake: I will go back and check the details of this, but we do departmental numbers on forecasts—

Q119 Chair: Mr Barclay is talking about aggregates.

Sir Bob Kerslake: I will certainly go back and look at the point about whether we can publish more on that. Of course, the structural reform plans are indeed published on an annual basis.

Q120 Stephen Barclay: That really goes to the crux of this, doesn’t it? The challenge is working smarter, doing more with less and resisting the temptation to recruit in the future. We need to be able to measure that, and if information is not published on it, it is difficult to measure it.

Ian Watmore: On the headcount numbers, we certainly have a trajectory that falls off across the Civil Service across the spending review. If I anticipate there is going to be another spending review in the nearish future, we will update things when it comes out. That gives the envelope, but what it does not do—this is the point I think the Chair and others were making—is show whether we can deliver the service underneath that envelope. That is the bit we need more work on.

Q121 Stephen Barclay: The other thing I am unclear on is how that links to your personal objectives. Sir Bob, as head of the Civil Service, are your personal objectives published?

Sir Bob Kerslake: I don’t think they have been published, because they are personal objectives, as you say. I will certainly go back and discuss the point you raise.

Q122 Stephen Barclay: You could interpret employee engagement in different ways. You could say you are implementing change, so it is logical that employee engagement will go down. Having an objective against employee engagement would therefore be challenging. On the other hand, as head of the Civil Service, one of your objectives could be a particular score on employee engagement, and you could address that with a whole range of other metrics. It just seems strange if we, as a value-for-money Committee, do not have visibility of what that success will be judged against.

Sir Bob Kerslake: We do publish the structural reform plans for the Department, and they have metrics in them, but we have not published the individual performance objectives of individual civil servants. That has not been the practice.

Q123 Chair: Do you agree that it is important for the whole Civil Service and for the top management of the Civil Service to have a clear, straightforward idea—there does not have to be an enormously long document—of what success would look like?

Sir Bob Kerslake: As I say, each individual civil servant will have that through their performance—

Q124 Chair: I am not talking about that; I am talking about something that we, as a value-for-money Committee, can hold the Government to account for and say, “You said you were going to do this, and you did it.”

Sir Bob Kerslake: And that, as I say, is what is in the structural reform plans; that is what they are about.

Q125 Meg Hillier: We could pick up from our own hearings things that have been said to us and then hold people to account. I do not think there is a particular issue about some of your personal objectives—to put it in a slightly different way—being put out there. It

is quite important for senior people in the Civil Service to be held to account. If you were in a company with shareholders, you would be held to account in the same fashion, and all taxpayers are, effectively, shareholders in the Civil Service, aren't they?

Q126 Chair: On that subject, or nearly, there was an announcement this morning that MyCSP—My Civil Service Pension—will be a mutual joint venture. The radio report said it would have a private sector co-owner, although the percentages elude me—it was something like—

Ian Watmore: 40/35/25.

Q127 Chair: Can you just say who is 40, who is 35 and who is 25?

Ian Watmore: 40, private sector; 35, Government; and 25, staff.

Q128 Chair: I should declare an interest because I acted on a successful anti-demutualisation campaign—

Ian Watmore: An anti-demutualisation campaign?

Q129 Chair: Yes—it's like anti-disestablishmentarianism. It involved a building society that wanted to stay a building society, in an environment where a lot were converting. You may remember carpetbagger.com. A lot of them were famous names that had done a good job for 150 years; Alliance & Leicester, Bradford & Bingley, Northern Rock and Halifax come to mind. They all converted, for frankly entirely spurious reasons. The salaries of the chief executives doubled and they were gone within 12 years. What some of the ones that didn't convert did, in order to protect themselves—Britannia and Nationwide come to mind, but there were others—was instil in new members a sign-away, if you like, so that new members, although they joined the mutual, could not vote to demutualise. Is your MyCSP going to be protected in that way, or not?

Ian Watmore: I do not know if it is precisely in the way you mean, but there is an anti-demutualising clause in the shareholder agreement between the three parties, which requires, I think, all three parties to sign that they want to do it, which includes the Government.

Q130 Chair: So if they wanted to badly enough—

Ian Watmore: There's a governance protection for that.

Q131 Chair: Well, yes, although one remembers QinetiQ, where there were plenty of people who wanted to sell it off, because some of them made a very great deal of money—£130,000 turning into £25 million comes to mind. Just because someone wants to do it doesn't necessarily mean it is a good idea for the taxpayer.

Ian Watmore: We used QinetiQ as a case against which to make sure: we used it as a case which had some positives—QinetiQ wasn't all bad.

Chair: The outputs of the business were terrific—that's why we spent so much money.

Ian Watmore: But we were absolutely determined that we weren't going to create an example where one or two people ran off with the family silver.

Chair: This is quite reassuring, Mr Watmore; this is terrific.

Q132 Meg Hillier: While we have Sir Bob here, in the House earlier it was mentioned that you wrote last week to colleagues in the Civil Service to clarify rules on the ministerial code. Can you just confirm who you wrote to?

Sir Bob Kerslake: I wrote to all Permanent Secretaries about this issue, and I wrote jointly with the Cabinet Secretary.

Q133 Meg Hillier: And did you have any view that there was a likelihood that the ministerial code was being broken across the board or—

Sir Bob Kerslake: I had no view on the issue of the ministerial code. The reason I wrote was that it became evident that Adam Smith had gone beyond what was acceptable in terms of his dealings, and it felt important to reinforce the importance of how such issues are dealt with in quasi-judicial situations.

Q134 Chair: The specific case is a bit wide of the remit of this Committee, but now you are here, in generic terms could you just say: tons of ink has been spilt on this issue of special advisers, and it seems to me—I heard Gus O'Donnell say this quite recently—that the sort of received view in the Civil Service is now actually, "Yes, well, special advisers are quite a good idea; they mean that civil servants don't have to get involved with too much of the politics." Now, it seems to me there is a reason why the word "policy" is cognate with the word "politics", and in a sense one has a suspicion—and this may be entirely wrong—that that is quite an easy cop-out and enables the Civil Service to push those difficult issues to one side, although, of course, one of the reasons top civil servants are paid a salary is to cope with those difficult things.

While it is true that people with specialist expertise can bring a lot to the party, it's not obvious why a 28-year-old with a degree from Harvard, or whatever it is, going round telling the media or the Parliamentary Press Gallery here why a Cabinet Minister is so marvellous really adds much to the sum of human happiness. Any Cabinet Minister worth his or her salt presumably can go round saying how marvellous they are anyway, without all of that. So do you think there is going to be a re-evaluation of the role of special advisers? I am not talking about yesterday or the present discontents, but more generally. There have been two car crashes or train wrecks in the last nine months, and, who knows, there may be others. It does beg the question—we are interested, as a value-for-money Committee, in the economy and in the effectiveness and efficiency of the Civil Service—whether the structure is working as it should. So do you think there will be a re-evaluation?

Sir Bob Kerslake: It is not for me to make that judgment, Chair, as to whether there should be a re-evaluation, because clearly, as you know, special advisers work to support Ministers.

Q135 Chair: But they are civil servants. They are paid out of the taxpayer's pound, and if they ever become Parliamentary candidates, for example, they must resign from the Civil Service. You are the head of the Civil Service, so you do have an accountability, here.

Sir Bob Kerslake: I do have an accountability, but, in terms of their management responsibility, special advisers work to Ministers, and the judgment about whether special advisers are effective is very much one for Ministers to make. They are now subject to a process of appraisal—special advisers—as is every other member of staff, and I think that is the way we handle issues about role and performance.

Stephen Barclay: We are straying from the purpose of today—

Chair: I think we'll park that, because Stephen wants to come in on the Report.

Meg Hillier: Just one question, Chair. When someone is errant, whether the Permanent Secretary feels they have the power to go in and tackle it—

Q136 Stephen Barclay: That is one for another day, because the purpose of this hearing is the purpose of this hearing. Could I come to a very quick point, if I may: figure 11 on page 21? Some 400 cases or so have exceeded the standard scheme, but it was not possible to separate out how many relate to central Government. If you could just quickly outline who it is in the Treasury who approves these, what is the highest one and why they could not be separated out.

Ian Watmore: May I re-read the paragraph?

Chair: Can you say the page number again, Stephen?

Stephen Barclay: Figure 11, page 21. The section under HM Treasury, paragraph 2, which starts, "Departments must seek..."

Ian Watmore: Oh, I see. If I get this wrong, I will come back to you afterwards with a note. The Minister responsible is the Chief Secretary. He has responsibility for approving these things. Each spending team will deal with each Department. Any cases will be referred to the Chief Secretary's team. For Civil Service matters—I think this also includes non-Civil Service matters—it happens to be a very small team in the Cabinet Office who advise the Chief Secretary. It is a ring-fenced team, and we don't interfere with it. It might just as well be in the Treasury. It is just an accident of history. Those people advise the Chief Secretary. When it is an arm's length body function, which is outside the Civil Service and uses public money—it might be a regulator or something of that ilk—that, I think, goes through the Treasury spending team.

Q137 Stephen Barclay: I do not expect you necessarily to have that to hand. What I am really after is a note. I have had a struggle with the chief exec of the National Policing Improvement Agency, who has been stalling me for more than eight weeks now to provide details as to who was paid—

Ian Watmore: To the NPJA, did you say?

Stephen Barclay: Yes. As to who was paid more than £500,000 to leave and why, and whether they are working for the taxpayer now, elsewhere. We have a note from Speaker's Counsel, which disputes the legal

position he has stated. May I ask that you liaise with the NAO? What I am looking for is the list of the 400 names, what their job title is and what they were paid. I presume those data are to hand in the Treasury, and I would be grateful if we could have them within the week.

Ian Swales: And how it varied from their standard terms, which most people would regard as very generous in most—

Q138 Stephen Barclay: If they are getting up to 21 months, and yet the impediment on working for the taxpayer is only six months, first—

Ian Watmore: That is the scheme that was negotiated.

Q139 Stephen Barclay: That is the scheme, but also there is no impediment on other areas such as the NHS. If you work for the Department of Health, which, according to the graph, applies to 10%, there is nothing stopping you going and working as part of the health reforms for, let us say, a PCT or a GP commissioning body, and popping up there. That is just to pick one example at random. It would be nice to get the data.

Ian Watmore: I will take the request. I don't know—

Q140 Chair: But Mr Watmore you will surely agree that the Treasury's not being able to separate how many relate to central Government is rather surprising. It speaks to the general lack of information that we often find. Frankly, this is a relatively small subset that we are talking about, a relatively small population. You could put them all in one spreadsheet and have a couple of columns describing job functions and organisations, hit "sort" and you would have the job done.

Ian Watmore: I will go and ask questions.

Ian Swales: Sorry, one clarification?

Meg Hillier: I have a clarification too.

Chair: One clarification, then another one, then we will close.

Q141 Ian Swales: As I understand it, this Report does not cover arm's length bodies. Is that right?

Ian Watmore: It covers the ones that are inside the Civil Service ring, and not outside.

Q142 Ian Swales: So some of these 400 people could be in arm's length bodies?

Ian Watmore: They could be, outside the Civil Service. It could be a regulator or something of that ilk.

Q143 Meg Hillier: You mentioned that the Chief Secretary signs these off. Is that always done directly and personally, or does he ever delegate it?

Marius Gallaheer: Could I answer that question? The decision rests with the spending team. Each and every case does not go to the Chief Secretary. He has the ultimate responsibility for spending. If there were issues that were so fundamental and so important, they may go to the Chief Secretary, but most of the cases that are outside scheme terms are decided or approved by the spending team within the Treasury.

Q144 Meg Hillier: So we don't know exactly how many of the 400 the Chief Secretary would have seen himself.

Marius Gallaher: It also depends on the number of cases that come to the Treasury. The Treasury does not necessarily see every case. It may be that, for some reason or another, a Department does not pass the request to the Treasury, for administrative reasons or failures.

Q145 Chair: It says, "Must seek approval".

Q146 Stephen Barclay: These are the exceptional cases. There are 400 such cases each year.

Q147 Meg Hillier: Are there any more?

Marius Gallaher: We don't know. We assume that all cases, or the vast majority of cases, come to the Treasury.

Q148 Chair: But you're saying that this population of 400 are indeed all ones that come to the Treasury, yes?

Marius Gallaher: Yes.

Q149 Meg Hillier: I have seen a letter that came to the Chief Secretary on the Leicester issue, which asked him specifically to agree, and letters subsequently saying that he had agreed it. In fact, Scotland has to agree the same. So that's how it should be done, but you're saying it's not always done that way.

Marius Gallaher: Not all cases come straight to the Chief Secretary personally.

Q150 Ian Swales: Surely there are absolutely clear rules on what should come to the Treasury? Are you suggesting either that there aren't clear rules—

Marius Gallaher: Yes, there are rules.

Q151 Ian Swales: Then people don't follow them, then. Is that what you are saying?

Marius Gallaher: And there is guidance in managing public money, which states that these cases should come to the Treasury, but for some reason there may be one or two cases that don't.

Q152 Chair: When you say "some reason", is this something that the Treasury is across and investigating, to make sure that that reason disappears?

Marius Gallaher: We are always conscious of that.

Q153 Stephen Barclay: Are you aware of any that have been signed off that didn't come to the Treasury and that, under the guidelines, should have done?

Marius Gallaher: I am not aware of any.

Q154 Chair: Can you find out?

Marius Gallaher: We will certainly listen—

Ian Watmore: I'll go and dig, and find out. I know what you want.

Keith Davis: The 400 are the cases that come forward to be considered. They are not necessarily all approved. It might be worth just trying to find out; we understand that most get approved.

Chair: That is a very helpful clarification. Thank you. I think we have covered this Report fairly exhaustively. Gentlemen, thank you very much. The Report suggests that you have made some good early progress, but I think we remain to be persuaded that everything is in place for you to deliver the sort of transformational change to make sure that the change is permanent. Thank you very much.

Written evidence from the Permanent Secretary, Cabinet Office, Head of the Home Civil Service and HR Director, Department for Work and Pensions

MANAGING EARLY DEPARTURES IN CENTRAL GOVERNMENT

MONDAY 30 APRIL 2012

Outstanding Actions

1. *To provide a note on which bodies are using CSHR and those which are not*

Expected (as an Annex) on Friday 1 June.

2. *To agree a figure with the NAO on the savings (£630 million) and provide to the PAC for their report with a note*

Summary

The Cabinet Office engaged intensively with the NAO after receiving their draft report on managing early departures. We devoted considerable time and provided substantive evidence, which helped the NAO refine and improve their model. However, we were not able to reach agreement over the headline figure for savings from early departures by the time the C&AG approved the report for publication.

The NAO estimated saving of £400 million a year is an average over five years, beginning in 2013 after all payback has been achieved. This estimate is derived from comparison with a counterfactual scenario in which there was no compensation package, and includes assumptions on normal turnover due to retirement or resignation. While we understand how the NAO £400 million has been derived, the Cabinet Office were unable to agree this as the appropriate savings figure to use given that the underlying NAO assumptions differed from

the Cabinet Office's model on turnover, but were not based on alternate evidence. Also, while there is explanation in the report and technical annex, we consider it may not be clear from the Key Facts page that this figure is an estimate based on assumptions and a counterfactual—unlike the cost and exit figures it sits alongside.

The Cabinet Office and the NAO agree that the paybill associated with the 17,800 departures was £630 million. This is the sum of the salaries of those people who took paid exits, plus an estimate of their ERNIC and pension contributions. The Cabinet Office believes that the simpler paybill figure of £630 million can be said to represent an ongoing and annualised saving in paybill to departments, given that the paid exits form part of a sustained reduction in workforce numbers, are in the context of an ongoing external freeze on recruitment, and only amounted to half of the overall workforce reductions for the period. Even if we were to reach agreement on the assumptions feeding into the NAO model, the Cabinet Office would still take £630 million as the realised savings to Departmental paybill as, quite simply, this is a cost that will no longer be borne by departments given, in particular, the sustained reduction in workforce numbers.

Detail

The NAO's figure was based on assumptions about counterfactual turnover around three groups of people:

1. Civil Service Pension Scheme Members below the minimum pension age (MPA);
2. Members above the MPA who took early pension; and
3. Members above the MPA who did not take early pension.

The NAO had made judgemental assumptions, based on the experience of their actuarial consultants, as they had no data at that time on which to draw. The Cabinet Office subsequently provided a dataset for turnover based on Civil Service statistics. We reached agreement with the NAO for group 1 (members below the MPA). For group 3 (members above the MPA who did not take early pension), Cabinet Office evidence showed that the average age of leaving was actually beyond normal pension age (NPA), however to be conservative, we agreed with the NAO that this group should be assumed to leave at NPA. For group 2 only (members above the MPA who took early pension), we did not reach agreement before the report was published. The NAO assumed that people would leave the Civil Service 2 years before NPA, while we believe this should have been set at NPA. Whilst there will always be ambiguity in what happens in a counterfactual, the NAO were unable to offer robust additional evidence to justify their adjustment.

The NAO took the view that making any further change to their model would not make a significant difference to their headline figure of £400 million a year average savings over five years, and that they needed to proceed to publication, while the Cabinet Office believed that changes should have been made to put the assumptions in line with the available evidence.

While these may appear to be technical points, the choice of assumptions (and more broadly the modelling approach adopted) have other implications for the NAO's findings. For example, within the report the NAO have stated that payback is never effectively achieved for most individuals over 55—who make up a third of all paid exits. The Cabinet Office believes this is an incorrect assertion; the result of the construction of the model and the assumptions the NAO have chosen to use rather than what evidence suggests may happen where both historic data and the experience of HR Directors in practice suggests that this outcome is implausible. The Cabinet Office is therefore concerned that this could lead to the possibility of misleading conclusions being drawn.

3. We will keep track of movement of staff after out-sourcing to mutuals or other bodies

As part of wider work to analyse changes in the size and composition of central Government, the Cabinet Office monitors changes year on year to the number of people working for public bodies. In 2011, the Cabinet Office issued a workforce data commission to departments to track changes in workforce numbers of public bodies in the Public Bodies Reform programme. This data commission asked for information about the number of staff exiting into mutuals, social enterprises or joint venture partnerships.

Each month central government organisations also publish their latest workforce numbers and paybill costs on www.data.gov.uk.

4. To provide details of the number of people that don't make their probation

<i>Department</i>	<i>Year</i>	<i>Hired</i>	<i>Left before Probation completed</i>	<i>Notes</i>
DWP	2010–11	400	46	Unfortunately there is not a simple pass probation /fail probation field in RM to retrieve this information therefore the only way we can get an indication of the numbers is by using information on staff dismissed for failing probation.

<i>Department</i>	<i>Year</i>	<i>Hired</i>	<i>Left before Probation completed</i>	<i>Notes</i>
HO	2009–10	1060	299	This is the most recent period of substantial recruitment to the Home Office
HMRC	2011–12	5,237 (on probation)	86 (52 within the first 6 months)	The Majority of HMRC probationers are Temporary Fixed Term Appointments (TFTAs) whose normal contract of 11 month is also their probationary period (apologies that I am unable to give you exact numbers of TFTAs). Of our TFTAs a significant number (689) resigned in 2011–12, presumably on finding permanent work. However, there is a possibility that their resignation may have been pre-emptive measures as a result of possible failure of probation. Our systems don't go into sufficient detail to say this with any certainty.
MoJ	2011–12	972	108	The figures were provided for staff who failed probation were manually collated as we do not specifically hold "fail probation" as a leaving reason on the recruitment IT systems. However, the figures are accurate in that they show staff that were dismissed during the probation period for a reason associated with performance, attendance or contact. While these figures may show staff who have successfully completed probation, the majority will be for those who chose to leave during probation either because the job is not for them or before (or during) formal action is taken to dismiss. In terms of the overall picture of staff turnover during probation these figures are therefore significant.
	2010–11	2,164	169	
MoD	2011–12	844	83	The figures of staff leaving include both staff who have been dismissed and those who leave voluntarily.
	2008–09	4,137	560	

5. Provide a note on the mobility clause

We too want a modern, flexible workforce that allows the civil service to move skills and capability to where it is most needed. The Civil Service Management Code (CSMC) already requires a mobility clause to be present in terms and conditions, allowing moves within reasonable daily travel of home. Departments and agencies already have the authority to determine the extent of their own "mobility obligations" and this will be stipulated within individual contracts.

We will be working with Departments to encourage them to translate the code and guidance in a more robust way.

6. Estimate of number of staff no longer needed at the centre owing to programmes being devolved from central Government (Q64)

Extra information from Sir Bob Kerslake (Q63)

At the Committee's hearing on Managing Early Exits held on Monday, 30 April, I said I would come back to the Committee with a figure for the number for posts lost in the Department for Communities and Local Government group where work has transferred to local government or other non-government sectors.

The Department has recently completed a major programme of restructuring which began in October 2010. I wanted to deliver the reduction over two years, in order to move as quickly as possible to a position where staff had certainty over their future and also because (within our Spending Review settlement) the majority of the funding for voluntary exits was available only for use in 2011–12. The timetable was therefore that all parts of the restructuring process would be completed by the end of October 2011 and all staff exits would be completed by the end of October 2012.

At the start of the restructuring process in October 2010, the total number of people employed by the Department—ie everyone with a right to a job in DCLG, including those out on loan, maternity leave, career break, etc—was 2,216 full-time equivalent (FTE) staff. This was therefore the baseline position against which the reductions needed to be made within the main Department. In addition, the Government Office Network had 1,646 full-time equivalent staff in post at the time of the announcement of their abolition, of whom 527 (FTE) were DCLG citizens.

Our restructuring plan for the central Department anticipated a reduction in headcount to 1398 FTE staff (ie fully funded posts), which against the October 2010 baseline position, represented an overall reduction of 818 FTE staff (37%). In addition, 847 Government Office staff (800 FTE) left the Civil Service, the remaining 879 (846 FTE) transferred to Departments including 250¹ (FTE) to DCLG.

Subsequently, the Department's actual planned establishment for 1 November 2012 was reassessed at 1,757 FTE staff. The increase arose from the transfer in of work² following the closures of the Government Office Network and Regional Development Agencies, the creation of the Troubled Families Unit and the need to provide posts to cover other urgent business, recognising that not all permanent staff are immediately available for deployment.

The reductions were almost entirely about a stopping of functions carried out centrally and greater efficiency rather than transferring tasks and costs to others. In order to help you understand the magnitude of posts lost, I am able to provide examples of where certain areas of work were stopped for which we do have figures. For example:

- in the Audit Commission 115 FTE staff were working on the Comprehensive Area Assessment when this work was stopped in May 2010;
- under the Department's Arm's-length Body (ALB) reform programme, around 65 posts were saved by scaling back the Social Housing Regulator's consumer regulation role, and transferring regulatory functions into the Homes and Communities Agency;
- again under the ALB reform programme, the Standards Board for England, a body that regulated the standards regime for local authority members in England, was abolished on 31 March 2012: in 2010 the organisation employed around 85 people; and
- a range of work stopped with the closure of the Government Offices: for example, our rough estimate is that over 100 people were involved in work reviewing local plans and developing regional strategies.

Approximate numbers for the following key work areas in the Department's Localism Group in terms of posts lost were:

- Ending of Local Performance Framework, 40 posts;
- Closure of the Audit Commission, 15 posts; and
- Local Government Restructuring, 12 posts.

7. Note on HMT approved variations to the scheme—who was paid more than £500,000 to leave and why, and whether they are working for the taxpayer now, elsewhere. A list of the 400 names, what their job title is and what they were paid. Presume this data is to hand in the Treasury

In accordance with Managing Public Money Annex 4.13, all special severance payments (payments outside contractual terms) are classified as novel and contentious and therefore always require Treasury approval. These cases are submitted by government departments, NDPBs, NHS Trusts and other arms length bodies.

The NAO report states that some 400 cases have exceeded the standard scheme. It is not possible to confirm whether this is the case. Of the cases which the Treasury considered in 2011, the vast majority were related to Employment Tribunal claims for unfair or constructive dismissal (many with various forms of discrimination included), or cases where the employment relationship has broken down. In such cases, Treasury views its role as ensuring that both settlement itself and the level of settlement are fully justified and defensible and provide value for money for the public sector. Such payments are normally compared to the amounts which would be awarded by a Tribunal should the case be lost or against the time and cost of taking someone through capability improvement procedures; as in most cases, redundancy is not an option, entitlements under the Civil Service Compensation Scheme are very rarely relevant.

Mr Barclay was critical of the Treasury for not having a breakdown of the payments. As indicated earlier, the Treasury's role is to approve individual severance payments; it has no operational requirement to undertake an overall analysis of total payments in detail. Rather, it is the responsibility of individual departments and other bodies to keep track of such payments and to learn lessons from individual cases to try to avert future cases. Departments and other bodies are required to note special payments in their accounts—individually for senior staff identified in the accounts and collectively for all other special payments (including severance payments).

¹ This includes some Government Office for London and Government Office Corporate Services staff who transferred early

² Primarily European Regional Development Fund work but some Resilience and Planning roles outside London too

Mr Barclay also requested a list of the 400 names, job title and amount paid. As mentioned, the Treasury has no operational reason for gathering and maintaining the data in this form. Neither does it have the capacity to do so. Further, applications for special severance payments do not always identify the name or job title (many are anonymised as Treasury has no need for such information) and in many cases, approval is given to a negotiating range, so it is not always known exactly what was paid. Neither would the Treasury have the capacity to trawl through departments' accounts to identify payments to senior staff. Providing the information in the way requested would infringe data protection rules—information should only be provided in a way that would ensure that individuals and their payments could not be identified.

The Committee also questioned whether Treasury received all severance cases, in advance, as required by MPM. It is the case that some cases are not submitted in advance as a result of administrative oversight. Although the Treasury does receive requests for retrospective approval of such cases, it cannot guarantee that all severance cases are submitted as required.

May 2012

<i>Main, parent or sponsoring department</i>	<i>Organisation name</i>	<i>Organisation type</i>	<i>Civil Service HR Core offer</i>	<i>Notes</i>
Attorney General's Departments	Attorney General's Office	Ministerial Department	Yes	
Attorney General's Departments	Crown Prosecution Service	Non-Ministerial Department	Yes	
Attorney General's Departments	Crown Prosecution Service Inspectorate	Ministerial Department	Yes	
Attorney General's Departments	Serious Fraud Office	Non-Ministerial Department	Yes	
Attorney General's Departments	Treasury Solicitor	Ministerial Department	Yes	
Cabinet Office	Cabinet Office	Ministerial Department	Yes	
Cabinet Office	Central Office of Information	Non-Ministerial Department	No	Closed as of 31 March 2012
Cabinet Office	Government Procurement Service	Executive Agency	Yes	
Cabinet Office	Civil Service Commission	Executive Non-Departmental Public Body	No	
Cabinet Office	Big Lottery Fund	Executive Non-Departmental Public Body	No	
Cabinet Office	National School of Government	OTHER	No	Closed as of 31 March 2012
Charity Commission	Charity Commission	Non-Ministerial Department	Yes	
Department for Business, Innovation & Skills	Business, Innovation & Skills	Ministerial Department	Yes	
Department for Business, Innovation & Skills	Advisory Conciliation & Arbitration Service	Crown Non-Departmental Public Body	Yes	
Department for Business, Innovation & Skills	Companies House	Executive Agency	Yes	
Department for Business, Innovation & Skills	Insolvency Service	Executive Agency	Yes	
Department for Business, Innovation & Skills	Land Registry	Non-Ministerial Department	Yes	
Department for Business, Innovation & Skills	Meteorological Office	Executive Agency	Yes	
Department for Business, Innovation & Skills	National Measurement Office	Executive Agency	Yes	
Department for Business, Innovation & Skills	Ordnance Survey	Non-Ministerial Department	Yes	
Department for Business, Innovation & Skills	Skills Funding Agency	Executive Agency	Yes	
Department for Business, Innovation & Skills	UK Intellectual Property Office	Executive Agency	Yes	
Department for Business, Innovation & Skills	UK Space Agency	Executive Agency	Yes	
Department for Business, Innovation & Skills	Advantage West Midlands	Executive Non-Departmental Public Body	No	RDA—closed as of 31 March 2012
Department for Business, Innovation & Skills	Arts & Humanities Research Council	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Biotechnology & Biological Sciences Research Council	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	British Hallmarking Council	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Capital for Enterprise Limited	Executive Non-Departmental Public Body	Yes	
Department for Business, Innovation & Skills	Competition Commission	Executive Non-Departmental Public Body	Yes	
Department for Business, Innovation & Skills	Competition Service	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Construction Industry Training Board	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Consumer Focus	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	East Midlands Development Agency	Executive Non-Departmental Public Body	No	RDA—closed as of 31 March 2012
Department for Business, Innovation & Skills	East of England Development Agency	Executive Non-Departmental Public Body	No	RDA—closed as of 31 March 2012
Department for Business, Innovation & Skills	Economic & Social Research Council	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Engineering & Physical Sciences Research Council	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Engineering Construction Industry Training Board	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Film Industry Training Board	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Higher Education Funding Council for England	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Local Better Regulation Office	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Medical Research Council	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Natural Environment Research Council	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	North West Development Agency	Executive Non-Departmental Public Body	No	RDA—closed as of 31 March 2012
Department for Business, Innovation & Skills	Office for Fair Access	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	One North East	Executive Non-Departmental Public Body	No	RDA—closed as of 31 March 2012
Department for Business, Innovation & Skills	Science & Technology Facilities Council	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	South East England Development Agency	Executive Non-Departmental Public Body	No	RDA—closed as of 31 March 2012
Department for Business, Innovation & Skills	South West of England Regional Development Agency	Executive Non-Departmental Public Body	No	RDA—closed as of 31 March 2012
Department for Business, Innovation & Skills	Student Loans Company Ltd	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Technology Strategy Board	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	UK Commission for Employment & Skills	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	United Kingdom Atomic Energy Authority	Executive Non-Departmental Public Body	No	
Department for Business, Innovation & Skills	Yorkshire Forward	Executive Non-Departmental Public Body	No	
Department for Communities & Local Government	Department for Communities & Local Government	Ministerial Department	Yes	RDA—closed as of 31 March 2012
Department for Communities & Local Government	Fire Service College	Executive Agency	Yes	

<i>Main, parent or sponsoring department</i>	<i>Organisation name</i>	<i>Organisation type</i>	<i>Civil Service HR Core offer</i>	<i>Notes</i>
Department for Communities & Local Government	Planning Inspectorate	Executive Agency	Yes	
Department for Communities & Local Government	Queen Elizabeth II Conference Centre	Executive Agency	Yes	
Department for Communities & Local Government	Homes & Communities Agency	Executive Agency	No	
Department for Communities & Local Government	Independent Housing Ombudsman Ltd	Executive Non-Departmental Public Body	No	
Department for Communities & Local Government	Leasehold Advisory Service	Executive Non-Departmental Public Body	No	
Department for Communities & Local Government	London Thames Gateway Development Corporation	Executive Non-Departmental Public Body	No	
Department for Communities & Local Government	Valuation Tribunal Service	Executive Non-Departmental Public Body	No	
Department for Communities & Local Government	West Northamptonshire Development Corporation	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Department for Culture Media & Sport	Ministerial Department	Yes	
Department for Culture, Media & Sport	Royal Parks	Executive Agency	Yes	
Department for Culture, Media & Sport	Arts Council England	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	British Film Institute	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	British Library	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	British Museum	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	English Heritage	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Football Licensing Authority	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Gambling Commission	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Culture, Media & Sport	Geffrye Museum	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Horniman Public Museum & Public Park Trust	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Horseace Betting Levy Board	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Imperial War Museum	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Museum of Science & Industry	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Museums, Libraries & Archives Council	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	National Gallery	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	National Heritage Memorial Fund	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	National Lottery Commission	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	National Maritime Museum	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	National Museum of Science & Industry	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	National Museums Liverpool	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	National Portrait Gallery	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Natural History Museum	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Olympic Delivery Authority	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Olympic Lottery Distributor	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Public Lending Right	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Culture, Media & Sport	Royal Armouries	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Sir John Sloane's Museum	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Sport England	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Tate Gallery	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	UK Anti-Doping	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	UK Sport	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Victoria & Albert Museum	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Visit Britain	Executive Non-Departmental Public Body	No	
Department for Culture, Media & Sport	Wallace Collection	Executive Non-Departmental Public Body	No	
Department for Education	Department for Education	Ministerial Department	Yes	
Department for Education	Education Funding Agency	Executive Agency	Yes	
Department for Education	National College for School Leadership	Executive Agency	Yes	
Department for Education	Standards and Testing Agency	Executive Agency	Yes	
Department for Education	Teaching Agency	Executive Agency	Yes	
Department for Education	Children & Family Court Advisory & Support Services	Executive Non-Departmental Public Body	No	
Department for Education	Office for Standards in Education, Children's Services & Skills	Non-Ministerial Department	No	
Department for Education	Office of Qualifications & Examinations Regulation	Non-Ministerial Department	No	
Department for Education	The Office of the Children's Commissioner	Executive Non-Departmental Public Body	Yes	
Department for Environment, Food & Rural Affairs	Department for Environment Food & Rural Affairs	Ministerial Department	Yes	
Department for Environment, Food & Rural Affairs	Animal Health & Veterinary Laboratories Agency	Executive Agency	Yes	
Department for Environment, Food & Rural Affairs	Centre for Environment Fisheries & Aquaculture Science	Executive Agency	Yes	
Department for Environment, Food & Rural Affairs	Food & Environment Research Agency	Executive Agency	Yes	

<i>Main, parent or sponsoring department</i>	<i>Organisation name</i>	<i>Organisation type</i>	<i>Civil Service HR Core offer</i>	<i>Notes</i>
Department for Environment, Food & Rural Affairs	Rural Payments Agency	Executive Agency	Yes	
Department for Environment, Food & Rural Affairs	Veterinary Medicines Directorate	Executive Agency	Yes	
Department for Environment, Food & Rural Affairs	Water Services Regulation Authority	Non-Ministerial Department	Yes	
Department for Environment, Food & Rural Affairs	Agricultural Wages Board for England and Wales	Executive Non-Departmental Public Body	No	
Department for Environment, Food & Rural Affairs	Agricultural Wages Committee x 15	Executive Non-Departmental Public Body	No	
Department for Environment, Food & Rural Affairs	Agriculture & Horticulture Development Board	Executive Non-Departmental Public Body	No	
Department for Environment, Food & Rural Affairs	Commission for Rural Communities	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Environment, Food & Rural Affairs	Consumer Council for Water	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Environment, Food & Rural Affairs	Environment Agency	Executive Non-Departmental Public Body	No	
Department for Environment, Food & Rural Affairs	Gangmasters Licensing Authority	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Environment, Food & Rural Affairs	Joint Nature Conservation Committee	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Environment, Food & Rural Affairs	Marine Management Organisation	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Environment, Food & Rural Affairs	National Forest Company	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Environment, Food & Rural Affairs	Natural England	Executive Non-Departmental Public Body	No	
Department for Environment, Food & Rural Affairs	Royal Botanic Gardens, Kew	Executive Non-Departmental Public Body	No	
Department for Environment, Food & Rural Affairs	Sea Fish Industry Authority	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Environment, Food & Rural Affairs	Department for International Development	Ministerial Department	Yes	Civil Service Learning only
Department for International Development	Commonwealth Scholarship Commission	Executive Non-Departmental Public Body	No	
Department for International Development	Independent Commission for Aid Impact	Executive Non-Departmental Public Body	No	
Department for Transport	Department for Transport	Ministerial Department	Yes	
Department for Transport	Driver & Vehicle Licensing Agency	Executive Agency	Yes	
Department for Transport	Driving Standards Agency	Executive Agency	Yes	
Department for Transport	Government Car & Despatch Agency	Executive Agency	Yes	
Department for Transport	Highways Agency	Executive Agency	Yes	
Department for Transport	Maritime & Coastguard Agency	Executive Agency	Yes	
Department for Transport	Office of Rail Regulation	Non-Ministerial Department	Yes	
Department for Transport	Vehicle & Operator Services Agency	Executive Agency	Yes	
Department for Transport	Vehicle Certification Agency	Executive Agency	Yes	
Department for Transport	British Transport Police Authority	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Transport	Directly Operated Railways Ltd	Executive Non-Departmental Public Body	No	
Department for Transport	High Speed 2	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Transport	Northern Lighthouse Board	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Transport	Passenger Focus	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Transport	Trinity House	Executive Non-Departmental Public Body	No	
Department for Work & Pensions	Department for Work & Pensions	Ministerial Department	Yes	
Department for Work & Pensions	Child Maintenance & Enforcement Commission	Crown Non Departmental Public Body	Yes	
Department for Work & Pensions	Health & Safety Executive	Crown Non Departmental Public Body	Yes	
Department for Work & Pensions	Independent Living Fund	Executive Non-Departmental Public Body	Yes	
Department for Work & Pensions	National Employment Savings Trust Corporation	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Work & Pensions	Remploy Ltd	Executive Non-Departmental Public Body	No	
Department for Work & Pensions	The Pensions Advisory Service	Executive Non-Departmental Public Body	No	
Department for Work & Pensions	The Pensions Regulator	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department for Work & Pensions	Department of Energy & Climate Change	Ministerial Department	No	
Department for Work & Pensions	Civil Nuclear Police Authority	Executive Non-Departmental Public Body	No	
Department of Energy & Climate Change	Coal Authority	Executive Non-Departmental Public Body	No	
Department of Energy & Climate Change	Committee on Climate Change	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department of Energy & Climate Change	Nuclear Decommissioning Authority	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department of Energy & Climate Change	Department of Health (excl agencies)	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Department of Health	Food Standards Agency	Non-Ministerial Department	Yes	
Department of Health	Medicines & Healthcare Products Regulatory Agency	Executive Agency	Yes	
Department of Health	Appointments Commission	Executive Non-Departmental Public Body	Yes	
Department of Health	Care Quality Commission	Executive Non-Departmental Public Body	No	
Department of Health	Council for Healthcare Regulatory Excellence	Executive Non-Departmental Public Body	No	
Department of Health	General Social Care Council	Executive Non-Departmental Public Body	No	
Department of Health	Health Protection Agency	Executive Non-Departmental Public Body	No	
Department of Health	Human Fertilisation & Embryology Authority	Executive Non-Departmental Public Body	No	

Main, parent or sponsoring department	Organisation name	Organisation type	Civil Service HR Core offer	Notes
Department of Health	Human Tissue Authority	Executive Non-Departmental Public Body	No	
Department of Health	Monitor—Independent Regulator of NHS Foundation Trusts	Executive Non-Departmental Public Body	No	
Export Credits Guarantee Department	Export Credits Guarantee Department	Ministerial Department	Yes	
Foreign & Commonwealth Office	Foreign & Commonwealth Office	Ministerial Department	Yes	
Foreign & Commonwealth Office	FCO Services	Executive Agency	Yes	
Foreign & Commonwealth Office	Wilton Park Executive Agency	Executive Agency	Yes	
Foreign & Commonwealth Office	British Council	Executive Non-Departmental Public Body	No	
Foreign & Commonwealth Office	Great Britain—China Centre	Executive Non-Departmental Public Body	No	
Foreign & Commonwealth Office	Marshall Aid Commemoration Commission	Executive Non-Departmental Public Body	No	
Foreign & Commonwealth Office	Westminster Foundation for Democracy	Executive Non-Departmental Public Body	No	
HM Revenue & Customs	HM Revenue & Customs	Non-Ministerial Department	Yes	
HM Revenue & Customs	Valuation Office	Executive Agency	Yes	
HM Treasury	HM Treasury	Ministerial Department	Yes	
HM Treasury	Asset Protection Agency	Executive Agency	Yes	
HM Treasury	Debt Management Office	Executive Agency	Yes	
HM Treasury	Government Actuary's Department	Executive Agency	Yes	
HM Treasury	National Savings & Investments	Non-Ministerial Department	Yes	
HM Treasury	Office for Budget Responsibility	Non-Ministerial Department	Yes	
Home Office	Home Office (excl agencies)	Ministerial Department	Yes	
Home Office	Criminal Records Bureau	Executive Agency	Yes	
Home Office	Identity & Passport Service	Executive Agency	Yes	
Home Office	National Fraud Authority	Executive Agency	Yes	
Home Office	UK Border Agency	Executive Agency	Yes	
Home Office	Equality & Human Rights Commission	Executive Non-Departmental Public Body	No	
Home Office	Independent Police Complaints Commission	Executive Non-Departmental Public Body	No	
Home Office	Independent Safeguarding Authority	Executive Non-Departmental Public Body	No	
Home Office	National Policing Improvement Agency	Executive Non-Departmental Public Body	No	
Home Office	Office of the Immigration Services Commissioner	Executive Non-Departmental Public Body	No	
Home Office	Security Industry Authority	Executive Non-Departmental Public Body	No	
Home Office	Serious Organised Crime Agency	Executive Non-Departmental Public Body	No	
Ministry of Defence	Ministry of Defence	Ministerial Department	Yes	
Ministry of Defence	Defence Science & Technology Laboratory	Executive Agency	Yes	
Ministry of Defence	Defence Support Group	Executive Agency	Yes	
Ministry of Defence	UK Hydrographic Office	Executive Agency	Yes	
Ministry of Defence	National Army Museum	Executive Non-Departmental Public Body	No	
Ministry of Defence	National Museum of the Royal Navy	Executive Non-Departmental Public Body	No	
Ministry of Defence	Royal Air Force Museum	Executive Non-Departmental Public Body	No	
Ministry of Defence	Ministry of Justice (excl agencies)	Ministerial Department	Yes	
Ministry of Justice	HM Courts and Tribunals Service	Executive Agency	Yes	
Ministry of Justice	National Archives	Executive Agency	Yes	
Ministry of Justice	National Offender Management Service	Executive Agency	Yes	
Ministry of Justice	The Office of the Public Guardian	Executive Agency	Yes	
Ministry of Justice	UK Supreme Court	Non-Ministerial Department	Yes	
Ministry of Justice	Criminal Cases Review Commission	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Ministry of Justice	Information Commissioner's Office	Executive Non-Departmental Public Body	No	
Ministry of Justice	Judicial Appointments Commission	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Ministry of Justice	Legal Services Board	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Ministry of Justice	Legal Services Commission	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Ministry of Justice	Parole Board	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Ministry of Justice	Probation Trusts x35	Executive Non-Departmental Public Body	Yes	Lancashire Probation Trust—CSL only
Ministry of Justice	Youth Justice Board for England & Wales	Executive Non-Departmental Public Body	Yes	Civil Service Learning only
Northern Ireland Office	Northern Ireland Office	Ministerial Department	Yes	
Northern Ireland Office	Northern Ireland Human Rights Commission	Executive Non-Departmental Public Body	No	
Northern Ireland Office	Office of Fair Trading	Non-Ministerial Department	Yes	
Office of Gas & Electricity Market	Office of Gas & Electricity Market	Non-Ministerial Department	Yes	
Scotland Office	Scotland Office	Ministerial Department	Yes	

<i>Main, parent or sponsoring department</i>	<i>Organisation name</i>	<i>Organisation type</i>	<i>Civil Service HR Core offer</i>	<i>Notes</i>
Security & Intelligence Services United Kingdom Statistics Authority Wales Office	Security & Intelligence Services United Kingdom Statistics Authority Wales Office	Non-Ministerial Department Non-Ministerial Department Ministerial Department	No Yes Yes	