

## **Written evidence from The Better Government Initiative to the Public Accounts Committee Inquiry into Civil Service Capability**

1. The Better Government Initiative (BGI) is a body made up of people with practical experience of government at the highest level who have no links to particular political parties ([www.bettergovernmentinitiative.co.uk](http://www.bettergovernmentinitiative.co.uk)). We are concerned with the processes of government rather than the political choices associated with individual policy programmes or initiatives. We have particular experience of, and concern with, the challenges facing the Civil Service.

### **Executive Summary**

2. The BGI welcomes the Committee's Inquiry into Civil Service capability which we consider both timely and urgent. With the continuing very substantial reductions in civil service manpower, as set out in the recent report from the National Audit Office, and the new pressures on resources across all Departments to deliver the Brexit settlement, we are more concerned than at any point over recent decades that the Civil Service is being asked to do a job that it is simply not resourced to deliver. We believe that this runs a real danger of institutional failure, of civil servants being driven to cut corners and of the institution as a whole suffering a serious loss of motivation and morale when it is publicly castigated for resultant individual failures. Such pressures are likely to arise in both policy and delivery. The remainder of this submission considers what safeguards exist to secure the effective delivery of public services and to protect individual civil servants from the consequences of pressure to cut corners, and how, in the view of the BGI, such safeguards might be protected or enhanced.

### **Argument**

3. As the NAO report makes clear, there are plentiful examples over many decades of reports into failures of policy and implementation in which a lack of resources was a key contributing factor. This issue ranges from the straightforward (a lack of appropriately skilled resource at key stages in design or implementation) to the more insidious (excessive stretch, resulting in inadequate oversight by management at all levels).

4. When resources are stretched, as now, there is pressure to cut corners to save time and manpower. The Civil Service Code, whistleblowing policies and the ability to seek a direction provide some protection - whatever the pressures, these lines of defence should protect against actions which are against the law or contrary to public service values. But they cannot help to prevent serious failures in public service delivery driven by overstretched staff simply trying to keep too many plates spinning.

5. One common response to increasing pressures is to agree to limit new initiatives. This can in theory (but rarely in practice) help to reduce demands on policy teams but is unlikely to relieve pressures on delivery. Reducing the scope of existing projects or services, or stopping them altogether, is much harder but, arguably, has never been more necessary than now. We put forward below a specific proposal in this respect.

6. In terms of business which must continue many departments have put in place systems and processes to prevent future failures in, for example, the drafting and managing of major contracts. These improvement plans usually define the ambition and set out the steps to

be taken over a period of months or years to attain the necessary standards. The plans generally require the development of new systems and processes, the recruitment and training of skilled staff and a commitment to audit and review. All of this requires a continuing commitment of resources; without it failure becomes the likely outcome.

7. This is not an academic issue. The contribution of a dramatic reduction in resources to the failures associated with the handling of the West Coast Mainline tendering process has been well documented. The report of the Laidlaw inquiry in December 2012 into the lessons learned for the Department for Transport from the InterCity West Coast Competition said:

*“The scale of the franchising programme and the number of other concurrent significant and complex transactions meant that the DfT’s resources were being stretched at the same time as expenditure on external advisers generally, and financial advisers specifically, was being cut and senior resource had been lost. Accordingly, due to other departmental priorities, insufficient senior management attention was given to the ICWC franchise process, despite its scale and complexity.”*

8. To take another, earlier example, the Haddon-Cave review into the loss of a Nimrod aircraft in Afghanistan in 2006 included the following commentary on the “organisational” causes of the crash:

*“There was a shift in culture and priorities in the MOD towards ‘business’ and financial targets, at the expense of functional values such as safety and airworthiness. The Defence Logistics Organisation, in particular, came under huge pressure. Its primary focus became delivering ‘change’ and the ‘change programme’ and achieving the ‘Strategic Goal’ of a 20% reduction in output costs in five years and other financial savings. Airworthiness was a victim of the process started by the 1998 Strategic Defence Review.”*

9. Most public servants, thankfully, are not dealing with such matters of immediate life and death, but the reference to a focus on the delivery of “change” and on cost reduction leading to a loss of focus on key issues (in this case, safety) should give us serious pause. With the Civil Service now facing in Brexit its biggest challenge since the Second World War, the BGI is increasingly concerned that our existing systems of scrutiny and transparency are simply no longer adequate to ensure that, while attention and resources become increasingly focused on the nation’s biggest challenge, the rest of government business is conducted effectively, safely, and with propriety and value for money. We fear we are headed towards an inevitable car crash, the precise timing and nature of which will only become clear once it has already happened.

### **What might help?**

10. A truism – but no less true for that – is that all governments attempt to do too much. But while that may have always been true in the modern era we believe that the importance of limiting new initiatives, new legislation and policy changes has never been more important than it is now when government is faced with resource pressures post Brexit on an unprecedented scale. We believe that there could be considerable merit in implementing urgently a Cabinet Office led ‘clearing the decks’ initiative under which all departments would be required to put forward a set of ministerially endorsed proposals for stopping or scaling back existing initiatives and for halting or delaying some of those already in the pipeline. Departmental Select Committees might be invited to review such plans from the perspective of whether they go far enough. Such an initiative would have still greater force if its introduction were to be accompanied by a public statement

from the government recognising the scale of the task now facing departments and stressing the need for realism in terms of the totality of what they are able to deliver.

11. In respect of continuing business the consistent application of best practice rules and guidance, e.g. on the delivery of projects and programmes, can be a powerful protection against the pressure to embark on change without adequate resources. The Major Projects Authority guidance is clear on the importance of early work to assess demands and capabilities. Other sources of advice on how to make good policy and good delivery abound: the Ministry of Justice's work on Good Law and the guidance produced by the Civil Service Policy Profession are highly relevant. But without some scrutiny or policing there is no guarantee that best practice will be applied. The ever present risk that Ministers chafe at the time or cost of "doing it properly" will surely increase as they face the demands of Brexit, as will the risks of the PAC and other Parliamentary Committees treating failures as wholly the fault of responsible individuals while ignoring the underlying resourcing issues.

12. For major projects, the knowledge that the Major Projects Authority and the Treasury can hold up projects which have been given a red warning flag is a valuable check on the tendency of departments to bite off more than they can chew. Regulatory bodies and those which police standards, such as the Office for National Statistics, are another source of protection against the cutting of corners. The NAO and PAC, and departmental Select Committees can also help. What is needed now, we believe, is an enhancement not a diminution of such scrutiny.

13. Big programmes still require attention after they have passed into delivery. It can be tempting to reduce the resources devoted to major programmes once they pass beyond the phase of high profile Ministerial and parliamentary attention, but cutting back at this stage on, for example, effective commercial management, has often been the cause of financial loss and service failure. Restructuring public services to take out cost may be hard to achieve without public consultation and parliamentary scrutiny, but cutting funding without restructuring may sow the seeds for future problems.

14. While Major Projects Authority scrutiny works well for individual projects and programmes there is less scrutiny and support to help departments avoid the wider problem of overstretch. Scrutiny of individual projects cannot protect departments from the piling up of cumulative demands on specific shortage skills or of too many priorities vying for management attention. It is a key role of the Accounting Officer, supported by the departmental board, to manage these demands. Many have produced their own systems and processes for assessing pressures and demands; the best of the Non-Executive Directors (NEDs) have helped with support and professional advice. But no Minister wants to hear that a department is overstretched and NEDs generally do not want to be put in the firing line of opposing Ministers. With the new demands of Brexit, the good work of departments in protecting the safe delivery of public service needs to be bolstered.

15. In areas where scrutiny might be costly or unwarranted we believe that transparency can and should play a greater role. We believe that a requirement to self-assess capability and to report the results, to the Cabinet Office or publicly, could help to encourage more realistic decisions on the impact and risks of competing priorities. So might a requirement for departments to carry out high level peer reviews of each other's overall workload and capability.

16. Finally turning to the role of the PAC itself we believe that it should shift its focus increasingly from holding departments accountable for the delivery of individual projects and programmes - important though that will always be - to challenging them to demonstrate that they are adequately resourced and skilled to deliver the totality of the

demands upon them. It would be important in that respect for the PAC to be willing to adopt a stance designed to draw out the overall resource challenges facing Departments in an analytical and constructive manner.

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