

Written evidence from the Better Government Initiative

Public Administration and Constitutional Affairs Committee:

Inquiry on Civil Service Effectiveness and Capacity

1. The Better Government Initiative (BGI) is an informal body of people with practical experience in government at a very senior level who have no links to particular political parties (www.bettergovernmentinitiative.co.uk).

2. We welcome the committee's inquiry - issues concerning civil service capability and capacity need to be carefully considered on a cross-party basis. We also welcome the committee's focus on government effectiveness as a whole including the relationship between Ministers and officials. The civil service has two main components - "Whitehall" and the very much larger element concerned with service delivery and revenue collection. The evidence below is structured to follow the main themes and most of the questions raised in the committee's terms of reference for this inquiry (with the capacity issue addressed first) and focuses therefore mainly on the "Whitehall" dimensions.

Executive Summary

3. Our main conclusions are:

a) The civil service cannot itself take decisions that will ensure it has sufficient capacity to deliver EU exit whilst continuing to deliver public services, effectively plan for the future outside the EU, and meet ministers' expectations for new policy development. The nature and timetable for EU exit are being determined by negotiation and ministerial decisions on plans, programmes and resources to support our departure from the EU. If Brexit is to be delivered with an acceptable level of risk, the development of our negotiating stance needs to take full account of advice from those with delivery experience and programme and project management expertise. We are concerned that the civil service is being asked to do a job that it is simply not resourced to deliver against potentially unachievable timescales for delivery and that this runs a real danger of institutional failure, particularly in those departments where our EU membership is central to their activity. To help mitigate this risk ministers need to set realistic priorities for departments: some existing initiatives need to be stopped or scaled back and others in the pipeline halted (paragraphs 4-7).

b) Despite real progress in recruiting people with professional skills in key areas, the civil service does not have enough of the skills and capabilities it needs to be fully effective. Excessive churn in staff deployment, including that driven by the expectation that civil servants should self-manage their careers, weakens subject expertise and corporate memory. We are unconvinced that the approaches in the Civil Service Workforce Plan will effectively tackle these problems (paragraphs 8-13).

c) The aims of civil service reform in relation to recruitment and retention of people of talent and experience cannot be met while the reward package, particularly for those with scarce skills and those at more senior levels, is so out of line with the rest of the economy (paragraph 14).

d) We doubt that policies and programmes to improve the capability of the civil service, including in leadership and management skills, have been applied consistently or resourced adequately (paragraphs 15-18).

- e) We do not believe the civil service has become more politicised but political impartiality is at risk from greater personalisation of the appointments process (paragraphs 19-20).
- f) The accountability of ministers to parliament is fundamental in holding government to account. Personal accountability of permanent secretaries to parliament (as accounting officers) for the regularity, propriety and value for money of public expenditure and the feasibility of expenditure plans is a fundamental part of their responsibilities and should be strengthened not undermined (paragraphs 21-24).
- g) Effective relationships between ministers and officials depend upon mutual loyalty and trust which can be sustained through the joint leadership of departments by their secretary of state and the permanent secretary and aided by development activities for serving and prospective ministers and officials (paragraphs 25-26).
- h) Capable and confident ministers can get what they want from the official machine and welcome challenge from officials (paragraph 27).
- i) We see little evidence that Departmental Boards generally are fulfilling the prospectus advanced when they were reformed under the coalition government. They could amongst other things play a bigger part in assessing risk across departmental programmes as a whole (paragraph 28).
- j) Special advisers can help inject challenge and perform other useful functions. Until recently too little attention was focused on the growth in special adviser numbers at the centre of government that risks bolstering a quasi-presidential style of government. The code of conduct for special advisers provides adequate guidelines for their roles and behaviour but there is no effective mechanism to ensure that the code is observed in practice. There is a case for a more regulated system (paragraphs 29-31).
- k) The stewardship role in relation to the civil service is a shared responsibility of ministers and officials and needs to be exercised in a way that recognises that the service needs to command the confidence of successive administrations (paragraph 32).

Implications of leaving the EU on Civil Service capacity

4. The terms of reference ask how the civil service is “ensuring” it has sufficient capacity to deliver EU exit whilst continuing to deliver public services effectively and plan for the future outside the EU. The short answer is that the civil service cannot itself on its own authority take decisions which might simultaneously deliver these three objectives as well as meeting ministers’ expectations for new policy development. The framework for and timetable of EU exit that the civil service will have to implement is a matter of negotiation under ministerial direction. In the consideration of alternative approaches to EU exit, there seems little political interest in addressing the feasibility of, and realistic timetables for, putting in place the necessary infrastructure, processes and staff to support the approach being advocated. If Brexit is to be delivered with an acceptable level of risk, the development of our negotiating stance needs to take full account of advice from those with delivery expertise and the programme and project managers who will need to help deliver the necessary change, rather than being seen as the preserve of policy staffs. Similarly the capacity challenges arising from Brexit are not just about shortages of trade negotiators and other policy staffs; programme and project and operational delivery staffs of the necessary quality and quantity are needed to deliver the Brexit outcome. Whether the necessary capabilities and capacity are provided in sufficient time is not in the hands of the civil service itself but depends upon timetable and resource decisions by Ministers.

5. The scale of the issues arising from EU departure and their contested nature within government has consumed much Ministerial and senior management effort. All departments have been affected by staff movement to support the new Brexit-related departments, although the policy and delivery challenges from Brexit vary substantially according to the centrality or otherwise of our EU membership to each department's work. We are concerned that the civil service as an institution is being asked to do a job that it is simply not resourced to deliver against potentially unachievable timescales for delivery. We believe that this runs a real danger of civil servants being driven to cut corners and of the institution as a whole suffering a serious loss of motivation and morale if there are resultant individual failures for which the service is castigated. Such pressures are likely to arise in both policy and delivery. Our concern over the impact of this risk is reinforced by the tone of some of the commentary about Brexit-related issues in parts of the media with, for example, some MPs and judges portrayed as "mutineers" or "enemies of the people".

6. Against this background (and as we have proposed to an earlier Public Accounts Committee (PAC) inquiry) we believe that there would be considerable merit in implementing urgently a 'clearing the decks' initiative under which departments would be invited 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. In this context we strongly welcome the decision by HMRC to present a re-prioritisation plan to ministers, referred to in evidence by Jon Thompson to the PAC in October.

7. 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. Departmental Select Committees might be invited to review such departmental plans from the perspective of whether they go far enough in linking together coherently policy and delivery demand and available resources. We recognise, however, that Parliament (including departmental select committees) often seems more comfortable arguing for new policy and delivery initiatives rather than for realistic prioritization. In present circumstances the focus needs to be on what can be postponed, scaled back or stopped.

Civil Service capability

8. The civil service has done much to enhance the skills and capabilities that it needs to be fully effective, but more still needs to be done. Generic policy and strategy skills need further development and to be accompanied by deep subject matter expertise in clusters of related government activity. We strongly support the professionalisation of the accounting, human resources, and commercial functions where good progress has been made.

9. We also welcome the creation of the Major Projects Leadership Academy and the mandatory requirement to complete the programme for those aspiring to lead major government projects. But, even before the impact of our departure from the EU, there was widespread agreement that the civil service consistently takes on too much change, over timescales that are too tight, and without sufficient investment in the necessary skills and experience. Where a change programme is too complex, too sensitive or too urgent to be outsourced, it is undertaken within government. Delivering this work requires expertise across a range of skills, in depth. Where delivery programmes are outsourced there are weaknesses in commissioning skills and in the effective monitoring of performance by contractors. Existing efforts to build a confident delivery profession in government need greater backing from Ministers and recognition that existing skills are spread too thinly across too many projects. More thought needs to be given to career paths for policy, operational delivery and programme and project management staffs so that policy people have delivery experience and delivery people experience policy making and both are able with appropriate training and development to take on programme and project management roles.

10. As we have repeatedly pointed out, a better balance is required between departmental requirements - for the development of expertise and length of service in each post related to the needs of the job and sustaining the organisation's corporate memory - and the personal interests of individual members of staff pursued through self-management of careers with little understanding of or guidance on appropriate career paths. Staff move too quickly between jobs, often at their own pace rather than that which would best meet the organisation's needs and without a consistent pattern of development. This problem has been exacerbated by the impact of Brexit-related staff moves. Management decisions on staff moves can also give little weight to the importance of continuity or of high-flying staff developing depth of expertise and being required to deliver results before moving to their next assignment.

11. Given these concerns we welcomed the reference in the Foreword to the Civil Service Workforce Plan 2016-2020 by the then civil service minister and by the Head of the Home Civil Service to: "we need to ensure people are encouraged to develop deep expertise, [and] not move too frequently from job to job". While one of the priorities in the plan is to "build career paths that develop breadth of experience and depth of expertise", there is nothing in the action plans for this priority that addresses frequency of staff movement. Moreover, there is no discussion in the plan of how this priority relates coherently to another priority of "attracting people of talent and experience from a range of sectors and all walks of life" and the action under this latter priority to "open up recruitment across the civil service by advertising roles externally by default by May 2020."

12. The civil service has become hooked on a mantra of filling posts competitively, perhaps based on a false belief that this mirrors private sector practice. There is insufficient focus on effective succession planning as evidenced by major departments populated at senior levels by staff with little previous experience of the department's often highly complex subject matter. This issue is particularly important within government where ministers also move too frequently between departments of whose subject matter they may have little or no prior knowledge.

13. Dealing with this mix of issues requires a change of mind-set across the service amongst both senior managers and staff about the expected length of each civil service posting and the priority to be given to the needs of the work over the career priorities of the individual. But this change is unlikely to come about in a competition-by-default, self-managed system where frequent moves are not penalised and pay has been steadily falling in real terms so that moves to gain promotion take on even more financial importance for individuals.

14. Attracting people from a range of sectors to join and remain within the civil service requires a reward package broadly related to that received elsewhere in the economy for similar roles (taking account of not just pay but pensions contributions and benefits, other conditions of service, and the non-pecuniary attractions of public service). But reward levels for those with scarce specialist skills (including programme and project managers and commercial staff) and for members of the senior civil service generally are now not only routinely well below those in the private sector and in the professions, but also below those for posts of equivalent responsibility in local government, universities and NHS trusts. This is not a sustainable position.

15. Ensuring the Civil Service cultivates effective leadership depends upon the service giving leadership qualities and performance appropriate priority in staff recruitment, assessment, promotion and training and development processes, including in how more senior staff see their role and allocate their time. Over the last 20 years much effort has been put into devising development programmes associated with progression to higher levels of the service, but much of this effort is periodically abandoned and reinvented. Not all top managers consistently devote sufficient effort to leadership of staff, compared with other pressing tasks such as superintending policymaking and direct support to Ministers. Leadership development effort tends to be focused on those aspiring to the most senior positions, but highly-effective leaders

are needed throughout the civil service and an appropriate investment in training and development is required accordingly.

16. Staff training and development within the civil service are highly complex, given the breadth of functions performed by government. As well as the requirement for knowledge and skills common to much of the civil service, there are 25 professions in government that develop capability standards and training for that cross-government profession. Departments themselves are responsible for identifying and meeting the skills needs of their workforce.

17. While the Cabinet Office has lead responsibility for increasing the capability of the civil service, we doubt that this function has been effectively resourced to do the job, with too many changes of senior personnel and organisational structures. Much of the centrally provided training and development lacks depth. It is too early to judge how effective the leadership development offered by the new Leadership Academy will be. There seems to be a significant contrast in the training and development philosophies of centrally-provided civil service training and that provided by the Ministry of Defence's Defence Academy, which continues for example to offer longer, residentially-based courses.

18. Capability standards across the professions vary considerably from those with a long track record of recruiting specialists and a well-established head of profession role (most notably perhaps government lawyers) and those created over the last 10-15 years. Developing professional capability and managing talent depends upon achieving the appropriate balance between departmental needs and those of the service as a whole, with the latter addressed through the head of profession role. We doubt sufficient resource is being provided properly to support the development of staff and talent management in most of these professions or the training needs of staff within them. To take two illustrative training and development examples: we welcome the introduction of the Executive Masters of Public Policy (EMPP) degree for policy makers but it is offered to a very small part of the policy profession; and we also feel it is instructive that there was until recently no cross-departmental training in digital skills (the Government Digital Service (GDS) Academy was in fact founded by the Department of Work and Pensions and became part of the GDS only in May 2107).

The relationship between Ministers and officials

19. We do not believe the most senior levels of the civil service have become more politicised in recent years. There are, however, changes in place or advocated which could over time lead to greater 'personalisation' of the appointments process with ministers choosing those with whom they have had previous close working relationships and replacing those with whom they disagree or find difficult. The risk with personalisation is that over time it may lead to politicisation, as officials link their career interest to particular ministers and incoming ministers of a different administration wish to have new people untainted by past associations.

20. We have not seen evidence of the decision to leave the EU leading to increased politicisation or to a general cull of officials suspected of lacking zeal for leaving the EU.

21. The accountability of ministers to parliament is fundamental in enabling parliament to hold government to account. The terms of reference of the inquiry refer to "*the Haldane doctrine*". The report of the Machinery of Government Committee chaired by Viscount Haldane referred to "placing the sole responsibility for the administration of great Departments in the hands of a single Minister". In making this statement the Committee was not inventing a doctrine but merely restating a constitutional formula that dates back to Gladstone and beyond.

22. Clearly the formulation used in the Haldane report is out of date. Departments are not in the hands of a single Minister and much of the responsibility for administration rests in defined ways with the permanent secretary and his/her staff. We do not support recent claims that the present system is unworkable or is based on out-dated concepts.

23. Personal accountability to parliament is a fundamental part of the responsibilities of a permanent secretary and should strengthen his or her ability to argue for and insist upon the regularity, propriety and value for money of public expenditure and the feasibility of public expenditure plans. A report by the Comptroller and Auditor General in the last Parliament suggested that the system may be breaking down for a mix of reasons including Accounting Officers lacking the confidence to challenge ministers "not least because it is seen as damaging to their career prospects". This analysis reflects similar concerns to those set out above about the risks of changes in the appointments process leading to politicisation.

24. As to making more civil servants directly accountable to parliament, we believe it is a fundamental element of ministerial accountability that civil servants answer to parliament on policy matters on behalf of ministers rather than in their own right, subject to the values set out in the Civil Service Code. On propriety, regularity, value for money and feasibility questions, we believe parliament should be working to reinforce the personal accountability and responsibility of permanent secretaries rather than potentially confusing and undermining it by seeking direct accountability of subordinate officials, beyond the provision for Agency Accounting Officers.

25. Effective relationships between the political and institutional leaderships across Whitehall depend upon mutual loyalty and trust, underpinned by a set of shared explicit and tacit understandings governing the relationship. Ministers must, of course, have confidence in the commitment of civil servants to implementing the policies of the government of the day and their loyalty and discretion. Officials should be able to expect from Ministers that their advice will be sought and given due consideration and weight, and that they will not be unreasonably criticised in public or briefed against in private. The relationship between the minister and the permanent secretary is important in setting the direction of the department and for the morale of the staff more broadly. It is important that new ministers, aspiring ministers, and officials (particularly those brought in at senior levels) have the opportunity to gain an appreciation of the sometimes-subtle understandings that govern the minister/official relationship. Events bringing together ministers and officials from across government can help build mutual confidence. Secretaries of State and permanent secretaries should look to opportunities visibly to exercise joint leadership of departments.

26. Governments have in the past run development events for new ministers though, unless these are seen as a priority and gain the involvement of the most senior ministers, attendance can be patchy. There is a strong case for development events for shadow ministers. Mutual understanding would be improved if there were more informal contact between serving officials and MPs of all parties but this seems increasingly to be frowned upon by ministers.

27. In our wide experience of the working of government, capable, confident ministers could get what they wanted from the official machine and welcomed an atmosphere of challenge based on objective advice and drawing on the experience of their officials in implementing policy. Government blunders are unlikely to be reduced by ministers surrounding themselves with their own team. We are pleased therefore that the present government has not continued the experiment of Extended Ministerial Offices. We believe that the permanent secretary and other senior officials need to be more assertive in the cause of good policy-making and of effective and realistic implementation plans, for which they should be held to account. We believe that their willingness to exercise constructive challenge will depend upon their sense of whether this is career enhancing rather than career threatening in relation a given minister and the extent to which ministers and their special advisers provide the space in which this function can be exercised.

28. We see little evidence that Departmental Boards generally are fulfilling the prospectus offered at the time of their reform under the coalition government. The success of this form of governance depends upon the interest and involvement of individual Secretaries of State and the evidence is that this has been patchy. Because they have no responsibility for policy, Boards may have a limited role in relation to departmental strategy. We believe the

independent members could do more to focus attention on the level of risk across the department's programmes as a whole and encourage both ministers and officials to be more realistic on the range of activity that can be delivered. This is particularly important given our concerns over the challenges in leaving the EU.

29. Special advisers can also be helpful in injecting constructive challenge into the work of departments and in supporting ministers in political liaison activities that would be inappropriate for permanent civil servants. Much attention is focused on the small number of special advisers supporting each departmental minister whose contribution (with the occasional spectacularly-disastrous exception) has been generally positive. Until recent events involving the resignations of the Prime Minister's Joint Chiefs of Staff, too little attention was focused on the much larger number of special advisers at the centre. (At the last count prior to the election there were 83 special advisers in post of whom 32, including most of the most senior ones, were in No 10.) Some of these special advisers have made important contributions to the work of government, although it would be difficult to argue that this concentration of political effort at the centre has improved the strategic decision-making capability of government. It has, however, led to the micro-management of business that in our system of government should be the responsibility of individual Secretaries of State.

30. The Code of Conduct for special advisers includes appropriate provisions about roles and relationships with ministers and officials. Under the code whether an individual adviser lives up to the code is a judgement for the appointing minister and ultimately for the Prime Minister, who approves all special adviser appointments and can terminate an individual appointment at any time. There is therefore no external check or constraint on behaviour in the case of those special advisers working for the Prime Minister.

31. As special advisers are (special) civil servants paid for by the taxpayer there is a case for a more regulated system. The appointment process could be merit-based with ministers choosing from a shortlist. Performance assessment and discipline could be in the hands of an external commissioner, who would report on these matters to the Prime Minister. But we doubt the government would support such a change.

32. The stewardship role in relation to the Civil Service, like other elements of our constitutional arrangements, places particular responsibilities on Ministers and the Prime Minister in particular. Ministers should look to the Head of the Civil Service and his permanent secretary colleagues to drive a determined agenda to improve civil service performance. We are fortunate to live in a representative democracy, under the rule of law, and with a generally competent and largely corruption-free system of government. Both Ministers and officials contribute to this outcome. The reform agenda for the civil service should be framed to preserve a politically-impartial, permanent civil service recruited and promoted on the basis of merit and capable of enjoying the confidence of successive administrations, and it therefore follows that this agenda should be endorsed on a cross-party basis.

28/11/17