

CIVIL SERVICE REFORM

Our verdict on the new reform plan

Introduction






1. In March the Institute for Government (IfG) published an open letter setting out its view of the challenges on civil service reform¹. We argued that unless reforms are urgently introduced, there is a risk of a downward spiral of cuts, inadequate services and a demoralised Civil Service.
2. The Civil Service Reform Plan has now been published. Is it a good plan? To answer that question we set out seven key tests² that we think will start to reveal whether the plan is a significant step towards a programme that will transform the Civil Service, or just another white paper style bubble that quickly bursts.

Our verdict on the civil service reform plan

3. The story told by the application of our seven tests is largely positive, for such an early stage of reform.
4. It is a promising plan with some bold ideas, with the potential to achieve needed improvements. But all depends on the consistency, coherence and energy of implementation. Some statements show a serious appetite for reform. The plan is relevant to the whole of the Civil Service, not just the policy making elite. It addresses many key issues that reform must tackle. But it is early days. There are plenty of questions to answer before we can judge whether the reform ideas will be turned into actions that transform the Civil Service. The Institute for Government will follow up this initial response with a detailed examination of many of the proposals.
5. For each of the seven tests we have given a traffic light rating based on the Civil Service's own capability review ratings. Our ratings and the rationale for each of them are summarised below, with a longer commentary in the next section.

1. Is there a clear direction of travel for reforms that people understand and support?		Direction is clear and speaks to the majority of civil servants. There is a strong emphasis on management, productivity and performance. The case for change goes well beyond savings. There are some powerful statements that signal a serious appetite for reform.
2. Does the plan address strategic issues like "value for money" and better policy making?		The plan covers many of the issues from our open letter, including the two most contentious: accountability; and, questioning the core functions of the Civil Service. There is a strong focus on value for money, capability, effective project management and delivery.
3. Has work begun to identify cross-departmental savings for the next spending review?		This one off challenge is not - quite reasonably - in the reform plan. But it remains a key test for the new leadership of the Civil Service over the next three years. Delivering existing savings and preparing for the next round will continue to preoccupy departmental leaders.
4. Is it clear how reform intent will be turned into actions?		There are some bold ideas with specific actions. Other areas await a review. For most it is too soon to judge whether the actions will be bold enough to achieve reform. The model for resourcing reviews and actions is critical – it is not yet possible to judge if this is addressed.
5. Is the dual civil service leadership of Sir Bob and Sir Jeremy effective?		The duo is working well so far. They will need stronger support from the cabinet office if they and their Civil Service Board are to succeed. They have made some bold statements what is expected from senior leaders. Senior appointments need to be watched closely.
6. Is there the right political support?		At this early stage there is sufficient support – despite divergent views in Cabinet. Some elements of reform should engage the active support of heavyweight Cabinet ministers. It is important that they do. Support needs to be tangible as intent is turned into actions.
7. Are senior leaders in the civil service committed to leading the plan?		There has been good engagement. The agenda reflect the concerns of senior leaders and frontline staff. The model for leading and resourcing action should continue to be civil service wide. More, high quality, support will be needed at the centre.

Key:

	Strong		Some important concerns
	Well placed		Serious concerns
	Mixed		

Commentary

6. The plan sets a clearer direction than before. It provides a necessarily high-level description of what the Civil Service is going to look like in the future. It is relevant to the 70% of civil servants who work outside Whitehall in operational delivery. It addresses the issues that frontline staff and senior leaders think matter most. The case for change is made in terms of customer service, productivity and value. There is an unusually strong focus on managerial and operational issues.

A serious appetite for change

7. There are some statements that signal a serious appetite for change:

"The old idea of a civil service "generalist" is dead – everyone needs the right combination of professionalism, expert skills and subject matter expertise."

"Productivity in operational delivery needs to match the best of the private sector."

"Departments will commission services from others where this achieves a better service to the public or better value to the taxpayer."

"transfer power and control away from Whitehall, devolving power as far as possible to those actually using the services at local level."

"The quality of policy making is inconsistent and needs to be improved."

"[the civil service] culture can be cautious and slow moving, focused on process not outcomes, bureaucratic, hierarchical and resistant to change".

"Delivery of ... major projects has too often been poor."

The plan addresses most of the right issues

8. The themes in the plan cover most of the key issues the Institute set out in its open letter to Sir Bob and Sir Jeremy: value for money, design policies for implementation, raising capability and knowledge, and clarifying accountabilities.
9. It is surprising but encouraging that the plan looks at alternative models for clarifying ministerial and permanent secretary accountabilities, as well as strengthening the accounting officer responsibilities to include major projects and policies.
10. And there are some interesting proposals which could begin to answer the difficult question 'what should be the core functions of the Civil Service?'
11. One issue we raised in our open letter which does not feature in the reform plan is the need to start work now to identify cross-departmental savings ahead of the next spending review. This is understandable as it doesn't really fit in a reform plan, and the timing of the next spending review is far from certain. But it remains a key test for the new leadership of the Civil Service over the next three years. We believe this work does not need to wait for the spending review. Civil service leaders should require departments to start working together across departments so that they are to offer ministers the best possible options. The actions in the plan on shared services go some way to starting this process. In any case delivering existing savings plans will continue to preoccupy departmental leaders – the reform programme need to help them.

A blueprint for the Civil Service of the future?

12. The plan's first action is a review led by the Cabinet Office to identify further opportunities in this parliament to use alternative delivery models. When the review is published in October 2012 we will be able to judge it. But this is a crucial opportunity to create a sound framework for making better decisions about when to use which sort of delivery model. The review will also need to attend to major reforms already under way, supporting their effective implementation

by helping departments to develop the commercial and analytical skills needed to operate new delivery models effectively, and to share knowledge across government.

13. There are actions in the plan that could take the shared services approach well beyond its usual territory into functions like programme and project management, policy and analytical services. Plans are due to be published shortly setting out how they will accelerate the programme of shared centres for transactional services. And plans will be published by October 2012 for sharing others services and expertise. Depending on the scale of ambition in these plans – they could begin to reshape what a typical Whitehall department looks like.
14. Another action in the plan could become a practical way to shed much needed light on the vexed question 'what are the core functions of the Civil Service?':

"complete a zero based review to identify the resources required to carry out the Department for Education's statutory and other functions ... identifying a range of options for the future size, shape and role of the department."

15. If this review creates strong ministerial interest it could be become a significant catalyst for further reform. However the department will need access to expert advice and support if it is to create an ambitious blueprint of the department of the future. The plan is clear that this is not seeking to deliver some abstract target for savings, but instead an open minded exercise to test what the implications of the following are for the department: reforms to the schools system, increasing numbers of academies and free schools, and a further push on shared services. It would be invaluable if this work also looked at the role and accountabilities of departmental ministers in the new landscape.

Delivery, implementation and value for money

16. A strength of the plan is the attention it pays to the improvement of operational delivery. As the plan notes much of public perception of the Civil Service is driven by their experience of these services. The major change programmes in the big five delivery departments are expected to deliver improvements by:

- innovating in service delivery
- using technology to achieve efficiencies
- working in partnerships across departments
- whole-system continuous improvement.

17. The plan adopts the IfG's recent recommendation that delivering value for money should be given high priority, and that permanent secretaries should be more firmly held to account for their performance. The accounting officer responsibilities of permanent secretaries are extended:

"[we shall] require explicit accounting Officer signoff of implementation plans, major gateway reviews and Cabinet Committee papers..."

18. The plan also emphasises the crucial importance of much improved management information to underpin performance assessments of permanent secretaries:

"the Government's overriding priority is to obtain the best possible value for taxpayers' money... [government] lacks good comparable, accurate and reliable management information to judge whether departments are achieving this, and to hold ministers and permanent secretaries to account. "

"A common set of data... will enable comparisons... so that departments and individuals can be held to account... Good [management information] supports critical decisions, including the promotion and reward of senior management."

19. A number of proposals tackle the repeated concerns of staff that poor performance is not tackled effectively in the Civil Service. An SCS appraisal system will identify the top 25% and the bottom 10% of performers. The bottom 10% will need to undertake performance monitoring and improvement planning. Perhaps the most striking proposal is the following:

"For all staff that remain bottom performers without improvement and are still not meeting the required standards, a decision will quickly be taken over whether they should be exited from the organization, using this policy."

Making policy better

20. There is an unusually frank admission that policy making is not consistently good enough. Some of the ideas that have already been floated by the Cabinet Secretary are in the plan: contestable policy making; and, considering the value of creating an institute that tries out new ideas and assesses what works in major social policy areas.

21. What matters most, however, is improvements in the policy making processes within and across departments. We strongly support the proposals to 'sharpen' the accountability of permanent secretaries for the quality of policy advice and the feasibility of major policies:

"permanent secretaries must be accountable for the quality of policy advice in their department and be prepared to challenge policies which do not have a sound base in evidence or practice."

"the chair of the relevant Cabinet committee may ask the ... accounting officers to confirm that they are content that the proposed action is in line with their duties for managing their departments and public money in an effective and efficient way – including, where appropriate, a comment on their feasibility."

22. There are some innovative approaches proposed to encourage more collaborative policy making, alongside a commitment to a big investment in continuing professional development for policy makers. A centrally-resourced match fund worth up to £1 million per year is being created to support experiments in contested policy making. But there is a danger this small fund will signal a lack of ambition to test out this approach. It would be better to invest in some ambitious early pilots, evaluate them and then decide whether the results of those pilots merits a significant expansion of the approach.

23. It is too early to judge how significant some of these actions might be. For example would the institute for what works in social policy be set up as an independent and well funded organisation? That would be a radical intervention – but a rebadged unit within the Cabinet Office would not be.

Accountabilities in Whitehall and Westminster

24. Our research on departmental leadership concluded that the dual-track leadership of departments headed by both a secretary of state and permanent secretary often produces uncertainty about who leads on specific areas and where exactly responsibility lies for any given issue³. As we commented above we were surprised and encouraged that the plan takes on this contentious issue.

25. Some significant actions are highlighted. Most importantly the underlying performance and management information needed to hold permanent secretaries to account is given proper attention. In addition to the proposals to strengthen accountability of permanent secretaries for policy advice and implementation that we highlighted above there are other ideas that explore accountability to Parliament, and the respective accountabilities of ministers and senior officials:

"[we will establish] the expectation that former [Accounting Officers] return to give evidence to Select Committees on a time limited basis where there is clear rationale to do so... "

"The Government will look at other models [of Civil Service accountability] that exist, and will evaluate the potential application of the New Zealand model..."

26. Following the skirmishes between Whitehall and the Public Accounts Committee in the past year, it is encouraging that the Government has now put forward its own proposals on strengthening accountability. There needs to be a discussion between the Government and parliamentary leaders, notably select committee chairs, about whether it is possible to agree new guidelines on relations between the executive and the legislature on scrutiny and accountability.
27. Whilst it is essential to clarify accountability within the Civil Service it is also important to look at the future relationship between the Civil Service and the many organisations it works with – especially arm's-length bodies. Given the plan's welcome focus on performance management, continuous improvement, management information, transparency and accountability, it is essential to think through how to pursue those actions in a way that avoids micromanagement, or stifling the freedom to innovate that decentralised bodies were set up to provide. Greater clarity is needed about the freedoms and associated accountabilities that are right for the different types of body.

Building capability and changing incentives

28. The plan announces the death of the civil service 'generalist':
"everyone needs the right combination of professionalism, expert skills and subject matter expertise"
29. The actions proposed to improve capability range from a five year capability plan to be produced by autumn, to specific proposals to increase commissioning and commercial skills. A finance transformation programme has been established to improve financial management and increase the clout of finance functions. Heads of professions' roles will be strengthened. They will have a greater role in departmental appointments, succession planning and talent management.
30. There is an interesting action that would permit ministers to: *"ask their permanent secretaries to appoint a very limited number of appointments of a very limited number of senior officials, for specified and time-limited executive/management roles."* They will be able to do this without open competition in some circumstances, although the approval of the Civil Service Commission will be required. This proposal should be monitored closely to ensure that the appointments are genuinely non-political and are of people with expertise not available in departments. There needs to be full transparency on such appointments. Moreover, these changes need to form part of a broader public debate on the support available to ministers, especially the balance between the political and the non-political.
31. Common standards and gateways for promotion are proposed for entry to the senior Civil Service and to senior leadership roles. The intention is that civil servants will not get to senior levels without having worked outside of a single department, in a number of roles. And permanent secretaries will be expected to have had at least two years operational or commercial experience before being considered for jobs leading the big delivery departments. Civil servants will be watching appointments to senior posts over the coming months to see how serious these intentions are. These interventions have the potential to change the powerful incentives that shape the choices that high potential staff make about the jobs they seek.
32. One proposal that will no doubt attract widespread attention is the desire to involve Ministers, along with the lead non-executive director, more in the appointment of permanent secretaries. They will consult the Civil Service Commission on how this could be done.
33. When the capability plan is published it will be possible to gauge how far the details of planned actions have the potential to overcome the intractable barriers which have frustrated so many previous efforts to build the same capabilities that are prioritised by this reform plan. The

significant increase in corporately sponsored talent and development programmes will require excellent, expert capacity at the Centre as well as in the new Civil Service Learning organisation that has taken on many of the functions of the recently abolished National School of Government. The substantial cuts in the capacity of these central functions, especially in the Cabinet Office, will need to be reversed to create the right support.

Moving from ideas to actions and implementation

34. At this early stage of the reform programme we would not expect to see much detail in the plan on how the various reviews will be undertaken and how the actions will be developed and implemented. Our key test asks two questions:
- Does the plan include some radical ideas which provide the fuel for reform?
 - Does the model for developing and resourcing actions draw on lessons from past reforms?
35. The answer to the first question is fairly positive. There are some potentially radical ideas in the plan. Whether they have strong backing and are followed through by leaders, or turn out to be drafting flourishes, will be revealed as the plan is updated, and detailed action plans are made public.
36. On the second question there are some encouraging signs. There are some good practical proposals for testing new approaches and learning as they develop. If Sir Bob and Sir Jeremy stay focused on a limited number of the most promising ideas then they are more likely to be able to concentrate enough resources and political support to see them through to success.
37. It is clear that Sir Bob expects senior leaders across the Civil Service to play their part in the development and implementation of actions in the reform plan. There is no doubt that there is significant commitment and enthusiasm from civil servants to take on that role.
38. However unless those leaders have access to full time dedicated resources drawn from around the Civil Service, and are able to call on outside expertise and support, they will struggle to create the capacity and momentum required to turn the reform ideas into effective actions.
39. Additionally, Institute for Government case studies on successful reforms show the need for a strong, credible team at the centre to support those leading reform⁴. The Cabinet Office must provide excellent support and make further resources available to those leading the work. It is unclear that this capacity exists in the present Cabinet Office structure. The creation of a Director General for Reform would be a good point to at which to clarify the capacity and lines of management needed in the Cabinet Office to best support the reform programme.

Leadership

40. The dual leadership of Sir Bob and Sir Jeremy is working well. Their common purpose, respect and mutual support is visible.
41. There are early signs that the new Civil Service Board is providing effective leadership of parts of the reform plan. There is certainly widespread support for the issues that the plan addresses. But leadership is needed from beyond the Civil Service Board and other permanent secretaries. The flagship leadership development and talent management programmes should be substantially involved in this work. Director generals and directors should see that they need to make a good contribution to cross civil service reforms if they are to progress to the next level.
42. It is an unusual minister who takes a deep personal interest in civil service reform. However there are elements in the reform plan that could and should engage the interest of heavyweight cabinet ministers. Past reforms that succeeded required clear direction from the prime minister and senior ministers – and visible prime ministerial support to the officials who must shape the ideas and actions for civil service reform⁵.

43. An interesting ingredient in today's reform alchemy is the strong personal interest and involvement of the Cabinet Office minister in civil service reform. Previous ministers for the Cabinet Office have tended to be short-lived bystanders to civil service reforms. The minister needs to constructively engage and encourage civil service leaders by finding the right mix of providing direction, encouraging bold reform ideas, and avoiding micromanagement.
44. Because the plan goes with the grain of the Civil Service, and makes the connection with the engine room of delivery and reform that will always sit in the big departments – it starts off in a good place. But experienced civil servants will watch closely to see who is leading and supporting the programme – from officials to politicians. They will spot quickly any divergence, loss of momentum and make their own judgment of whether its a programme worth putting their energy into. They need to see action quickly. They will look to see if the bold reforms ideas are being pursued with ambition and the right resources. The positive start will quickly dissipate if there isn't enough drive, resource or political engagement behind the key actions in the plan.

Endnotes

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¹ Riddell, P [Institute for Government 2012] An open letter: two challenges and an opportunity.

² Thomas, P [Institute for Government 2012] 7 key tests for the Civil Service Reform Plan

³ Gash, T. et al [IfG 2010] Read Before Burning: How to increase the effectiveness and accountability of quangos

⁴ Haddon, Dr.C, [IfG 2012] Reforming the Civil Service: The Efficiency Unit in the early 1980's and the 1987 Next Steps Report

⁵ Barber, Sir. M [2007] *Instruction to Deliver*