



Department  
for Education

# **The Department for Education Review**

**Review Report**

## Foreword from the Permanent Secretary

I am proud to be Permanent Secretary of such a well-respected Department with such committed, hard-working staff. And I know from your feedback and from the results of this review that we can and should be even better.

I joined this Department because I want to make education and children's services in this country world class, and I know many of you work here for the same reason. To achieve this aim, we need a Department that is itself world class.

The mission of the Department isn't going to change – we are still aiming for the best education and the best children's services in the world. However, how we deliver this mission will change. I want to take this Department from good to excellent, and I have set out here what I think excellence looks like for us.

To make sure we are spending our time and money well, we will be even more rigorous at matching resources to priorities, reviewing these priorities with Ministers on a termly basis. That will mean our staff are working on the most important issues, and we are spending our money on the things that add the most value.

To deliver on those priorities as effectively as possible, we will always have the right people in the right roles at the right time. We will know exactly what skills and capabilities are needed for any given task, we will know who has them, and moving staff onto top priority work will be simple and quick.

We will attract and retain the best staff because the Department will be a great place to work. All our staff will be excellent, and will be given the support they need to succeed and trusted to carry out their work. Personal development will be a priority for all staff, with a focus on career development and achieving potential.

We will have a culture of continuous improvement, and we won't let cumbersome systems or ways of working stand in the way of excellence. Our culture will mean that the best ideas are heard, everyone will be encouraged and supported to fix things that slow us down or stand in our way, and we will take the time to get things right first time, reducing the need to firefight.

We will be smaller and will operate from fewer sites. We will focus on our duties to the taxpayer with renewed vigour, investing where we need to but always remembering that every pound we spend on ourselves must be justified to the citizens who pay for us.

All of this will improve our capability to deliver well-designed policies that have a real, measurable impact on the children and young people who need it most. We will know who they are and when we have succeeded because we will have high-quality evidence drawn from the best international sources, and

we will know how to use that evidence in our work.

The changes outlined in this report are the next step on our path to excellence. This is a long-term vision for the Department, and getting us there will be my priority over the coming years.

When I joined the Department as Permanent Secretary, I said that the things that drove me were the vital importance of the issues and challenges around education and children's services, the Civil Service imperative to provide excellent service to ministers and the public, and the need to run the Department efficiently and effectively through a period of continued fiscal constraint. I have sought to keep these aims at the centre of this review.

We are going to have to take some tough steps to achieve the vision for the DfE, not least moving to a smaller Department on fewer sites, and changing the way we all work day to day. I have no doubt that this will be difficult and challenging, but I believe that what we stand to gain – a Department that can say it is genuinely world class – will make the challenge worthwhile. I look forward to working with colleagues across the Department on implementing this review.

**CHRIS WORMALD**

## Introduction: purpose of the review

1. The Department for Education (DfE) review was launched in June 2012 to consider how best we can continue to deliver the Government's priorities while meeting the challenges of budget pressures and civil service reform. The aim of the review was to develop recommendations to ensure that DfE is able to deliver world-class education and children's services and is a great place where the brightest and best want to work. By making DfE as efficient and effective as it can be, we will be better able to protect the front line from cuts and ensure we secure best value for tax payers' money.

2. The review sought to answer some fundamental questions from a zero base about the size, shape and role of central government in the education and children's sectors:

- What should the Department do – and what shouldn't it do?
- How should we prioritise resource against the things we should do?
- How should we organise ourselves to do the things we have to do most efficiently?
- How should we conduct our business in a way that empowers staff to be as efficient and effective as possible?
- How will we continuously improve the way we do things, and in particular ensure that we can continue to be as efficient and effective as possible when priorities change?

3. The review was led by a small team in DfE who were supported by consultants from Bain and Company. It was overseen by the Department's Management Committee, and recommendations were made by them and agreed by the Secretary of State and the DfE Board.

## Key findings

4. The review found many positive things about the Department. We have many talented and committed staff, our fundamental structures are fit for purpose and we have been very successful in delivering big changes to the organisation, such as Arm's Length Body (ALB) reform, whilst continuing to deliver the Department's business. But it identified areas where we can be better and remove the blockers that stop us all being as efficient as possible. It also identified the need to make sure our resources are always focused on the biggest Ministerial priorities, including by reducing our corporate overhead (particularly estate costs, Human Resources (HR), Information Technology (IT) and finance and commercial), which is high when benchmarked against both private sector and Government organisations. All of this will allow us to improve our ability to deliver Ministers' objectives and free up more money for front-line services.

## Role, size and structure

5. The Department has seen significant change since the 2010 general election. We have closed 11 non-departmental public bodies (NDPBs) and established four Executive Agencies within the Department. This has been the most significant contribution to reducing our administration budget by 26% in real terms from the 2010-11 baseline. We have also substantially expanded our Academies programme, and established the Free Schools programme. The creation of the Agencies and growth of the Academies and Free Schools programmes have shifted the balance of our work from strategy creation to delivery, with around 42% of all DfE staff focused on delivery. There have been significant changes to the Directorate structure and a shift of resource from other areas to the delivery and oversight of Academies and Free Schools.

6. The review found that around 20% of the Department's current work is strictly mandatory, in the sense of being required by legislation or contractual obligation. The other 80% is discretionary and is driven by Ministerial priorities and historic commitments. Of these, the most resource-intensive are the Academies and Free Schools programmes. The review found that we can continue to meet demand for Academies and Free Schools within the current operating model by continuing to make efficiency savings. This means that without any significant change to the Department's role, which will continue to be a blend of strategy and delivery, there is scope to reduce the operating cost of the Department (including that of the NDPBs which have closed since May 2010) by 50% from election to election.

7. The review found no case for a change to the Department's structural building blocks. We will retain three Directorates focused on improving outcomes for children and young people through reform at classroom level Education Standards Directorate – ESD), school level (Infrastructure and Funding Directorate – IFD), and in wider children's services (Children, Young People and Families Directorate – CYPFD). We will also retain the four Executive Agencies and will ensure they continue to meet our needs through the triennial review process. We will however make some smaller changes to the way work is organised in the Department, particularly to:

- Implement the findings of the analytical review by embedding analysts fully in Directorates;
- Create a new corporate policy function, reporting to Tom Jeffery as Head of Policy Profession with DfE – bringing together, Strategy, Performance and Private Office, Strategic Analysis and Communications Groups;
- Create a direct line of accountability from Corporate Services (HR, finance and commercial, IT and estates) to the Permanent Secretary; and
- Appoint Peter Lauener as Head of Profession and Board Member for

Operational Delivery alongside his role as Chief Executive of the EFA.

## Ways of working

8. The review found that the single biggest thing that will make the Department more effective is adjusting the culture and the way people behave. There will therefore be some significant changes to the way we work, which will involve all of us.
9. We will make it easier for people to do their jobs well by:
  - Focusing ruthlessly on Ministerial priorities and undertaking regular reprioritisation with Ministers, deploying resource more flexibly and with greater consideration of the skills and capabilities needed to meet these priorities, and being better about bringing work that Ministers no longer require to an end;
  - Removing the barriers which sap energy and prevent people being as effective as they can be so that less time is wasted on activities which add little value – like inefficient decision-making, multiple layers of clearance, and programme management for its own sake;
  - Giving people the tools to be better at the work they do, whether policy making, operational delivery or business processes; and
  - Ensuring we have the right skills and capabilities to do the job by nurturing talent, ensuring the best are selected and able to progress, and dealing effectively with poor performance, including by supporting staff to leave the Department where their performance falls consistently below new, tougher expectations.
10. These improvements, alongside the reductions in our corporate overhead described below, will make the Department as good as it possibly can be and will enable us to move beyond our previous 42% savings target to deliver a 50% reduction in administration costs between May 2010 and May 2015. A substantial proportion of this will come from non-staff costs, and corporate services will see greater reductions (as a proportion of their current size) than Directorates and Agencies. While there is no formal headcount target this is likely to mean that by 2015 the Department will have fewer than 3,000 posts, around 1,000 fewer than we have now.

## Increasing flexible deployment and stopping and prioritising work

11. Our goal is to become a workforce that has the capability and flexibility to ensure that as new priorities emerge we can move people and change projects to ensure we have staff with the right skills and capabilities, working on the highest priority projects at the right time. Too often at present new work ends up on the desk of somebody based on their job title rather than the skills they have, and existing work is not de-prioritised to free up resources to deal with a new pressure. Much of this is to do with the fact that we still have large numbers of staff organised into standing teams on relatively small policy

areas. At present, only 3% of staff are formally assigned to flexible teams where all the work is on clearly defined projects with end points. We will increase this rapidly over the coming months so that by April 2013 around 30% of staff will be deployed flexibly.

12. Increasing flexible resourcing will help us become a sleeker and more effective Department and provide staff with more variety of work which is better aligned to Ministerial priorities. It will require changes in the skills we need, the way we work and in how we engage Ministers. In particular, it will require us to be better at prioritising and helping Ministers to understand the administrative impact of their policies. The Secretary of State has asked Ministers to set out by the end of the year what their priorities are, and business planning will enable Directorates to match their resource to these priorities. One of the recommendations of the review was that we should do work within the Department only when it is best done centrally and the Department is best placed to do it. Officials will need to work alongside Ministers to test whether the work we identified over the summer as having the potential to be stopped or delegated is something Ministers are prepared to let go. To ensure that the benefits of this “stop work” exercise are not undone by the accretion of work over time, we will need to get better at defining end dates for work and stopping it, and regularly reviewing priorities with Ministers to ensure resource is deployed to the things they care most about. This will start with the upcoming business planning round and be followed by termly exercises. That is not to say that resource will be fixed between prioritisation meetings; we will need to be flexible enough to respond if new issues emerge or priorities change, including being clear with Ministers where other work will have to be stopped or slowed to accommodate new priorities.

13. Greater flexible deployment means that there will not be standing teams for every issue. This will place a premium on our ability to develop and maintain effective relationships with stakeholders and experts, and to develop expertise in broad areas, so that we are able to respond quickly when external events or Ministerial requirements mean that we need to act in an area where we have no standing expertise.

14. The review considered the experience of other Departments which have implemented flexible resourcing and decided not to introduce a centralised resourcing model, but instead to expect most flexible deployment to happen within Directorates. We will, however, enhance Strategy, Performance and Private Office Group’s (SPPOG) capacity to undertake clearly defined, time-limited projects which cut across Directorate boundaries by allocating some former Policy and Performance Division (PPD) resource to SPPOG. We will also enhance our strategic analytical capacity by integrating the work of the Chief Analyst and a small team of economists and other analysts into the new central policy function. PPD will be disbanded, with staff redeployed to flexible pools within Directorates. We will also need to be able to flex resource across Directorate boundaries when needed, so the Board will regularly review the balance between Directorates.

15. Flexible resourcing is most suited to policy work and we are expecting

the most significant increases in flexible resourcing to be in ESD and CYPFD. However, there will be aspects of the work of Infrastructure and Funding Directorate (IFD) and the Agencies which will also lend themselves to flexible resourcing. The extent and precise arrangements for flexible resourcing in each Directorate and Agency will be firmed up as Directorates and Agencies work through the business planning process.

### **Removing barriers to effective working**

16. Department staff highlighted to the review team a number of ways of working that sap energy and divert time away from the things we really need to focus on, including:

- Complex governance and monitoring arrangements, with multiple lines of accountability and similar information asked for by different boards and sometimes without a clear purpose or outcome;
- Slow and laborious decision making with unclear roles and processes, sometimes linked to the multiple layers of clearance which are part of our submissions culture;
- Poor knowledge management;
- No single version of the truth because management information systems do not work the way we would like them to, meaning people waste time debating the “facts” or devising work-arounds; and
- Technology which is not always fit for purpose and does not always support cross-site working as effectively as it could.

17. To address these issues:

- The Performance Unit will ensure that governance arrangements are proportionate and facilitate the achievement of outcomes and work of the Department’s Board, rather than being an end in themselves. They will identify gaps, eliminate overlaps, and challenge us all to think more carefully about the structures we are putting in place – so that our default way of working is not to establish a new board. They will also look at membership, working practices and the scope for standardising paperwork.
- In the “deep dives” conducted as part of the review we trialled a tool – called ‘RAPID’ (which stands for the roles it assigns to people in relation to decisions: recommend, agree, perform, input or decide) – designed to improve the quality of decision making by looking systematically at how decisions are made. It helped teams establish greater clarity about who needed to be involved in decision making and what their role should be. This tool will be available to anyone in the organisation who wants to improve decision making in their area.
- Better decision making needs to be accompanied by changes to the way we work with Ministers. In particular, it means engaging Ministers



earlier in the process – innovatively, using means that work for the particular Ministers we have – and using submissions to record decisions at the end of the process, rather than to drive the process of getting them. Strategy and Performance Group are working on a new submission format to support this, but it will rely on us all thinking more carefully about who needs to be involved and who needs to clear.

- We do not use the tools available to us for good knowledge management effectively enough. Flexible resourcing and the growth of our Academies programme means we will need to bring the standard of knowledge management across the Department to that of the best. We will improve the tools available, but everyone needs to get into the habit of ensuring that they are logging knowledge as they go and especially at the end of a project or piece of work. This will be particularly important as more people move from project to project.
- Better management information will also require improvements in both systems and the way we work. We are aware, from feedback received during the review, that RM (our resource management system) is “clunky” to use and many people only use the system occasionally for specific activities. There are already a number of improvements underway, including improved guidance and training as part of the technical refresh in November and the implementation of new reporting software in January. Once these upgrades have been made, we will support and expect everyone to use these systems properly so we have a single version of the truth.
- We introduced the latest version of Microsoft Office for the new Executive Agencies earlier this year, alongside a modern ‘thin-client’ desktop that is much faster than our previous desktop PCs. Chief Information Officer’s Group (CIOG) are extending availability of these new tools and rolling out thin-client desktops across the remaining DfE sites. The last of the desktop upgrades are in London and this work will be completed in December. Video-conference (VC) facilities are also being upgraded with many of the older VC units replaced with easier-to-use equipment. More meeting rooms are being designated specifically for video-conferencing. Booked via Services Zone, they will boost both VC capacity and utilisation and help us to work effectively across multiple sites. We are investing £250K this year to extend and upgrade our video-conferencing facilities.

## **Process effectiveness and continuous improvement**

18. By March 2015 around one-quarter of schools will be Academies or Free Schools if conversion continues at its current rate. How we manage this expansion without further increasing staff resource has therefore been a key question for the review. We have already secured significant efficiencies in these areas, with a 12-fold increase in Academies and Free Schools between May 2010 and September 2012 being delivered by only a four-fold increase in staff. As we move forward we need to ensure that the processes for creating

and overseeing Academies and Free Schools are further streamlined around expectations that:

- We risk assess Academies and Free Schools and differentiate the support we provide according to need;
- Sponsors, head teachers and proposer groups take on more responsibility in the pre-opening phase as well as once open;
- We standardise processes as far as possible; and
- We move to a self-service model as far as possible for managing enquiries and financial returns for open Academies, with investment in IT and web access to support this.

19. Making these improvements and releasing other resource within the Education Funding Agency (EFA) to support Academies and Free Schools will enable us to open and oversee the Academies and Free Schools expected to open (based on current experience of the growth of the programme) between now and 2015. Beyond that point there are choices to make about resources and potentially different approaches to the operating model. We will need to consider that policy question further. Our approaches in the meantime will need to be flexible enough to deal with the fact that these structural programmes are demand-led or determined by performance in the system.

20. The scope for continuous improvement is not restricted to delivery processes and we will need to apply it across the business if we are going to be able to work more effectively and deliver reductions in staff. Continuous improvement is a way of thinking and behaving, supported by a set of tools and techniques, which improves customer service and efficiency by identifying and eliminating waste in all its forms. We will apply continuous improvement to a diverse range of issues, from how Directorates and Agencies best work together to manage interfaces and reduce overlaps, to how we deal with correspondence and manage the finances of the Department. Continuous improvement is central to delivering our vision of being a world-class organisation. In particular it will help us to set out what world-class policy making looks like and support staff to deliver it, through guidance, challenge and timely feedback from private offices. A small central team of continuous improvement experts will help teams embed continuous improvement thinking, behaviours and practices into our culture, so that they become part of the daily business and enable us to secure better outcomes for our customers.

## **Raising our capability**

21. The people strand of the review looked specifically at the changing requirements of the DfE workforce, how to ensure that we attract and retain excellent staff and make their experience of working in the Department the most rewarding possible. The review found many positive attributes of the DfE workforce – many of our people are capable, knowledgeable and committed – qualities we will want to retain as we make the transition to a

smaller but better Department. The new ways of working described in this report will require new skills and capabilities. Our workforce will be deployed more flexibly, responding swiftly to changing priorities. This means staff must be adaptable, confident in their ability to get to grips with new subjects quickly, focused on outcomes not process, and effective decision makers.

Implementing the changes will demand excellence in leadership and line managers who are skilled in change management, who can build capability and who set high expectations for their teams and support them to deliver. Developing a world-class workforce will take time and significant commitment from leaders across the organisation but is a critical component of sustainable success for the Department.

22. People and Change Group will put in place a framework and set of policies that will enable us to raise our capability, including:

- A comprehensive learning and development strategy;
- A new talent management strategy, aimed at identifying and supporting our most talented staff;
- Recruitment, promotion and deployment processes which rigorously test candidates against the capability and skill sets required for the DfE we are seeking to become;
- Clarifying expectations of line managers and supporting them in their role;
- Fully implementing the new performance management system, including swift action to tackle underperformance; and
- Reviewing our terms and conditions and benchmarking them against industry standards, as part of the Civil Service Reform Plan.

## **Reducing the corporate overhead**

23. In April 2010 there were only four buildings on the core DfE estate (London, Sheffield, Runcorn and Darlington), but including the Arm's Length Bodies we had a total of 30 properties with some £51 million per annum property costs. Over the last two and a half years we have reduced this number to 12 occupied properties. But our current set of sites is primarily a result of where organisations that merged into the DfE happened to be in the past rather than a result of a strategy based on cost effectiveness and where we are best located to deliver our objectives.

24. The estate costs in 2012-13 are £40 million, including £6m residual costs of former ALB properties we have vacated and which we are managing down rapidly. This is around 10% of our current total administrative budget, which suggests there are significant opportunities to make savings.

25. We benefit from maintaining sites around the country – we get alternative perspectives on our policy issues, we can draw from a wider

recruitment pool, and employing people in sites outside London helps to keep costs down. We are going to be a smaller Department by 2015-2016, however, so won't need the same amount of office space. We also need to find substantial savings so we should look to rationalise our estates as much as we can whilst balancing the needs of the department.

26. The review aimed to find the optimum balance between: reducing the number of sites and the savings that would generate; and what would be necessary to do that, including both the financial costs and the disruption to the business. It considered all options from consolidating onto just one site to retaining all existing sites. The review has put forward proposals that will reduce the number of sites from twelve to six, maintaining a single site in central London, Coventry, Sheffield, the North West, the North East and Nottingham. These proposals would generate savings of around £15 million per annum.

27. Changes in the way the HR, finance, commercial, and IT functions are delivered in the Department will enable us to reduce substantially our spend in these areas. In HR we expect to reduce our staffing in line with the government benchmark of one HR professional for every 100 staff. This will be achieved through improving the efficiency and effectiveness of our HR process and policies, looking at other ways to deliver operational services, and will be predicated on a self-service model that recognises and supports the essential role played by individual members of staff, line managers and senior staff.

28. We will simplify and rationalise the arrangements for managing the Department's finances through eliminating overlaps between the central finance teams and teams that provide advice and challenge to policy directorates.

29. Our spending on IT can also be reduced considerably. ALB Reform has allowed us to shut down or rationalise a number of software systems. There is considerable further scope to rationalise the contracts through which systems and services are provided. This makes savings on running and servicing multiple systems. At the same time the Chief Information Officer's Group (CIOG) is continuing to rollout the thin-client system, so all staff will have access to it by the end of December this year. The new system is much quicker to start up and use, it is more stable, and it increases the reliability and functionality of Workplaces, making it easier for staff to store and access the information they need.

## Conclusion: What will change?

30. While structures will remain broadly the same, changes to the way we work will make the Department feel very different. They will also make DfE a sought-after employer where staff are enabled to do a brilliant job:

- Flexible resourcing will mean greater variety and challenge, with staff given the opportunity to develop a wide range of strategy and execution skills and to progress;
- There will be less need to maintain standing teams in anticipation of demand, and we will have more scope to respond quickly to emerging priorities and close down work that is no longer needed;
- Inefficient processes which inhibit drive and creativity will be removed or improved;
- Decision making will be less bureaucratic and faster, with staff unencumbered by an overly-collegiate decision making culture; and
- We will be better at the basics of good governance, effective knowledge management and effective management information.

31. How staff experience these changes initially will depend on where they sit in the organisation and the type of work they do. For example, flexible resourcing will predominantly affect ESD and CYPFD, while IFD and the Agencies will be at the forefront of better delivery processes. At the same time staff working in corporate services will experience changes arising from the way those services are delivered to the rest of the organisation.

## Implementing the changes

32. Because the recommendations of the review will mean different things in different parts of the organisation, we are expecting most implementation to be led by Directorates, Agencies and Corporate Groups. The business planning process which runs from mid-November to Christmas, with challenge and final decisions early in the new year, will provide the vehicle for Directorates, their Agencies and the Corporate Groups to set out how they will respond to the review. They will be commissioned to provide three linked plans setting out:

- The work they will do and the staff needed to do it – based on Ministerial priorities and a clear trajectory towards the staff reductions needed by May 2015. This will include clarifying where different functions are located to inform final decisions on the estates strategy;
- What they will do to raise staff capability; and
- How they will change their ways of working to be more efficient and effective.

33. Asking Directorates, Agencies and Corporate Groups to think about how they will secure improvements to staff capability and ways of working will ensure that the process is about more than reducing budget and headcount – because if that is all we do, we will be ill-equipped to continue delivering Ministerial priorities and better public services for our customers.

34. At the same time, the Change Team will work with those leading strands of work that will remove barriers and enable effective change to create the right environment and frameworks for the changes being delivered by Directorates, Agencies and Corporate Groups. The team will also ensure that any interdependencies are identified and managed, with change carefully sequenced so we are able to retain the best people in key jobs. All strands and Directorates, Agencies and Corporate Groups will be held to account by a “Progress and Challenge” Group, chaired by the Permanent Secretary and comprising: Directors-General, the Directors of Strategy, Performance and Private Office, Finance and Commercial, and People and Change Groups, Non-Executive Board Members and Lord Hill, with continued external challenge from Bain and Company.

35. The proposals on our estates include both short term changes which will realise savings in the next two years and longer term changes (leaving Sanctuary Buildings at lease end in 2017, for example). It is important that we plan these changes in order to mitigate against disruption to the Department’s business and people. A process will now run alongside business planning to consult Trades Unions and the staff and business functions affected to determine when these changes should take place, how they should be made and to explore what measures will be put in place to support affected staff. Management Committee will then take final decisions as business plans are signed off and communicate these to staff by the end of March 2013.

36. The work and consultation in the coming months on estates and business planning will mean that by next spring we will have a clear picture of how many staff we need, doing what jobs and in which locations to effectively and efficiently deliver our priorities for children and young people to May 2015.