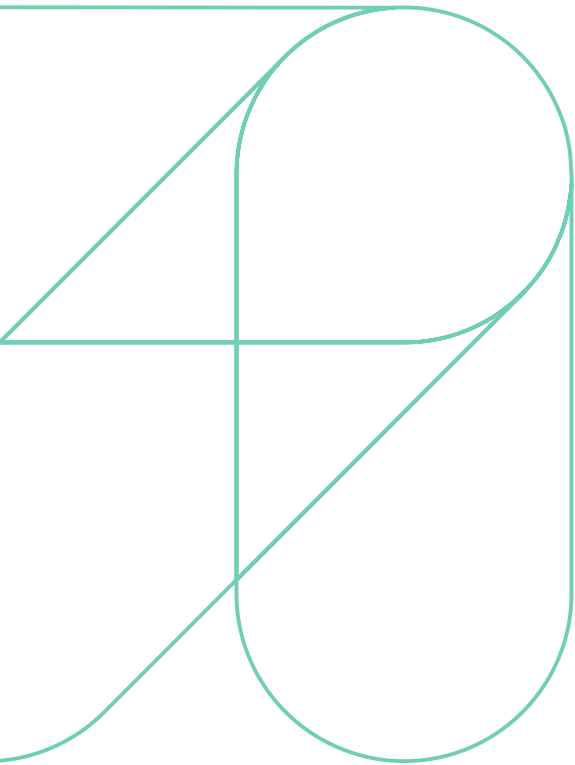


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Repurposing Whitehall

A discussion paper by Martin Wheatley



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Preface

GovernUp is an independent research project set up in 2014.

GovernUp brings together senior politicians of all parties, former civil servants, Whitehall advisers and business leaders to consider the far-reaching reforms needed in Whitehall and beyond to enable more effective and efficient government.

GovernUp is working to:

- Produce a rigorous body of evidence to identify the strengths and weaknesses of the current system of government;
- Generate radical but workable solutions to the long-term challenges that require reforms; and
- Shape public debate and build a new cross-party consensus on reform, based on the conclusions of our research.

Research projects

GovernUp's research programme is designed to establish an evidence base on the strengths and weaknesses of the current structures of government. Six research projects aim to develop a set of radical, yet workable steps to reform government, driving through the change required to deliver better outcomes for the British public:

- *Repurposing Whitehall* is considering whether the current organisation of central government is fit for purpose, and how to build a more flexible and accountable system;
- *Localism 2.0* is looking at options for the further devolution of power, not just to local government but also in the first instance to citizens and communities;
- *The Role of Politicians* is studying how to make ministers more effective in their roles;
- *Tackling the Skills Gap* is assessing how government can recruit and retain the best talent, and ensure that civil servants have the right skills. Deloitte LLP is contributing to this work;
- *Digital Future* is exploring how new technology and transparency could reshape the relationship between citizens and state; and
- *World Class Government* is examining what can be learnt from successful reform programmes in central and local governments around the world. McKinsey & Company is contributing to this work.

This discussion paper

The policy suggestions in this paper are produced for discussion by the author as part of the Repurposing Whitehall research project. GovernUp's formal proposals will be produced following feedback and consultation on these ideas. Responses are welcome and should be sent to info@governup.org by Wednesday 11 March 2015.

The author

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Advisory Board

GovernUp's Advisory Board is co-chaired by Nick Herbert MP and John Healey MP and consists of senior politicians of all parties, former civil servants, Whitehall advisers and business leaders.

Members of the Advisory Board offer their expertise and insight to inform GovernUp's work. They have no responsibility for the project's governance, nor do they necessarily endorse the proposals of GovernUp or its research projects.

GovernUp

Further information about GovernUp, including discussion papers produced by the other research projects and a list of members of the Advisory Board, can be found at www.governup.org.

GovernUp is an initiative of the Project for Modern Democracy, a company limited by guarantee no. 8472163 and a registered charity in England and Wales no. 1154924.

1. Introduction

What this discussion paper is about

At the centre of the Civil Service side of the British Government are the headquarters and policy-making functions of government departments, often referred to as “Whitehall”, employing around 40,000 people.¹ Although they account for only 10 per cent of the Civil Service, they play a particularly important role, alongside ministers, in shaping public policy and legislation, conducting relations with the rest of the world and other levels of government in the United Kingdom, managing tax and spending, and shaping public services.

Whitehall, the Civil Service and public services

- Public service employment in the UK is 4.4 million²
- 56 per cent of this, 2.4 million, in education and the NHS³
- 9 per cent of this (0.4 million) in the Civil Service⁴

Whitehall (see Figure 1) consists of:

- 15 main departments accountable to a Secretary of State and dealing with a defined sphere of policy and public service activity;⁵ and
- the Treasury, Cabinet Office and No10, collectively known as “the Centre”, supporting the Chancellor, Chief Secretary and Prime Minister on the management of government policy, business and spending.

The mechanisms leading from policy formation and decisions in Whitehall to their impact on people’s lives vary greatly, depending on the nature of the task and how the relationship between the state and society works in different areas of the economy (see Figure 2). To be effective, however, all departments need to deploy the levers at their disposal (money, people, legislation, regulation) to affect the behaviour of the wider public service, private companies, and NGOs working for government, private business, and the public. Where delivery involves public services, the formal relationship between them and central government varies, for largely historical reasons. Some important public services happen to be part of the Civil Service, others are not.

¹ It is surprisingly difficult to say exactly how many people work in Whitehall. The Institute for Government (*Whitehall Monitor #19: Analysis of civil service staff numbers*, April 2013) gives a figure of just under 30,000. But this excludes the headquarters functions of DWP, HMRC, Home Office and MoD. Some of the 21,000 civil servants who work for the Scottish and Welsh Governments are also in headquarters and policy functions, though of course based (mainly) in Edinburgh and Cardiff.

² Full time equivalents, *Public Sector Employment*, ONS, Q2 2014

³ Full time equivalents, *Public Sector Employment*, ONS, Q2 2014

⁴ Employed directly by government departments (ie not non-departmental public bodies, local government, NHS etc). *Public Sector Employment*, ONS, Q2 2014

⁵ Further members of the Cabinet are responsible for very small Whitehall operations: the Secretaries of State for Scotland, Wales and Northern Ireland, and the Attorney General. Two significant departments, Treasury and HMRC, are accountable to the same, Treasury, Ministers

Figure 1: How Whitehall is Organised

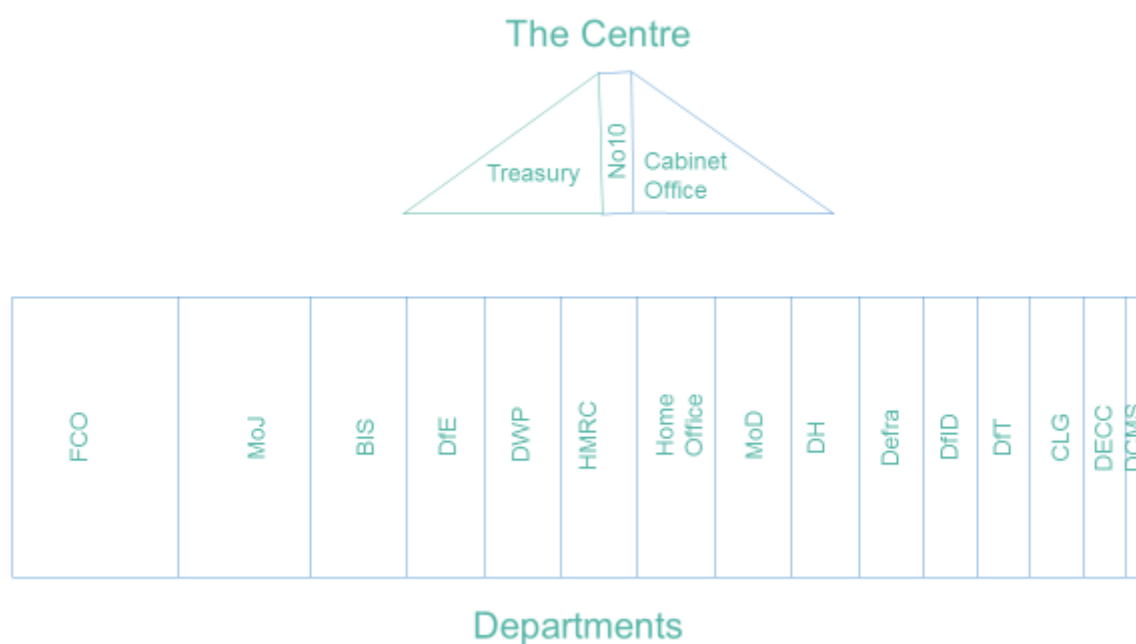


Figure 2: How departments make things happen: some examples

<i>Department</i>	<i>Impact</i>
DWP	<ul style="list-style-type: none"> • Payment of benefits, mainly through civil servants employed in the operational part of the department (employing over 90 per cent of its staff)
DfE	<ul style="list-style-type: none"> • Schools, maintained (formally part of local government, but with a very high level of operational independence) and academies and free schools (independent social businesses) • Children's social services (local government service)
Department of Health	<ul style="list-style-type: none"> • Medical treatment, mainly through 1.6 million NHS staff and 8,000 GP practices (private businesses) • Adult social services (local government service)
DECC	<ul style="list-style-type: none"> • Energy production and supply by private companies, shaped by regulation and financial mechanisms administered by the department and its NDPB Ofgem

2. Relationship to other GovernUp projects

The analysis and ideas in this discussion paper should be read closely alongside the other five discussion papers produced by GovernUp's research projects. In particular:

- this discussion paper is about the standing structure and Civil Service staffing of Whitehall. However, Whitehall's core purpose is to enable ministers to carry out the business of national government effectively. This means there is a close relationship, in both directions, between the effectiveness of the Civil Service element of the government, and any changes in political and ministerial structures and practice, explored in *The Role of Politicians*;
- getting the relationship between Whitehall and Westminster, various kinds of formal sub-national governance, and local and community initiative, right is an important aspect of enabling central government to work better, and central government needs to change in order to allow political commitments to devolution to be put into effect. *Localism 2.0* explores that set of issues in more detail;
- as explored in *Digital Future*, digital has potential to transform extremely radically the relationship between the state and people, both as service users and citizen participants in democracy. Realising that potential is a key challenge for the central Civil Service. There is common ground between this report and *Digital Future*: both envisage structures and the design of services being built around delivering effectively for citizens, not traditional government silos;
- repurposing Whitehall, as proposed in this report, involves changes in professionalism and skills, alongside changes in structure and ways of working. *Tackling the Skills Gap* explores, in more depth, drawing on the deep knowledge base of Deloitte, how government's approach to skills needs to change; and
- as much as the other projects, discussion about Whitehall needs to draw in experience from elsewhere in the world, in government and the private sector. Some such comparative material is included in this report, but *World Class Government* offers a fuller assessment of what international experience can show us across all aspects of making government better.

3. Executive summary

Proposals at a glance

- Enable operational parts of the Civil Service to focus on serving the public by turning them into autonomous business units, with visible, accountable leadership and governance.
- Progressively create a more unified strategic core for government, “One Whitehall”, by turning the policy and headquarters functions of the Civil Service into a single organisation, built around the priorities of the government of the day, with much more working across traditional boundaries.
- Reshape the centre of government with an Office of Budget and Management and a powerful Management Board responsible for the professionalism and effectiveness of government.
- Build a powerful, balanced, mix of professions in leadership roles and across Whitehall, with finance, digital, commercial and operational skills working alongside policy, and much more open-ness and contestability.
- Provide external scrutiny and assurance on the pace and effectiveness of change, as well as protecting impartiality through a repurposed Civil Service Commission.

These proposals are about the heart of government – “Whitehall”, as it is often called. It consists of the headquarters of the 15 main departments, plus the “Centre” – No.10, the Cabinet Office and the Treasury. This group of organisations advises ministers about, and manages on their behalf, international relations, relationships with the devolved countries and local government, the delivery of vital public services, shaping the behaviour of business and civil society, and the strategic management of taxation and public spending.

The central Civil Service should be fit for purpose in working with ministers to provide leadership in tackling these challenges. It is not. Alongside our political system, Whitehall is vital to the nation’s success. Through the next Parliament and beyond, the country faces extreme political, economic and social challenges. Over nearly 50 years, since the Fulton Report in the 1960s, both the radicalism and pace of change have been insufficient, and the gap between the way the central government machine works and modern requirements has widened.

The current Government came into office committed to “improve” and “reform” the Civil Service.⁶ Its Reform Plan proposes change across a broader front, and with more ambition, than much which has come before. Some important and useful change has resulted. However, the Plan emerged two years into the term of the Government, and six months from its end, key actions remain uncompleted. Much more needs to be done to deal with persistent problems in the way Whitehall works:

- in too many cases, the design, delivery and oversight of services goes wrong;
- it struggles to think and act as one, with the persistence of departmental silos and a Centre which often lacks clear authority;
- there is fragmentation and duplication of capability;
- it remains dominated by policy “generalists”, rather than being composed of, and led by, a balanced mix of professionalisms. Notably, it lacks a central finance function with the role and

⁶ *The Coalition: Our Programme for Government*, HM Government, May 2010, p27

capability which an organisation operating at the scale, and with the challenges, of central government needs; and

- a model of accountability in which formally ministers only are responsible for all aspects of the government's performance in practice means it is difficult to hold either ministers or professionals to account.

The strongest respect is owed to committed and hard-working civil servants who try their best to be effective. The current Government, and the civil servants who have worked for it on Civil Service reform, have shown ambition and brought about real improvements. Large numbers of talented people are attracted to working in government, but are held back by flaws in the way it works currently. All who share the desire of civil servants to be effective and make a difference need to be honest in their assessment of its current state, and should welcome clear and radical proposals for improvement. Nothing in this report suggests that what ministers and officials involved in the recent reform process have achieved should be dismantled. Rather, the aim is to build on it and ensure changes result in the better government which all desire.

The purpose and functioning of the Whitehall machine requires fundamental reform. Policy interventions and services should be designed around the needs of citizens, and successful reform depends on a clear sense of vision, purpose and redefined values. This requires a clear programme, set out below and in more depth in section 5, and strong commitment from the Prime Minister, Chancellor and other very senior members of the government, to reinforce the leadership and day-to-day oversight of the responsible member of the Cabinet.

First, operational parts of the Civil Service should be managed as autonomous business units, with visible, accountable leadership and governance. They would operate under a clear strategic and financial performance framework, and would be powerfully involved in decisions about the development of services.

Second, the headquarters functions of the Civil Service should progressively develop towards "One Whitehall" - a unified strategic core, designed around the government's priorities, and breaking down traditional boundaries. For those working in it, and viewed from outside, it would function much more like a single organisation than now, with a mix of standing, functional units, and flexible project teams.

Third, the current Cabinet Office and the spending side of the Treasury should be reshaped into a single Office of Budget and Management and a powerful Management Board responsible for the professionalism and effectiveness of government.

Fourth, there needs to be a powerful, balanced, mix of professions in leadership roles and across Whitehall, with finance, digital, commercial and operational skills working alongside policy, and much more open-ness and contestability. There is a particularly urgent need to develop a fully professional and effective finance function.

Fifth, the Civil Service Commission should be repurposed to provide external scrutiny and assurance on the pace and effectiveness of change, as well as protecting impartiality. The First Commissioner should be someone with a senior background outside the Civil Service, and its staff also should be externally recruited.

Radical devolution to the local level and to communities and citizens, in the ways proposed in GovernUp's *Localism 2.0* report are a vital part of repurposing Whitehall too. National government needs to focus on what can and should be directed at national level.

4. The case for change

Like the wider Civil Service and public services, Whitehall is staffed by many highly talented and committed people. Its strengths, in particular the integrity and propriety with which it operates, are vital assets for national democracy and need to be maintained. There has been real and important change over the last 50 years, for example reducing considerably (if not eliminating) the dominance of male, white, public school, and Oxbridge in its senior staffing, and adapting to the pace at which politics works in the age of 24-hour media. When challenged by the current Government, and previous governments with a significant reform agenda, on some fronts at least, change has been real and made a positive impact.

Nevertheless, this report argues that the way Whitehall works now is at the heart of GovernUp's wider concern that the system of government needs to change radically to meet current needs. In particular:

- there is a tendency to design public services from the top down, and from first principles, with too little attention to the needs of citizens or places, to the insights of operational staff and managers, and to making best use of technology;
- its structure is rigid yet lacks clear lines of authority, meaning that government struggles to think and act as one;
- important functions are dispersed department by department, so resources are wasted and critical mass is dissipated;
- it is too heavily dominated by people with a particular professional background (policy "generalists", very often with little or no experience outside Whitehall), and even that professionalism lacks clear definition; and
- conventions about authority and accountability which were seen as archaic even 50 years ago remain, and mean that often, in practice, no one is properly empowered, nor is it possible to hold anyone to account for performance.

Even in 1968, the Fulton Committee found that the ways of working and staffing of the Civil Service had not evolved to match changes in economy, society and the role of government:

*"In our view the structure and practices of the Service have not kept up with the changing tasks."*⁷

Since then, the nature and scale of the challenges in the operating environment has continued to grow. Government in 2015:

- faces **fiscal pressures** far more severe than anything in the last 50 years. Spending will have to be reduced through the next Parliament by about the same percentage of GDP as it has been reduced in the current Parliament to achieve the planned reductions in borrowing and debt. Looking ahead to the 2050s, OBR's longer term assessment is for upward pressure on public spending to continue. Unless policy action is taken to counteract the drivers of this, or to reduce spending in other areas, OBR predict that spending will rise by an amount equivalent to 5 per cent of GDP over the period to 2063-64, the main drivers of which are related to population ageing.⁸ Whitehall will have to become smaller, and provide effective leadership in managing public services, to work more efficiently;

⁷ *The Civil Service: Report of the Committee Cmnd 3638*, HMSO, 1968, p11. The report can be downloaded from <http://www.policy.manchester.ac.uk/resources/civil-servant/reference/fultonreport/> (accessed 6 February 2015)

⁸ *Fiscal Sustainability Report*, OBR, July 2014

- an **international context** characterised by political and economic instability, and including very severe security threats to the UK;
- ever more rapid cycles of **technological change**. While they offer huge opportunities for society and government, those can only be realised if government has the capability to do so; and
- **public attitudes** which are more challenging than ever to government: in terms both of expectations as consumers (based on their experience of the most adaptive private sector services, people expect ever greater levels of access, quality and flexibility in public services); and of attitudes to politics, with very low levels of trust in government and declining support for and participation in mainstream politics.⁹

However, up to now, governments of the day and Whitehall have struggled to implement change completely, and quickly enough. Cumulatively, this means that the long-established characteristics of Whitehall described above have, at best, only very partially been addressed. In the face of the challenges, this means the gap between how government actually functions and how it needs to function has, if anything, widened. Of course, the way the political side of government works plays a part in this too (see *The Role of Politicians*), but alongside radical change in political structures and ways of working, Whitehall needs not just to bring to successful completion the elements of reform under way already, but to make further, significant, changes. These cannot and should not be seen as requiring political reform to happen first. Politicians and Civil Service leaders must progress change in the Civil Service regardless. If it is successful, it will support politicians in becoming more effective, just as one measure of success of the changes proposed in *The Role of Politicians* is whether it helps the Civil Service improve.

The rest of this part of the discussion paper looks at each aspect of the case for change in turn.

The relationship between policy and delivery

A crucial function of the central Civil Service is to ensure that ministers have good advice about the design and delivery of public services, that decisions about them are implemented well, and that there is good understanding and appropriate accountability for operational management. This is extremely challenging, because:

- over the last 100 years, the reach and scale of public services has become completely different from the time when the current Whitehall model developed. Technological change unimaginable at that time requires decision-makers to understand its potential to improve performance and how to put it in place effectively and efficiently;
- there are difficult choices to make about the right relationship between government and the delivery of a service – between direct delivery by the department itself, delivery through an arm's length national organisation, or through locally accountable councils or police services, for example. These days, such choices almost always involve making good decisions about the role of the private or third sectors, and carefully managing the commissioning processes;
- citizens and businesses experience public services as a package, for better or worse;
- they also increasingly expect to have a quality of service and range of choice comparable to those available in many parts of the private sector; and

⁹ Attitudes to politics and government at national level are explored more fully in *Localism 2.0*

- there is a growing dynamic among politicians and opinion-formers in favour of decentralisation and localism (see *Localism 2.0*), but also strong public concern about “postcode lotteries”.¹⁰

It is going to continue to become more challenging, not just as technological change continues to accelerate, but because the public spending available for public services is under extreme pressure, in the next Parliament and beyond. There is an increasing view that managing this constraint will not be possible through simply trying to provide something like the current model of service better and more efficiently, through technology and more effective commissioning, but will require a completely new approach to delivering services.¹¹ As the Institute for Public Policy Research (IPPR) has put it recently: “*we need a different kind of state: one that seeks to create the conditions in which citizens can improve their own lives, rather than pretending it has the answer or agency to solve every problem.*”¹²

At least as far back as the Fulton Report, one of the main concerns about Whitehall has been that its staffing and ways of working make it poorly equipped for this role: “*There is not enough contact between the Service and the rest of the community. There is not enough awareness of how the world outside Whitehall works, how government policies will affect it, and the new ideas and methods which are developing in the universities, in business and in other walks of life.*”¹³

To be fair, the challenges facing government are such that it would be unrealistic to expect service design and delivery to turn out perfectly all the time. Many public services work well, to the extent that their users are not conscious of the good decisions and management which have made that happen. However, under the current Government and its predecessors, there have been frequent and recurrent examples of government very visibly failing, often producing very poor outcomes with very significant wasted cost:

- under-estimating the challenge of introducing new services or significantly changing existing ones, resulting in poor service and backlogs;
- poor practice in designing and procuring complex technological systems;
- commissioning processes which are highly complex, and not well designed to manage the financial, operational and political risks associated with such large scale and important decisions; and
- poor capability in project management.

The typical department structure of a number of operating businesses and a policy/HQ core does not make for clear, accountable leadership of any element, and gets in the way of each part being managed in a way appropriate to its mission. The problems which have emerged under the current Government and its predecessors with delivery of big public services which are part of the Civil Service, like benefits administration, tax collection and borders and immigration show that HQ and delivery functions being structurally part of a single organisation does not necessarily lead to an effective relationship between the two. In fact, a degree of detachment and separation of roles makes it easier to define expectations clearly, monitor performance and hold management to account.

¹⁰ *The Future of England: the Local Dimension*: IPPR North April 2014, p12

¹¹ *From social security to social productivity: a vision for 2020 Public Services*, *The final report of the Commission on 2020 Public Service* 2020 Public Services Trust and RSA, 2010; *The Condition of Britain: Strategies for Social Renewal*, IPPR, June 2014; *Bolder, Braver and Better: why we need local deals to save public services*, Service Transformation Challenge Panel, November 2014

¹² *The Condition of Britain: Strategies for Social Renewal*, IPPR, June 2014, p241

¹³ *The Civil Service: Report of the Committee Cmnd 3638*, HMSO, 1968, p12. The report can be downloaded from <http://www.policy.manchester.ac.uk/resources/civil-servant/reference/fultonreport/> (accessed 6 February 2015)

The current Government has sought to address this in one way, by creating stronger capability at the Centre in key areas: procurement (the Crown Commercial Service); digital (the Government Digital Service) and major projects (the Major Projects Authority). There are important common features to these changes: giving these units at the Centre clear authority; assembling a critical mass of people with relevant professional background and experience, in large measure through external recruitment; and (especially in the case of the MPA) setting up a common information system and mechanisms for scrutinising and challenging departments.

However, there is some way to go still. A recent assessment by the Public Accounts Committee found that MPA had achieved improved transparency and project manager skills. However, “*there are still serious weaknesses in government’s project delivery capability and its portfolio of projects is rapidly increasing in size. There is still a lack of prioritisation and portfolio management at both a departmental and a cross-government level.*”¹⁴ Training for senior officials has been delayed from late 2013 and will not now start until early 2015.¹⁵ In autumn 2014, according to the Reform Plan, critical skills gaps remained in digital, project management, commercial and leadership which are said to be a ‘priority focus for 2014-15’¹⁶ As explored below (pages 12-15) in relation to professionalism, levels of expertise in these delivery skills at top management level remain limited.

Meanwhile, from the latter years of the previous Government onwards, inconsistencies have emerged about the organisational relationship between HQ/policy and delivery functions. Following the Next Steps report much of the Civil Service had, by early in the last decade, been reorganised into Agencies with their own autonomous but accountable leadership.¹⁷ Since then, in some departments, notably DWP and Home Office, Agencies have been reabsorbed into a single organisation. Yet elsewhere (notably DH and the NHS) the separation of roles and structures has become more formalised.

So, while, in some respect, changes made by the Government are having a positive impact, there is much further to go, and a need to adopt a clearer and more consistent model for the relationship between the central Whitehall machine and the operational parts of the Civil Service.

Thinking and acting as one

Three features of the current structure of Whitehall get in the way of governments being able to focus effectively on their priorities and manage public services and other kinds of interventions to achieve outcomes effectively and reduce pressure on resources.

First, **cross-government working is not, structurally or culturally, Whitehall’s default.** Many departments have been renamed and had functions added to and taken away from them over the past 50 years (though not under the Coalition). However, the basic model of around 15 departments, with a one-on-one relationship with membership of the Cabinet, and with a tendency for careers to progress within a department, rather than across the Service, has not altered.

This structure tends to struggle to deal with issues, whether of policy development or delivery, which involve more than one department. Fulton called for stronger and quicker mechanisms for dealing with such issues. The phrase “joined up government” became something of a catchphrase under the Blair government, featuring in its 1999 *Modernising Government White Paper*, and with the

¹⁴ *Major Projects Authority: Tenth Report of Session 2014–15*, House of Commons Committee of Public Accounts, July 2014 (quotation from p3)

¹⁵ *Civil Service Reform Plan Progress Report*, HM Government, October 2014, p15

¹⁶ *ibid* p7

¹⁷ *Improving Management in Government: The Next Steps*, Efficiency Unit, 1988; *Better government services: Executive agencies in the 21st century*, HM Treasury and Prime Minister’s Office of Public Service Reform, July 2002

establishment of the Social Exclusion Unit to drive a new model of policy-making looking at the combined impact of policy and services on vulnerable individuals and places.¹⁸

At the beginning of the current government, the Institute for Government found that “*mechanisms for co-ordinating policy and delivery between departments are still dominated by siloed thinking, making it difficult to manage cross-cutting policy issues.*”¹⁹ The latest Reform Plan update calls for a “*cultural shift away from departmental siloism towards a more unified Civil Service.*”²⁰ Like its predecessors, the Government has set up non-standard organisational and funding mechanisms (for example on troubled families, on health and social care, and to progress economic devolution), but there is as yet no sign of the fundamental structure changing. This is becoming increasingly untenable, as overcoming the short and medium-term fiscal pressures will only be possible if Government can think across the piece about how the design and delivery of one kind of intervention creates or reduces pressures on other services. As *Localism 2.0* explores in more depth, one of the main reasons why successive governments have struggled to overcome the excessive centralism which is a characteristic of British government is that the management of relationships with the devolved countries, local services and civil society is spread across a large number of parts of government.

Second, a Government which wants to focus successfully on its strategic challenges must include a Centre with sufficient knowledge and authority to direct the whole machine successfully. This applies both to policy and the design and delivery of services, and to the organisation and management of government. One of the main elements of the Fulton proposals was the creation of stronger central capability for the management of the Civil Service through the creation of the Civil Service Department. The precise configuration of these responsibilities has changed frequently over the intervening period. The authority of the centre over departments was loosened in the 1990s, in the aftermath of the Next Steps report. The Blair government sought to create a single performance management framework for Government through each department being set Public Service Agreement (PSA) targets. During its second term, capacity for scrutinising and improving departmental performance against PSA targets was strengthened, in particular through the creation of the Prime Minister’s Delivery Unit. In 2005, central scrutiny of departments’ performance was introduced through Capability Reviews. Nevertheless, in 2010 the Institute for Government reported a widespread desire among senior civil servants for more strategic leadership from the centre.²¹ Reviewing the structure and performance of the centre towards the end of the current Parliament, the Public Accounts Committee’s strongly worded finding is that “*the current lack of clarity about the precise role and responsibilities of the centre jeopardises government’s ability to deliver value for money in key public spending areas*” – a weakness which it links to a difference of opinion between ministers and senior civil servants about the centre’s role.²² The Institute for Government has called for a stronger “*bridge between the prime minister and the machinery of government, between the ‘court’ of Number 10 and the £715 billion (bn) operation which is modern government.*”²³ A key proposal in the 2012 Reform Plan, a common management information system, has still not been put in place.²⁴

¹⁸ *The Social Exclusion Unit*, Office of the Deputy Prime Minister, 2004

¹⁹ *Shaping Up: a Whitehall for the Future*, Simon Parker, Akash Paun, Jonathan McClory and Kate Blatchford, Institute for Government, February 2010, p7

²⁰ *Civil Service Reform Plan Progress Report*, HM Government, October 2014, p6

²¹ *Shaping Up: a Whitehall for the Future*, Simon Parker, Akash Paun, Jonathan McClory and Kate Blatchford, Institute for Government, February 2010, p8

²² *The centre of government: Nineteenth Report of Session 2014–15*: House of Commons Committee of Public Accounts, October 2014

²³ *Centre Forward: Effective Support for the Prime Minister at the Centre of Government* Josh Harris and Jill Rutter, Institute for Government, July 2014, p6

²⁴ “There is more to do to ensure Government has the management information it needs.” *Civil Service Reform Plan Progress Report*, HM Government, October 2014, p36

Third, **there needs to be a top management structure in which there is clarity about who is accountable for the Prime Minister and Cabinet for the performance of the whole, and how other top managers are accountable to that person.** Over the last 50 years, there have been phases (most recently 2012-14) in which leadership was shared between a Cabinet Secretary and Head of the Civil Service. At other times, the roles have been combined. In neither case has that central leadership had clear authority over departmental Permanent Secretaries. As of autumn 2014, there is a Civil Service Chief Executive, attending Cabinet – but he is the second, not the most senior civil servant, Permanent Secretaries do not report to him, and his position is “surrounded by a new web of ambiguity and complexity.”²⁵ The Public Accounts Committee’s view is that “government still lacks a precise definition of the centre’s role and responsibilities, and a clear statement of accountabilities for cross-government initiatives.”²⁶

Fragmentation and duplication

Another consequence of the current approach to organisation is that capability is fragmented and duplicated across departments. This has applied historically to transactional services such as accounts, payroll, and basic HR processes, to important professional capabilities such as digital, commercial, strategic HR and legal and, in some cases, to policy. Issues which cross departmental boundaries like, for example, family policy or local economic development, have sometimes ended up being dealt with by competing policy teams in a number of departments, sometimes with a central unit tasked to join them up. Some corporate functions have been brought together in one place, but not at the Centre. For example, it is not clear how running the Government Car Service is a sensible fit with the other operational and policy functions of the Department for Transport.

From the 1990s onwards, departments were allowed to set their own terms and conditions for all but the Senior Civil Service – around 99 per cent of the total Civil Service. This happened alongside the Next Steps programme, and its rationale was that the operational functions of the Civil Service are very different one from another. Its consequence, however, has been to introduce a different kind of complexity into the grading and pay of civil servants in HQ and policy functions: people doing very similar jobs in different departments are subject to different terms and conditions. In addition to introducing variability in reward systems and levels which may hamper inter-departmental movement, this means all departments employ HR advisers to work on reward systems for what may be very similar work.

The Government’s Civil Service reforms set out to tackle this shortcoming, and have made some progress. As noted above, there is now stronger central capability on digital, commercial and project management. A single legal services operation is on track to be established during 2014-15 and the Crown Commercial Service has been operating from the beginning of the financial year.²⁷ Two new “shared service centres” for transactional services have been procured, though the development of operating models and migration of work into them has fallen significantly behind schedule.²⁸ *World Class Government* points to other countries, notably Canada, where this process has been taken further.²⁹

A Whitehall which is itself going to have to manage with much more limited resources and work smartly to secure public policy objectives with much less public spending, needs not just to

²⁵ *The challenge for new civil service CEO John Manzoni*, Peter Riddell, Institute for Government, October 2014 <http://www.instituteforgovernment.org.uk/blog/9118/the-challenge-for-new-civil-service-ceo-john-manzoni/> (accessed 6 February 2015)

²⁶ *The Centre of Government*, House of Commons Committee of Public Accounts, Nineteenth Report of Session 2014-15, p8

²⁷ *Civil Service Reform Plan Progress Report*, HM Government, October 2014, p22-23

²⁸ *Update on the Next Generation Shared Services strategy*, NAO, March 2014

²⁹ *World Class Government*, McKinsey & Company for GovernUp, February 2015, p14

complete the Government's reforms, but think more radically about how it organises itself for core policy development tasks, and whether the direct and indirect overheads associated with fragmented approaches to HR can be eliminated.

Professionalism

From the time of the Fulton Committee onwards, there has been a recurrent concern that the central Civil Service is very heavily dominated by people with a particular career background (policy work in Whitehall) to the exclusion of other professional backgrounds; that there is insufficient emphasis on professionalism, and on leadership and management. Fulton described this as "the cult of the generalist". Professionally qualified people, the report found, were not given access to positions of influence and decision-making. It noted, for example, the limited role of people with accountancy qualifications and their exclusion "from responsibility for financial control." It was also critical of the tendency of civil servants to have "not enough awareness of how the world outside Whitehall works, how government policies will affect it."³⁰

Over the last 25 years, governments have attempted to address this critique in a variety of ways:

- an important aspect of the Next Steps reform in the 1990s was greater emphasis on leadership and management, in operational functions especially. Around the same time, an attempt was made to open up recruitment to more external candidates, with a decision to fill a post supposedly requiring prior consideration of external recruitment;³¹
- after 1997, there was some experimentation with central units mixing career civil servants with external recruits and secondees, including the Social Exclusion Unit, the Performance and Innovation Unit and the Prime Minister's Delivery Unit; and
- perhaps most significantly and seriously, the Government's Reform Plan has put in place mechanisms to make the professions other than policy stronger, to be clear what constitutes professionalism in policy work, and to develop it. It has established central "functional leadership" for eight professions - Legal, Communications, IT, Commercial, Finance, Internal Audit, HR and Property.³² It has the very ambitious stated intention that "*We will ensure that staff have the skills and expertise they need to develop and implement policy*",³³ designated a cross-government lead for this at Permanent Secretary level, with Heads of Profession in each department.

However, there is still a long way to go.

First, **the senior leadership of the Civil Service remains dominated by people of the traditional "generalist" background.** Of the 21 mainstream Permanent Secretary roles in charge of departments (plus non-specialist Second Permanent Secretary roles in the Cabinet Office and Treasury), 13 are career generalist civil servants or diplomats; two have a similar background but with some non-Civil Service experience, two are career civil servants but professionally qualified (legal and finance), and just four are professionals who entered the Civil Service after substantial experience elsewhere (finance, investment banking and local government).³⁴ The latest stated aspiration about the background of Permanent Secretaries requires just two years' of 'operational or

³⁰ *The Civil Service: Report of the Committee Cmnd 3638*, HMSO, 1968, p11-12. The report can be downloaded from <http://www.policy.manchester.ac.uk/resources/civil-servant/reference/fultonreport> (accessed 6 February 2015)

³¹ *The Civil Service: Continuity and Change*, HM Government, July 1994, p40-41

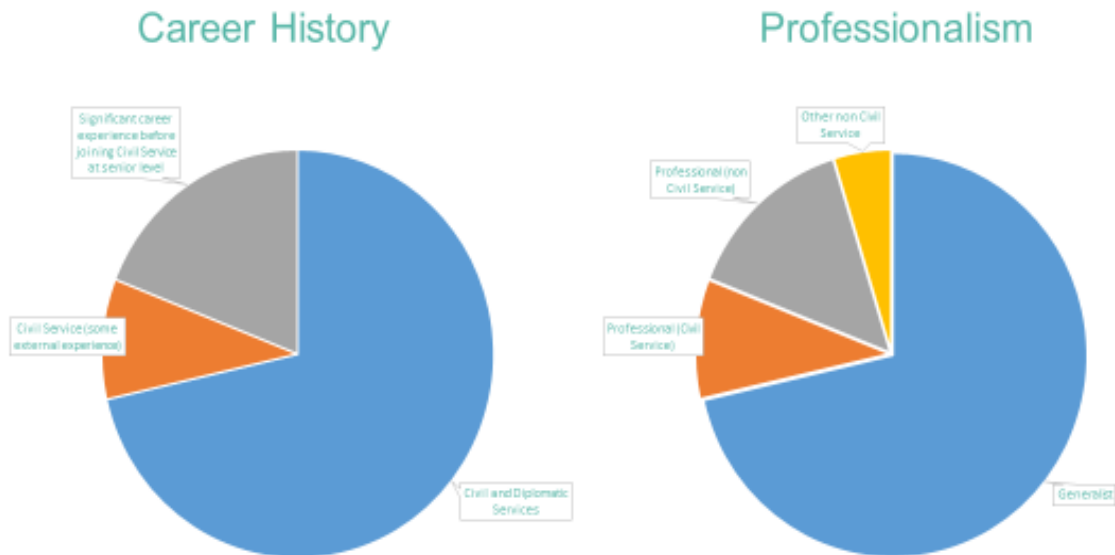
³² *Civil Service Reform Plan Progress Report*, HM Government, October 2014, p22-23

³³ *The Civil Service Reform Plan*, HM Government, June 2012, p16

³⁴ Analysis carried out for GovernUp

commercial background’, and that for the ‘main delivery departments’ only.³⁵ Just three Permanent Secretaries (plus the new Chief Executive) have substantial senior level experience in large delivery organisations, private or public sector. Just three have a professional finance background. None have significant digital experience.

Figure 3: Permanent Secretaries (December 2014)



Notes: Permanent Secretaries in charge of main departments (including HMRC). Excludes: devolved administrations, security agencies and specialist roles (eg Chief Scientific Adviser and Director of Public Prosecutions).

Second, **the finance function is at least as critical for government as it would be in any organisation, yet requires most further development from the current position.** As the Institute of Chartered Accountants has put it: “A global organisation will have a group finance function co-ordinating these activities in each of its subsidiaries. The group finance function will reduce complexities, focus on strategic activities to meet the organisation’s goals, and increase the development of finance personnel, so that they are able to drive productivity and service improvements to meet the challenges of today’s business requirements.”³⁶ As the Institute says, many government departments have turnovers at least rivalling major UK and international companies. Government needs a finance function of at least the same strength and sophistication. Yet its current state falls significantly short of that.

Although the Treasury manages the allocation of funds and resources, as ICAEW point out, its “*remit stops short of managing costs on an overall basis for the whole of government*” in the sophisticated way which would be the role of Group Finance in well-managed major corporations.³⁷ The relationship between the Treasury’s traditional public expenditure management role and its newly defined functional leadership role for finance remains unclear, with the Head of Finance

³⁵ *Civil Service Reform Plan Progress Report*, October 2014, p39

³⁶ *A CFO at the Cabinet Table? Strengthening UK government finances for the future*, ICAEW, September 2013, p8

³⁷ *ibid* p10

profession role distinct from the Second Permanent Secretary public spending role, and there is no single current role in central government approaching the CFO role which would be normal in business, or indeed local government. The National Audit Office has qualified the most recent (2012-13) Whole of Government Accounts for the fourth successive year “because of significant continuing issues with the quality and consistency of the data included.”³⁸ As for individual departments, the accounts of MoD have been qualified in five successive years up to the most recent, and DWP and its predecessors have been qualified every year since 1988-89.³⁹ Across government as a whole, any remaining notion that senior finance roles can be carried out by gifted amateurs needs to be ended. Though most departmental finance directors are now qualified finance professionals, it is still not an absolute requirement.⁴⁰

As *World Class Government* shows, other countries have adopted considerably more sophisticated approaches to government finance and budgeting. These include: sophisticated approaches to the allocation of public spending based on efficiency and outputs; dynamic, staged approach to investment and capital allocation; optimising the management of tax collection, commercial fees, government assets and other revenue sources; and tighter management of payments.⁴¹ The UK Government machine needs to catch up.

Third, there needs to be more clarity about the balance between broadening the professional mix working in top roles and across the organisation more generally, and widening the knowledge and skills of the policy profession. Civil servants who have given their views during this project still feel there is not enough clarity about whether the strategy for improving capability in finance, commercial, project management and other areas is a continuation of the generalist approach (equipping people with the traditional career background with better knowledge of these skills) or a much greater strengthening of the presence of fully qualified professionals. Research for *Tackling the Skills Gap* finds that “civil servants that do not liaise with suppliers are undergoing basic training in commercial skills. At the same time, experienced procurement specialists leave the Civil Service as it cannot compete with salaries elsewhere.” The answer may be, of course, that there is a need for both approaches, but whatever the approach is it needs to be made more explicit, and be realistic about the extent to which a senior policy generalist who has had a couple of weeks’ training in, say, procurement, can be a substitute for a fully qualified and experienced commercial specialist.’ *World Class Government* argues, on the basis of McKinsey’s knowledge of the private and public sectors in many countries, that the commercial function in government needs to develop further.⁴²

Fourth, and by the current leadership’s own ambition, **Whitehall continues to struggle with the quality of leadership and management.** A 2010 report on the challenges of Civil Service reform noted that staff surveys suggest very varying standards of leadership across Whitehall,⁴³ and the 2012 reform plan accepted that “staff consistently say in surveys that their managers are not strong enough in leading and managing change.”⁴⁴ As of 2014, the leadership of the Civil Service is still

³⁸ *HM Treasury: Certificate and Report of the Comptroller and Auditor General: Whole of Government Accounts 2012-13*, National Audit Office, June 2014
Whole of Government Accounts 2012-13

³⁹ *Ministry of Defence 2013-14 accounts*, NAO press release 1 December 2014 <http://www.nao.org.uk/press-releases/ministry-defence-2013-14-accounts/> (accessed 6 February 2015); *Department for Work and Pensions 2013-14 accounts*, NAO press release June 2014 <http://www.nao.org.uk/report/department-for-work-and-pensions-2013-14-accounts/> (accessed 6 February 2014)

⁴⁰ The latest Reform Plan update (*Civil Service Reform Plan Progress Report*, October 2014) says “Finance Director positions are increasingly filled by professionally qualified accountants.” (p23) – implicitly accepting that professional qualification is still not viewed as essential.

⁴¹ *World Class Government*, McKinsey & Company for GovernUp, February 2015, p9-13

⁴² *ibid*, p13-14

⁴³ *Shaping Up: a Whitehall for the Future*, Simon Parker, Akash Paun, Jonathan McClory and Kate Blatchford, Institute for Government, February 2010

⁴⁴ *The Civil Service Reform Plan*, HM Government, June 2012, p22

calling for “clarity and energy” from senior leaders,⁴⁵ while (see below) high levels of ambiguity remain about managerial authority and accountability. This follows at least 20 years of commitment to doing better.⁴⁶ Despite an improvement in the proportion of women in senior roles over the last 20 years or so, a recent report for the Government by Hay Group found “*that the culture and leadership climate are preventing talented women from progressing into more senior roles.*” It sets out concerns that rhetoric does not match reality on skills and behaviours, lack of leadership and a culture in the SCS described by many as a ‘bear-pit’.⁴⁷

Fifth, **Whitehall’s talent economy remains too closed.** The 2012 Reform Plan’s commitment to contestability has led to three, so far, limited initiatives, assessed recently as “*interesting, potentially useful but far from turning policy making upside down.*” The innovative new Contestable Policy Fund provides just £500,000 a year for externally commissioned policy projects, and (with the significant exception of an important study of ministerial support by IPPR) it is not clear that it has so far funded projects different from “*those which would have been previously funded from departmental research budgets.*”⁴⁸ The 2012 Reform plan stated a high level of stated ambition on “*making it easier for staff at all levels to move between the Civil Service and the private sector.*” However, as of April 2014, only 60 placements had been organised (roughly one for every 7000 Civil Service roles). The target for April 2015 is 100 (one for every 4000 roles).⁴⁹ While policy-making could never be opened up wholesale to competition, and one would expect a substantial core of people to remain working for all or most of their career in central government policy making, there is scope to be more ambitious.

Further improving the mix and standard of professionalism is vital:

- the severity of the fiscal challenge, for the foreseeable future, means that the central Civil Service must have world class capability, most obviously in finance, but also in areas such as commercial, digital and project management, to ensure scarce resources are not wasted, and the opportunities created by changing technology and commissioning from private and third sector providers maximised;
- in any organisation in which people with a common background and experience dominate, there is a severe risk of “group think” and poor ability to think out of the box; and
- Whitehall will have to be smaller, yet more effective, both in its own functioning, and in its interaction with wider public services, sub-national governance, civil society and internationally. This will require exceptional leadership and management.

Authority and accountability

British Government remains strongly wedded to a proposition (the “Haldane Doctrine”) that ministers are entirely and wholly accountable for the performance of their departments and that civil servants, even top managers with very significant financial and people management responsibilities, are not

⁴⁵ *Civil Service Reform Plan Progress Report*, HM Government, October 2014, p5

⁴⁶ *Improving Management in Government: The Next Steps*, Efficiency Unit, 1988, p3; *Better government services: Executive agencies in the 21st century*, HM Treasury and Prime Minister’s Office of Public Service Reform, July 2002, p22; Letter from Sir Andrew (now Lord) Turnbull to Permanent Secretaries, 23 April 2003 <http://www.policy.manchester.ac.uk/media/projects/policymanchester/civilservant/2003-Improving-Leadership-3-letters.pdf> (accessed 6 February 2015).

⁴⁷ *Women in Whitehall: Culture, Leadership, Talent*, Hay Group for Cabinet Office, May 2014

⁴⁸ *The end of the policy rabbit? The challenges of open policy making in practice*, Jill Rutter, IfG in *Bursting the Bubble: Open Policy Making and Democratic Renewal*, IPSOS MORI Social Research Institute, December 2014

⁴⁹ *ibid* p39

independently accountable. Fulton challenged this, calling for “*the organisation of executive activities in such a way that the principles of accountable management can be applied.*”

Without completely breaking away from Haldane, governments have, over the last 25 years, tried to strengthen oversight and accountability of executives in at least three ways.

First, the restructuring of operational functions following the 1988 Next Steps report (see page 10). However, independence and flexibility often did not develop to the extent envisaged when the process started, and, over the last 10 years, the separation of functions into distinct accountable units has reversed in some places.

Second, from the 1990s onwards, departments started to appoint non-executives, most often from a business background, to their management boards. The current government has taken significant steps to strengthen Boards. The main changes have been:

- boards are chaired by the Secretary of State, and junior ministers are members;
- a shift in the balance of membership away from Civil Service executives towards non-executives; and
- the appointment of a lead non-executive for each department, and of Lord Browne as Lead Non-executive for government as a whole.

Speaking at the end of his appointment, Lord Browne saw improvement in the structure and focus of Boards, leading to better project oversight and management information. He called for more active involvement in Boards by junior ministers, and stronger attention to talent management and risk.⁵⁰

There is, however, no corresponding arrangement for government as a whole. There is a Civil Service Board, chaired by Sir Jeremy Heywood, and whose other members are the Chief Executive of the Civil Service and ten Permanent Secretaries. The published description of its purpose includes terms like “reviewing” and “providing oversight”, and says it will encourage sharing of ideas and innovation across departments.⁵¹ At the moment, at least, its role in relation to the Civil Service as a whole is different from departmental boards in relation to their departments, and it contains no non-executives. This is of a piece with the general issue of the Centre’s unclear and weak role (pages 10-11 above).

Third, under the Coalition, Permanent Secretaries’ performance objectives have, for the first time, been made public. According to the most recent detailed assessment by the Institute for Government, characteristics which undermined the credibility of this process (objectives being published late in the financial year to which they related, being excessive in number, and lacking metrics) are slowly being improved.⁵² The Government’s Lead Non-Executive chairs the Permanent Secretaries’ Remuneration Committee.

Fourth and very significantly, in answering to Parliament, Senior Responsible Owners (SROs) in the Government’s Major Projects Portfolio, as of October 2014, are “*expected to account for and explain*

⁵⁰ Speech at Institute for Government, 28 January 2015
<http://www.instituteforgovernment.org.uk/sites/default/files/Lord%20Browne%20of%20Madingley%20-%20Speech%20to%20the%20Institute%20for%20Government%20280115.pdf> p4-6 (accessed 6 February 2015)

⁵¹ *Introducing the Civil Service leaders’ blog*, Sir Jeremy Heywood, 3 September 2014
<https://civilservice.blog.gov.uk/2014/09/03/introducing-the-civil-service-leaders-blog/> (accessed 6 February 2015)

⁵² *Ibid* p33-37; *Permanent Secretary Individual Performance Objectives 2013/14*, IfG, January 2014
<http://www.instituteforgovernment.org.uk/our-work/whitehall-monitor/outputs/performance-individuals/permanent-secretary-individual-0> (accessed 6 February 2015); *An objective view: Permanent Secretary Objectives, 2014-15*, IfG, July 2014
<http://www.instituteforgovernment.org.uk/blog/8617/an-objective-view-permanent-secretary-objectives-2014-15/> (accessed 6 February 2015)

the decisions and actions they have taken to deliver the projects for which they have personal responsibility.” Interestingly, this includes them being able to point out where ministers have intervened in a way which has affected the cost or timescales of the project.⁵³ This principle can be taken further.

Despite these changes, commentators continue to question whether the formal accountability of senior civil servants for matters of management and delivery which it is proper for them, rather than ministers, to take responsibility, needs to be strengthened.⁵⁴ (The setting of strategy and policy would, of course, remain wholly a political responsibility). *World Class Government* shows that other countries have made more headway than the UK in this direction.⁵⁵ Departmental Permanent Secretaries have tended to be, at best, very weakly accountable to the Head of the Civil Service, and do not formally report to the new Chief Executive of the Civil Service.

As an Institute for Government report noted, “*Whitehall’s outdated and opaque accountability systems... (by design) do not provide clarity about who is responsible for what, to whom, and with what consequences for good or bad performance.*”⁵⁶ Rigid adherence to the Haldane principle is an increasing threat to effective government, as it maintains a situation in which officials cannot be properly empowered to exercise managerial leadership, and to be held to account for it; yet ministers, because of the breadth of the demands on them, and because (properly) they are unlikely to be professional managers, cannot provide that kind of management, and cannot credibly be held to account for operational management. Effective government in the future requires a new settlement, in which ministers have the authority and accountability to set policy directions and make the big decisions about resources, but professional executives have the authority to put their directions into effect, and may be held accountable for doing so.

All change but not enough change

Following Fulton, and varying emphases, there have been further change initiatives under all subsequent governments, as set out in Figure 4.⁵⁷

For all this activity, as the earlier parts of this section show repeatedly, there has been a tendency for success to be, at best, partial; and even, at some times, to stall or go into reverse. The most recent of these phases, under the current Government, provides a good illustration of the challenge.

There has been unusually stable political leadership since 2010, with Francis Maude leading at Cabinet Level, as Minister for the Cabinet Office, for the whole Parliament. He has also shown vigour, determination and consistency, as the Opposition has acknowledged (while criticising some elements of his approach).⁵⁸ His approach has made waves at times, which have been noticed in the media.⁵⁹

⁵³ *Giving Evidence to Select Committees: Guidance for Civil Servants*, Cabinet Office, October 2014

⁵⁴ Recent debate is well summarised in *Accountability at the Top: Supporting Effective Leadership in Whitehall*, Akash Paul and Josh Harris, Institute for Government, December 2013

⁵⁵ *World Class Government*, McKinsey & Company for GovernUp, February 2015, p19-20

⁵⁶ *Accountability at the Top: Supporting Effective Leadership in Whitehall*, Akash Paul and Josh Harris, Institute for Government, December 2013 p4

⁵⁷ For a fuller account of Civil Service reform since the 1960s, see the essays and resources assembled by Policy@Manchester <http://www.policy.manchester.ac.uk/resources/civil-servant/reform/> (accessed 6 February 2015)

⁵⁸ *Michael Dugher Speech on the Civil Service*, Institute for Government, September 2014 <http://www.instituteforgovernment.org.uk/news/latest/michael-dugher-speech-civil-service> (accessed 6 February 2015)

⁵⁹ *Civil servants and ministers at war in Westminster?*, BBC News 14 March 2013 <http://www.bbc.co.uk/news/uk-politics-21786128> (accessed 6 February 2015)

In addition to the very challenging headcount reductions, the Government's stated ambitions are across a very broad front. It has made genuine progress in a number of areas, including the changes set out in Section 4 of this report in relation to major projects, functional leadership, transactional services and transparency about Permanent Secretaries' performance.

Despite the level of stated ambition and these undoubted successes, however, reform has not significantly addressed key issues, has often lacked clarity, and implementation has been patchy. Public statements betray a degree of tension between radicalism, based on a view that the way government works has become seriously adrift from the challenges it faces, and gradualism, seeing the Civil Service as, in many respects, very strong, and simply requiring improvement in some aspects of the way it works. The three Forewords to the Reform Plan, for example, describe the Civil Service as both a "successful organisation" and needing "to address persistent weaknesses that downsizing has exposed more starkly."⁶⁰ In the latest progress report, it is described again as "successful", yet also held back by "old-fashioned and rigid" structures and processes.⁶¹

Figure 4: Main change initiatives since Fulton

<i>Government</i>	<i>Initiative</i>	<i>Intent</i>
Heath and Wilson, 1970s	Central Policy Review Staff	Stronger centre (in relation to policy), diversity of professionalism
Thatcher, 1980s	Efficiency	Fragmentation and duplication
	Next Steps	Service design, accountability
Major, 1990s	Citizen's Charter	Service design
Blair/Brown, 1997-2010	Public Service Agreements and Prime Minister's Delivery Unit	Service design, accountability
	Modernising Government	Accountability and leadership, service design
	Joined Up Government, including central units like Social Exclusion Unit and Policy and Innovation Unit	Stronger centre (in relation to policy), diversity of professionalism
	Gershon (shared services and efficiency)	Fragmentation and duplication
Cameron, 2010-	Civil Service Reform Plan	All aspects, to varying extents (see below)

Parliamentarians have been critical. Both the Public Accounts and Public Administration Select Committees have criticised the Plan, for leaving out of its scope issues which need to be addressed, for optimism bias about the extent of the challenges which need to be fixed, and for the lags in delivery of aspects of it. PASC has said: "*We conclude that "incremental change" will not achieve the change required.*"⁶² The PAC's report on Civil Service Reform supported the Plan's intention, but challenged the lack of objective measurement of progress, and its robustness on issues such as

⁶⁰ *The Civil Service Reform Plan*, HM Government, June 2012, p5, p3

⁶¹ *Civil Service Reform Plan Progress Report*, HM Government, October 2014, pi

⁶² 8th Report, 2013-14, September 2013

Permanent Secretaries' accountability, commercial and contracting skills, major projects, and the leadership being given by the central departments.⁶³ Only 6 of the 18 Actions proposed in the Plan have been successfully implemented with demonstrable impact on the way the Civil Service works.

There are specific persistent weaknesses in the way Whitehall operates; it needs to become more effective at implementing change at the pace needed, across a broad front. Ministers in the next Government will have an important part to play in shaping and driving change effectively, alongside professional leaders.

⁶³ 13th Report, 2013-14, June 2013

5. Proposals

Making change happen

“The definition of insanity is doing the same thing over and over again, but expecting different results” - attributed to Albert Einstein.

Individual civil servants in Whitehall and operational functions are talented and hard-working. There is a long-established set of standards on ethics, impartiality and propriety, which must be maintained. Some of the change initiatives of recent years have also had real positive impact. However, despite all this, there is still a growing gap between what future challenges demand and the current way Whitehall works. This needs to be put right, with still more radicalism and pace, not least so that a talented and effective workforce can achieve its potential.

The next government needs to commit from the outset to small number of clearly-defined, fundamental, changes, based on a clear statement of purpose. Of course, they will take time to bring to completion. But setting out intentions in this way will:

- provide vision, clarity and a sense of purpose, inside and outside the Civil Service about what change really means; and
- ensure that political and professional energy is focused on a small number of high-impact changes.

Other Governments have adopted this style of leadership approach, including Sweden, Malaysia and France.⁶⁴

Figure 5 shows how these proposals would bring about successful change.

Ministers

Discussion on the organisation and management of central government must always keep in mind that, unlike commercial businesses, it is directed by ministers, who are democratically accountable and operate in a world of politics which, as explored in *The Role of Politicians*, operates, properly and naturally, according to its particular set of dynamics. As last year’s Institute for Government report *Centre Forward* put it: *“Capacities at the centre supplement and do not substitute for the core power of the prime minister over ministerial appointments and their ability to set a clear strategic direction and narrative for their government.”*⁶⁵ A vital test, therefore, in taking forward ideas of the kind set out in this report is whether it can learn effectively from strong approaches in other kinds of organisations, yet realistically work in a politically-led environment.

The Prime Minister, Chancellor, and others at the very top, also have a vital role to play by visibly and consistently committing themselves to the approach, and making sure ministers generally, Parliamentarians, civil servants and wider society understand the importance of change and that the Government is wholly serious about it. While any Government would assign day-to-day political leadership to a particular Cabinet role corresponding to Francis Maude’s in the current government, such a minister can only deliver fully with that wider commitment, including from the very top.

⁶⁴ *World Class Government*, McKinsey & Company for GovernUp, February 2015, p19-20

⁶⁵ *Centre Forward: Effective Support for the Prime Minister at the Centre of Government*, Josh Harris and Jill Rutter

Figure 5: Proposals and Impact

	<i>Government can think and act as one</i>	<i>Public services are designed around the needs of citizens and places</i>	<i>Important functions are organised to remove duplication and maximise their effectiveness</i>	<i>Its work is done with the highest standards of professionalism and expertise</i>	<i>Management is clearly and properly empowered and accountable</i>
1 Autonomous operating businesses	Facilitating integration of service design and technology platforms	New relationship with delivery functions, clear accountability and better dialogue leading to better service design		Staffing and management of operational businesses designed around their individual needs	Empowered, accountable leadership and governance for operating businesses
2 One Whitehall	Single organisation designed and managed to work for government as a whole		Transactional services and key professionalisms organised and managed centrally	Fully flexible deployment of staff mix based around Government's priorities	A more flexible yet accountable structure organised around the government's priorities
3 Leadership from a strong Centre	Centre has defined roles, structure and leadership to manage the single new organisation	Ownership of core government platforms and processes	Driving efficiency and effectiveness across the whole of government	Strong professional leadership a key function of the Centre	Clear accountability and authority for ensuring central government managed effectively
4 Strong, balanced professionalism	Decision-making and implementation informed and managed by a mix of professionals working to common professional standards and leadership	Traditional Whitehall strength (policy) complemented by much strong service design, digital and other professionalisms	Further strengthened functional leadership, especially in relation to finance	Work delivered by mixed teams of people recruited and managed to highest standards of professionalism. Some external sourcing of policy advice to provide challenge	Strong role for non-executive directors
5 A repurposed Civil Service Commission	Through scrutiny and creative challenge, reinforcing commitment and success of political and professional leadership				
Decentralisation and Devolution	Enabling national government	How services work in particular places takes more account of local needs and opportunities			Stronger accountability at local level, leading to simpler, clearer, accountability at national level

The proposals in more detail

1. Operational parts of the Civil Service should be managed as autonomous business units, with visible, accountable leadership and governance. They would operate under a clear strategic and financial performance framework, and would be powerfully involved in decisions about the development of services.

This discussion paper explores the weaknesses which arise from the way the relationship between policy/HQ functions and operational parts of the Civil Service work (pages 7-9 above), and the current approach to accountability (pages 15-17). Government needs a single, stronger approach, and the arguments for returning to a more consistent application of the operating business model are clear. It:

- formalises the relationship between defining the mission and resources, and operational leadership, and therefore makes the accountability of both ministers (for the former) and professional leaders (for the latter) clearer; and
- enables operational businesses to develop bespoke business models and employment policies and practices suitable for their needs, and taking account of practice in analogous businesses outside the Civil Service.

It would work as follows:

- operating businesses would have their own distinct identity, leadership and (certainly for the larger ones) strong Boards with high calibre non-executives;
- they would operate under a framework document defining their mission, strategic expectations, resourcing and accountability arrangements. The latter would include regular reporting to their Whitehall sponsor minister on financial and operational performance. It would also make clear the role of individual agencies in using and contributing to the further development of common digital platforms of the kind proposed in *Digital Future*;
- following the same principle as the new Parliamentary accountability arrangements for project SROs (see pages 16-17 above) operational leaders would be directly accountable to Select Committees and the PAC, and would be free to explain where ministers have intervened in a way which has affected the operational or financial performance of the business. Ministers would, of course, remain accountable for the strategic and policy decisions on the mission and resourcing of businesses. It could be that, for businesses whose operations are particularly important for the programme of the government of the day, executive leaders would be Ministerial (but not political) appointments, subject to Parliamentary confirmation, with the option (but not requirement) for an incoming government to replace them with new leaders of their own choosing; and
- the intention of this proposal is not to create further distance and poor communication between Whitehall and the frontline, but quite the reverse. How well decision-making brings together these perspectives is not driven by structure, but by having the right expertise and the style of leadership in departments. Executive leaders of operating businesses would be important members of the teams which help ministers take decisions about the shape and management of public services. Increasing digitisation of their interaction with citizens, managed in the right way, will result in powerful new data which will help inform service design decisions.

It is also important, recognising the political context and accountability of public sector operational businesses, that the relationship and ways of working ensure that media and political, as well as other kinds of risk, are thought about clearly in the development of the framework document, and that both the leadership of the business, and their HQ sponsor, pay close attention to monitoring and managing these risks, and keeping ministers fully informed.

This proposal does not require or imply any particular view about whether or not operational functions should be in the public sector, private sector, mutuals or any other status. It would remain a decision for ministers whether or not any particular function is correctly part of the public sector.

2. *Progressively create a much more unified strategic core for government, “One Whitehall”, by turning the policy and headquarters functions of the Civil Service into a single organisation, built around the priorities of the government of the day, and breaking down with much more working across traditional boundaries.”* This report argues (pages 9-11 above) that the current structure – largely separate departments usually combining operational functions with HQ and policy – gets in the way of government working as a connected whole, duplicates functions and is one reason for

weak and confused accountability. The current government has made some changes to address this, including stronger functional leadership and shared services. However, as the PAC has noted recently, the professional leadership of the Service continues to defend a high level of independence for departments, and the new Chief Executive does not have a line management relationship with Permanent Secretary Heads of Department.

This report proposes, instead, that the HQ/policy functions of the Civil Service should be progressively transformed into “One Whitehall”, incorporating the headquarters functions of departments, and the Centre. While there would have to be a defined internal structure to it, not least so that ministers and officials can be clear how they relate to each other, it would look and feel, from the outside and for people working in it, much more like a single organisation; the employment relationship would be with a single organisation, and there would be much less of an expectation of spending all or most of a career in a single department. See below for some of the choices about how exactly this would work, and pages 26-27, and *Tackling the Skills Gap*, for proposals on professionalism.

The restructuring of the Scottish Government in 2007 shows that it is possible to move from a confederal model, with separate departments largely defined by function, to a more unified whole.

*Scottish Government: Main Organising Features*⁶⁶

- An outcomes based approach to delivering the objectives of government (expressed in a single National Performance Framework⁶⁷);
- A single statement of purpose, elaborated into a supporting structure of a small number of broad objectives and a larger, but still limited, number of measurable national outcomes;
- A system for tracking performance against outcomes and reporting it transparently and accessibly;
- Single leadership roles controlling each of the political and Civil Service pillars of government, supported by small senior teams; and
- Understandings of the roles of the members of the senior political and Civil Service teams which give primacy to contributing to the collective objectives of the team.

Responsibility for the functional management of policy areas and services has been focused at Director level (and thus working level officials are, at any point in time, clear about their role and reporting lines), with Directors General (led by the Permanent Secretary) “*responsible collectively for the delivery of the National Outcomes specified by the Government, as well as for the effective running of the organisation.*”⁶⁸

World Class Government illustrates how other countries, the USA, Denmark, New Zealand, France and Malaysia, have already undertaken reforms involving elements of this approach.⁶⁹

The basic concept could be put into effect with varying degrees of radicalism, and it could evolve over time. A key test, would, of course, be what version enabled ministers to work most effectively, and how far the next government wants to go in reforming the political structure of government. The

⁶⁶ From *Northern Exposure: Lessons from the first twelve years of devolved government in Scotland*, Sir John Elvidge, Institute for Government, September 2011, p34

⁶⁷ Documented on the Scottish Government website:

<http://www.scotland.gov.uk/About/Performance/scotPerforms/NPFChanges> (accessed 6 February 2015)

⁶⁸ *Northern Exposure: Lessons from the first twelve years of devolved government in Scotland*, Sir John Elvidge, Institute for Government, September 2011, p36

⁶⁹ *World Class Government*, McKinsey & Company for GovernUp, February 2015, p16-17

political and official structures and ways of working need to develop in tandem, in particular, how through Extended Ministerial Offices and other mechanisms, ministers can be equipped with the type of close support they need to work with the official machine. *The Role of Politicians* makes proposals to that end.

A pathway towards this model would involve:

- the completion of the current Government's initiatives on functional leadership (especially in relation to finance) and shared services;
- the further development of a single approach to digital and the development of a common set of platforms (as proposed in *Digital Future*);
- greater use of cross-cutting project teams set up outside conventional departmental structures to support ministers on corporate government objectives whose delivery needs to break through silos. *The Role of Politicians* contains some parallel proposals on how ministers might be deployed outside conventional departmental structures;
- an employment relationship based on working for One Whitehall, not a department, and an assumption that careers will develop according to expertise and interest, not largely within one department;
- a shift in the definition of Head of Department roles along the lines of the new Scottish model, perhaps with a change in job title from Permanent Secretary to reinforce and communicate it, and strengthened accountability of those leaders to a single professional Head of the Civil Service or Chief Executive, removing the ambiguities in the current structure (see page 16); and
- the structure could in time develop into a mixture of standing Directorates focused on defined areas of policy and the stewardship of particular areas of public service delivery (but in a very strong corporate structure), and project teams dealing with cross-cutting corporate priorities. There would also be very strong professional functions and leadership, with employment and careers anchored on expertise and business need, not a relationship with a particular part of the structure.

There would be a continuing (indeed, further strengthened), place for non-executive governance, but it might become more focused in time on oversight and challenge of major projects and a single Board for the whole operation (see 3 below).

All versions would need to be based on a single powerful financial and performance management system, the development of which from the current situation (see page 10 above) must start immediately after the election.

3. Reshape the centre of government with an Office of Budget and Management and a powerful Management Board responsible for the professionalism and effectiveness of government

Pages 9-11 above explain why the Centre is not providing sufficiently effective support for the leadership of the government. As the PAC and others have shown:

- the Centre, and its professional leaders, lack clear authority over the whole machine, which means, in practice, neither central nor departmental leadership can be held properly to account for day to day operation or change management, and its track record in overcoming the tendency to silo thinking and operation is patchy; and
- there needs to be a much stronger capability not just to allocate resources, but to oversee continuously how they are being used to best effect – in other words, a proper central finance

function of the kind which would be recognisable in major corporations or, indeed, well run parts of the public sector.

“One Whitehall” would need clearly defined, strong, leadership, both organisationally and in terms of senior positions, to support the Prime Minister and other top political leaders in driving the government’s agenda forward. It involves applying the increasingly successful Board model, with high calibre non-executives, to Whitehall as a whole. It would build on successful changes which have already been made, including the Major Projects Authority, the Government Digital Service, and the National Security Secretariat.⁷⁰ It would contain the kind of single, clear, central finance function for which ICAEW have argued.⁷¹

It should be entirely feasible for the Centre to operate in this way. Two countries with otherwise very similar systems of government, Canada and Australia, have strong, well-defined centres, whose advantages include clarity of purpose and greater strength in co-ordination, challenge and priority driving.⁷² Scotland shows (page 23 above) that it is possible to have a single, strong, performance management framework for the whole of government. New Zealand models the way the finance function could be modernised.⁷³

Effective leadership of government requires, at least as much, effective *political* structures at the Centre of government, and the Cabinet and wider ministerial team to work effectively as a single government. There are proposals on this in GovernUp’s *Role of Politicians* report.

As with the design of “One Whitehall” generally, the preferred model for the centre needs to work with the political operating model the Prime Minister, senior colleagues and ministers generally feel they can work with. At the centre, the personal styles and relationships of the Prime Minister, Chancellor (and Deputy Prime Minister, if there is such a role in the next Government) will be a crucial factor in shaping the design of the official structures.

Subject to that, there is a strong case for separating the current public expenditure and financial management functions of government from the rest of the Treasury, and creating a structure involving simply:

- the Prime Minister’s personal office (corresponding to No.10 now);
- an “Office of Budget and Management”; and
- a Civil Service Management Board, responsible to the Prime Minister for the effectiveness and performance of “One Whitehall” as a whole, and in turn holding the single Head of the Civil Service or Chief Executive to account.

The proposed functions of the Office of Budget and Management are set out in Figure 6.

There are a number of options for the political accountability of the new Office: it could be entirely self-standing, under a senior member of the Cabinet; it could be politically accountable to the Chancellor and Chief Secretary (but organisationally separate from the Treasury); or it could report jointly to the Prime Minister and Chancellor. The right answer is a matter of political chemistry, judgement and negotiation, not a technocratic one.

⁷⁰ A review of why the National Security Secretariat has been successful can be found at <http://blogs.lse.ac.uk/politicsandpolicy/national-security-planning-should-be-an-important-part-of-any-partys-preparations-for-government> (accessed 6 February 2015)

⁷¹ *A CFO at the Cabinet Table? Strengthening UK government finances for the future*, ICAEW, September 2013, p17

⁷² *Centre Forward: Effective Support for the Prime Minister at the Centre of Government* Josh Harris and Jill Rutter, Institute for Government, July 2014, p89

⁷³ *A CFO at the Cabinet Table? Strengthening UK government finances for the future*, ICAEW, September 2013, p12

Figure 6: Office of Budget and Management: functions

1. Planning and management of government business	Based on the current Cabinet Secretariat role, but with stronger emphasis on systematic performance management, based on a proper single management information system.
2. Financial management	Based on the current Treasury spending and financial management functional leadership roles, but much more strongly professionalised (in particular led by a finance professional of the highest calibre).
3. Digital	Leading the development of the new common framework and set of platforms proposed in <i>Digital Future</i> .
4. Relationships with sub-national government and civil society	Incorporating the current Scotland, Wales, and Northern Ireland Offices, the local government functions of CLG, and the Office for Civil Society.
5. People management	Strategy and operations for recruitment, performance, remuneration, talent management of One Whitehall.

The Civil Service Management Board would build on the improvement and learning which has taken place under the current Government about how to improve leadership and governance. It would recognise, however, that if Whitehall is to become much more like a single business (albeit with a clear internal organisation and framework), it also needs single governance. Its relationship with the Boards of departments (to the extent they continue within the single structure) could be seen as somewhat like the relationship between Group and subsidiary boards in large businesses. It would differ from the current Civil Service Board in the following ways:

- its remit and accountability would be clear: it would be accountable to the Prime Minister and Cabinet for the staffing and organisational effectiveness of “One Whitehall”. It would not, of course, be responsible for policy, which would continue to be the responsibility of members of the government, accountable to the Cabinet; and
- it would include the Head of the Civil Service or Chief Executive (whichever title is preferred), other senior executive roles (for example Finance and Digital), and a number of non-executives of the very high calibre required. One of them would chair it (a development, with a clearer formal status and remit, of the current Lead Non-executive role).

4. Ensure there is a powerful, balanced, mix of professions in leadership roles and across Whitehall, with finance, digital, commercial and operational skills working alongside policy, and much more open-ness and contestability

Tackling the Skills Gap argues that the Civil Service needs to realign itself with how successful organisations attract, recruit, reward, develop and retain talented people, moving towards a more open talent economy in which it draws in expertise from a variety of sources, and for varying lengths

of time, to meet the needs of the business. Evidence is set out above (pages 12-15) that, despite some recent changes, Whitehall remains strongly dominated by one professional background (“generalists” or “policy”); the definition and standards of professionalism in that and other functions are, at best, patchy; and only extremely limited use is made of external procurement for central policy advice and service design functions (see page 15).

The current Government has taken some steps to alter this (page 12 above), including the introduction of functional leadership for key professions, professionalising the policy function (including appointing a Head of Profession), publishing a Capabilities Plan, and experimenting with the procurement of policy advice externally.

The next government needs to pursue this aspect of reform with even greater determination and pace to ensure the very high standards of expertise “One Whitehall” will require:

Action...	...to avoid risk
<ul style="list-style-type: none"> • Thorough audit, against business needs, of the current professionalism and experience of departmental top teams, with input from Government non-execs. • Complete restructuring of top teams by end 2015. • To include key non-negotiables, including all CFOs to be professionally-qualified and with strong experience, and presence of people with service delivery experience. • Radical reshaping of current Capabilities Plan to include quantified targets for numbers of non-policy professionals and people with significant experience outside central government in “One Whitehall” by 2020, with interim milestones. • New role description for Heads of Department, with input from Lead and other senior non-executives, ensuring it is not biased towards policy background or government experience. • New programme to develop the policy profession, including: <ul style="list-style-type: none"> ➢ Clear plans to make it a proper profession, including significant post-graduate formal learning, externally accredited; ➢ Clear distinction between giving policy professionals understanding of other professional perspectives (finance, digital, operational etc) and increasing the presence and input of fully qualified members of those professions. 	<ul style="list-style-type: none"> • Despite functional leadership, non-policy professionals continue to have only limited presence on top teams. • Responsibility for financial management will continue in some places to be held by unqualified people. • That Whitehall workforce will remain insufficiently diverse in its mix of skills and top professionalism. • That almost all top posts continue to be filled by people with a policy/Whitehall background. • That policy profession does not move rapidly towards proper professionalisation.

Action...

...to avoid risk

- Much more ambitious experimentation with outsourcing, with each Secretary of State to commission at least one high profile policy development project a year.
- That outsourcing remains marginal.

5. *The Civil Service Commission should be repurposed to provide external scrutiny and assurance on the pace and effectiveness of change, as well as protecting impartiality.*

The four changes discussed above would transform the central Civil Service for the better. They should also reduce the risk that it does not continue to change and improve at the pace its operating environment demands. Inability to change as significantly and rapidly as is necessary is a significant negative aspect of the current system.

However, both the political leadership of future governments, and the Service's professional leadership, would benefit from a really strong critical friend, sitting outside the normal government structures. It would do two related jobs which have do not have a clear home in the current system:

- (1) safeguarding the Civil Service as a national asset which needs to be kept in shape permanently, beyond the lifespan of the government of the day; and
- (2) offering scrutiny and pressure for continuous improvement in the effectiveness and performance of the Civil Service, as well as the ethics and integrity.

Its role is scrutiny and challenge, not executive accountability for the Civil Service, proposals on which are set out on pages 24-26 above.

It is sometimes suggested that (1) is a function of the current professional leadership of the Civil Service.⁷⁴ Of course, it can be argued that no-one, other than the elected government of the day, has any such safeguarding function. However, there is a strong argument that, while the government of the day is entirely justified in wanting to shape the way the professional side of government works to its needs, this needs to be balanced against the risk that, deliberately or inadvertently, the ability of the Civil Service to meet the needs of future governments might be undermined. This might happen either through the current ethical values being undermined, for example through widespread politicisation, or because the Service ceases to be professionally competent to perform its tasks effectively.

Whether this is a proper function of the current professional leadership of the Civil Service is much more open to debate:

- legally and constitutionally, Permanent Secretaries are bound to serve the government of the day, and have no independent accountability. This creates a real awkwardness about the notion they might have a 'safeguarding' role, particularly without it being a lot more clearly defined; and
- the potential actions of ministers are not the only source of risk to the capability of the Civil Service. It is also possible that its professional leadership, especially when it is dominated to the extent it has been up to now by people with the same professional background and little or no experience outside, could not succeed in maintaining its capability, especially since that is likely to require a continuous but well-judged response to the changing external environment.

⁷⁴ "at the most senior level, permanent secretaries have a duty to look after the long term health of their departments, although this function is not formally recognised by ministers." Peter Riddell, quoted in Civil Service World, 3 June 2014 <http://www.civilserviceworld.com/articles/special-report/replenishing-toolbox> (accessed 6 February 2015)

Parliament (in particular through the energetic and effective scrutiny of the Public Accounts and Public Administration Select Committees), and a host of outside organisations, provide scrutiny and pressure. However, the Committees have roles going beyond the effective functioning of the Civil Service; furthermore outside organisations tend to have a particular perspective, and, of course, lack constitutional authority and a democratic mandate.

The role proposed could be an entirely new body. However, for obvious reasons of not adding to organisational complexity, the suggested approach is that it should instead be a radically repurposed Civil Service Commission. A review of the Commission by Sir Gerry Grimstone is currently under way.

The Commission has two roles:⁷⁵

- **recruitment:** it sets principles which departments must follow; audits compliance with them; and a Commissioner chairs recruitment for the most senior posts: Permanent Secretaries, Directors General and (usually) Directors;
- **Civil Service Code:** civil servants who believe they have been asked to contravene the Code, or another civil servant has contravened it, may complain to the Commission. This is a relatively new role, dating from 1996.

The Commission's main, recruitment, function, is an evolution of the role it has always had in relation to recruitment.⁷⁶ This role is often seen as being about defending against politicisation and nepotism. However, the Northcote-Trevelyan Report, which led to its establishment, was concerned far more about capability (arguing that the previous system of appointment by patronage led to high levels of incompetence), as with the integrity of appointments.

The First Civil Service Commissioner is appointed by The Queen on the recommendation of the Minister for the Civil Service (ie. the Prime Minister), following consultation with the devolved First Ministers and the Opposition. The First Commissioner may not be removed other than for obvious reasons of incapacity or misconduct. The other Commissioners are appointed by the Minister for the Civil Service, but subject to the approval of the First Commissioner.

Although most entry to roles in the Civil Service is by horizontal movement or promotion, the Commission has never had a role in either regulating or determining such appointments (other than, recently, at the most senior levels). They are entirely managed by departments, and there is no independent safeguard against them being managed in ways which either lack integrity or fail to ensure the highest possible levels of capability.

Under current arrangements, the drafting of the Civil Service Code is for the government of the day, as is the appointment of Commissioners (though subject to safeguards against partisan appointment).

It is strongly emphasised, however, that this proposal is for something very different from the current Civil Service Commission:

- while it would have a 'defensive' role in guarding against politicisation, nepotism and poor ethical standards, it would, at least as importantly, be charged with scrutinising the capability of the Civil

⁷⁵ As set out in the Constitutional Reform and Governance Act 2010 and its current *Recruitment Principles* <http://civilservicecommission.independent.gov.uk/wp-content/uploads/2012/03/RECRUITMENT-PRINCIPLES-December-2014.pdf> (accessed 6 February 2015)

⁷⁶ The main steps in the Commission's evolution are summarised at <http://civilservicecommission.independent.gov.uk/about-us/history-of-the-commission/> (accessed 6 February 2015)

Service and challenging both ministers and professional leaders to ensure there is a continued drive for improvement and value; and

- a majority of Commissioners would have backgrounds outside national politics or the Civil Service. A key factor in selection would be their ability to make judgements about current capability and how to bring about improvement.

Below is more detail on how the proposed Commission might work, and some choices which would need to be made about it.

Core proposition

1. The Commission would take on the name of the Civil Service Commission and its current functions of safeguarding recruitment and hearing complaints about the Code. But other functions (see 4 below) would be at least as important.

2. The functions of the Commission would be:

- Owning a core statement of values and a code of practice elaborating on it. It would extend the current values and Code by addressing professional capability as well as integrity. NB current legislation assigns this function to the government of the day;
- Publishing a regular and honest assessment of the state of the Civil Service, measured against the statement of values and Code. This would be based on public evidence sessions with members of the Government, the professional leadership of the Service, and others, as well as commissioned research. It would take into account the views of the Public Accounts Committee and Select Committees;
- On the basis of the assessment, making legally binding recommendations to the Government of the day on actions to be taken to address potential weaknesses, whether of capability or integrity;
- Like the current Commission, setting standards for appointments generally and taking a direct role in senior appointments. However, its remit would include the principles governing appointments of current civil servants to roles, as well as external recruitment, and would have a stronger emphasis than now on ensuring the Service, and its senior leaders, includes the right mix of capability and professional background;
- Receiving complaints related to the Code (as now); and
- Publishing an annual report on its activities.

3. Appointments to the Commission would be made by The Queen on the recommendation of a cross

Choices

The current Commission could be left as it is, with the safeguarding function given to a new separate body. However:

- This would mean two bodies rather than one;
- Their remits overlap; and
- The Civil Service Commission name has historical resonance, and arguably the proposed repurposed Commission is a modernised version of the original concept, with its emphasis on capability.

There are potential variants on this set of suggestions, including leaving the Values and Code with the Government of the day, and the recommendations not being binding on the Government of the day (an analogy is the role of the Climate Change Committee, whose recommendations *could* be disregarded). The function of receiving complaints about unethical practice could be hived off to a separate body.

Or it could be appointed as now, ie on the recommendation of the PM but with statutory

Core proposition

party Committee of senior Privy Counsellors and nominees of the devolved legislatures.

4. Commissioners would be a mix of people of distinction outside Government, ie. the wider public service, business and civil society and with a Whitehall background. They would be chosen, in large part, for their ability to make credible judgements about current capability and what needs to be done to improve it. Expert staff would be recruited from outside the Civil Service.

Choices

consultation with the devolved executives and the Opposition.

It is important that the First Commissioner should be neither a former politician nor a former civil servant.