



National Audit Office



REPORT

Civil service leadership capability

Cabinet Office

SESSION 2023-24
13 MARCH 2024
HC 582



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National Audit Office

Civil service leadership capability

Cabinet Office

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 11 March 2024

This report has been prepared under Section 6 of the
National Audit Act 1983 for presentation to the House of
Commons in accordance with Section 9 of the Act

Gareth Davies
Comptroller and Auditor General
National Audit Office

8 March 2024

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Key facts

6,300

the total number of full-time equivalent (FTE) senior civil servants in 2023

77%

the increase in FTE senior civil servants between 2012 and 2023

1.3%

the proportion of all FTE civil servants who were senior civil servants in 2023

45

the number of permanent secretaries in 2022-23, an increase from 35 in 2012

£873 million

the estimated total paybill (including pensions and national insurance) for the Senior Civil Service in 2023

63.5%

the proportion, by headcount of senior civil servants who were based in London in 2023, a decrease from 66.5% in 2012

48.6%

the proportion, by headcount of female senior civil servants in 2023, an increase from 37.1% in 2012

8.7%

the proportion, by headcount of senior civil servants in 2023 who were from an ethnic minority background, an increase from 4.0% in 2012

49%

the proportion of respondents in the 2022 Civil Service People Survey with a positive view of leadership and managing change within the civil service

Summary

Introduction

1 The leadership skills of senior civil servants are key to success; they often make the difference between projects and services succeeding or failing. An effective Senior Civil Service requires highly capable senior civil servants, together with an environment that allows them to put their skills to work. Many important factors influence leadership capability, including how the civil service recruits, trains and retains individuals with skills and experience, and how it incentivises and rewards them. Leaders also need to know what the civil service expects of them in terms of setting the right culture and values for organisations they lead. Further, leadership capability includes institutional responsibilities and strategic approaches to people management in the civil service.

2 The Cabinet Office is the government department responsible for policy relating to the civil service, and the Cabinet Office Permanent Secretary is the Chief Operating Officer for the civil service. The Government People Group, which the Cabinet Office launched in February 2023, is a team within the Cabinet Office that undertakes the Human Resources role for the civil service. It incorporates a range of activities relevant to leadership capability, such as the Government Skills and Curriculum Unit and Leadership College for Government, which both have responsibilities for training and development, and the Senior Talent and Resourcing Team. The Cabinet Office has varying levels of control of and responsibility for activities relating to leadership capability: the Cabinet Office is directly responsible for coordinating the selection and hiring of the most senior staff (directors general and permanent secretaries). However, departments have a considerable degree of autonomy for performance, selection for other roles, leadership development, and talent management.

3 The extent to which actions to improve leadership capability are successful depends on a range of factors over which civil service leaders have varying influence. The institutional arrangements around the civil service, including the relationship between ministers and senior civil servants, are particularly important in determining how the civil service operates and performs.

4 The civil service consists of around half a million civil servants, with leaders at various levels. The Senior Civil Service (SCS) comprises the four highest leadership levels across government, consisting of (in full-time equivalent terms at April 2023) 6,300 senior civil servants, including 45 permanent secretaries. Between 2012 and 2023, the size of the SCS increased by 77% , from 3,550 full-time equivalents. Over the same period, the SCS as a proportion of the whole civil service increased from 0.8% to 1.3%.

5 Our study takes place as the civil service, and in particular its leadership, is under particular scrutiny. During 2023 the Public Administration and Constitutional Affairs Committee undertook an Inquiry into Civil Service Leadership and Reform. In November 2023 the Independent Review (Maude Review) of Civil Service Governance and Accountability Arrangements was published.¹ Further, the UK COVID-19 inquiry which began in June 2022 is exploring matters that include political and administrative governance and decision-making for the UK, and civil service performance, during the pandemic. These reviews may lead to changes in how the SCS operates, including how it approaches the capability of its leaders.

6 This report examines the government's overall approach to leadership capability within the SCS. It builds on our 2022 report *Leadership development in the civil service*, which outlined the civil service's training and development of its leaders. The report:

- examines the extent to which the Cabinet Office has adopted a whole system approach to leadership capability;
- examines whether the Cabinet Office has a clear view of what it wants to achieve in relation to leadership capability, a sound evidence base to support the design of its actions, and suitable arrangements for applying and embedding lessons; and
- considers evidence on leadership capability outcomes, and outcomes from the Cabinet Office's actions to improve leadership capability.

The report does not comment on the relationship between political leaders and senior civil servants, nor does it examine actions of individual departments, professions and functions, to improve leadership capability within their remits.

¹ F Maude, *Independent Review of Governance and Accountability in the Civil Service: The Rt Hon Lord Maude of Horsham*, Gov.UK, November 2023.

Key findings

Leadership capability approach

7 Since 2020, the Cabinet Office has adopted new approaches to some of its leadership capability activities, where it identified gaps and areas for improvement.

The Cabinet Office undertook reviews of the leadership development offer. These had identified weaknesses including a need for more coherence in centrally provided leadership development programme and gaps in the curriculum. In response, it introduced changes to leadership development arrangements and developed a plan to reform the leadership and management curriculum. We noted in our 2022 report that the civil service's approach to developing leaders has changed many times since the 1980s, and the Cabinet Office told us it intends that the current leadership development structure should be long-lasting. Alongside this restructuring, the Cabinet Office is seeking to innovate in some leadership capability areas, for example it plans to secure external accreditation status for line management standards for senior civil servants (paragraphs 2.2 and 2.3).

8 The Cabinet Office does not yet have an integrated and coherent whole system approach to leadership capability. The Government People Group runs the centre of government's leadership capability activities. A whole system approach is beneficial because the range of leadership capability activities all work towards common or related outcomes – capable leaders with the right skills, values and supportive environment. Cabinet Office officials described to us a range of examples of interactions across teams aimed at facilitating collaborative working and informing decision-making. But in other areas, such as the following, the Cabinet Office does not yet approach leadership capabilities as a system.

- **Clear responsibilities and accountability:** The Cabinet Office has taken steps to improve accountability through, for example, a new governance structure for the Government People Group and naming officials as senior responsible owners. However, it has not worked with departments, functions and professions to fully articulate the division of responsibilities between the Government People Group, departments, functions and professions.
- **Objectives:** The objectives that the Cabinet Office has described to us relate to individual activity areas and organisational units, and there are no overall objectives or success criteria for leadership capability as a whole. Without clear objectives, against which it can map its activities, it is difficult for the Cabinet Office to know if its activities are duplicated in some areas or missing in others.
- **Evaluation:** The Cabinet Office has developed an Evaluation Strategy for the Government Campus, including the Leadership College for Government, but it does not have an overall strategy for evaluating its work to improve leadership capability more broadly (paragraphs 2.4 to 2.6).

9 The Cabinet Office objectives for most activities promoting leadership capability are high-level, and lack clear outcomes and criteria for judging success. The Cabinet Office has high-level objectives for different activities, for example “the Government People Group’s objective is to work with departments, professions, and functions to build a modern, effective Civil Service”. For the Group and most individual teams it does not have lower-level, more measurable objectives, or criteria for judging whether objectives are being successfully met. The Cabinet Office recognises that objectives and success criteria should reflect intended outcomes, clear responsibilities and accountability, and its own ability to influence outcomes (paragraphs 2.7 and 2.8).

Evidence base

10 The Cabinet Office uses a number of evidence sources to understand the current civil service leadership capability, but it does not have an overall integrated assessment of capability to inform decision-making. The Cabinet Office told us that it uses a range of sources including performance management processes, pay and related information, and the Civil Service People Survey to understand current capabilities of civil service leaders. With the exception of an annual central talent exercise, capability and needs assessments arise through these activities rather than through dedicated exercises. The Cabinet Office told us that while civil service leaders have many strengths, it has identified areas for improvement, including digital, data, technology, numerical and scientific capabilities. The Cabinet Office told us that the areas identified have informed the curriculum for leaders, but it could not explain whether or how they have informed its leadership capability activities outside of training and development (paragraphs 3.3 and 3.4).

11 A range of factors can make improvements in leadership capability more or less likely. The Cabinet Office told us “enablers” for improving leadership capability include commitment and engagement of leaders themselves, and support from professions, functions and departments. It listed “challenges” including the scale and complexity of the civil service and range of strategic leadership involved, the impact of budget and resource considerations, and the external environment. Our fieldwork, including literature review, identified other enablers, including clarity of purpose and messaging, and perceptions of the role of civil servants. It also identified other barriers, including structural, cultural and behavioural issues within the civil service. The Cabinet Office has identified seven “problem statements” linking to actions that it wants the leadership training programmes to address, and some of these statements, for example, “unconnected leaders”, are barriers to improving leadership capability. Beyond this, we have not seen how identification and analysis of enablers and barriers inform leadership capability activities (paragraphs 3.5 to 3.8 and 3.10, and Figures 13 and 14).

12 The Cabinet Office has arrangements for monitoring capability and evaluating effectiveness of actions, but gaps exist. The Government People Group monitors performance indicators for learning, skills and capability; pay and reward; employee experience; and recruitment, retention and talent. It has developed and started to implement a systematic evaluation approach for the Government Campus and for Leadership College for Government programmes. The Cabinet Office has made use of evaluation for some activities, but we have not seen evidence of evaluations of long-standing activities or plans to widen evaluation planning coverage to those areas. The formal monitoring and evaluation arrangements provide limited information on specific capability outcomes, including whether leaders are clear on what is expected of them, whether skills gaps are being filled and the extent to which the operating environment for leaders is supportive. The Cabinet Office does not collect or analyse information on the overall costs of its central leadership capability activities; it told us it estimates total costs for central leadership capability activities to have been around £11.5 million in 2022-23 (paragraphs 2.9 and 2.11 to 2.14).

13 The Cabinet Office has drawn on lessons from past experience to inform individual leadership capability activities. Lessons from past experience informed design of the new leadership development and training structure. The Cabinet Office told us of examples where civil service experience has informed training of leaders. Officials also recognise that capable leaders must be prepared for 'extraordinary' situations and, for example, the Cabinet Office runs a course on crisis management for senior leaders (paragraphs 3.11 and 3.13).

Capability measures

14 The civil service has articulated what it expects of leaders in many ways and the Cabinet Office is reviewing the various sets of expectations for coherence and alignment. The civil service has set out expectations of its leaders in numerous ways over time, for example, through employment terms and conditions and leadership competencies, and through training and development programmes. In setting expectations, the civil service must balance consistency across the SCS with the need for a degree of flexibility, for example reflecting departmental activities and needs. The Cabinet Office told us that it is mapping Leadership and Management Frameworks across the civil service to ensure coherence and alignment, which could lead to some consolidation of how expectations are set out (paragraphs 2.15 and 2.16).

15 The Cabinet Office aims to bring in skilled leaders from other sectors, but recruitment into the SCS is still dominated by internal promotions, and it does not have a clear idea of how many appointees leave soon after joining the SCS.

The civil service recognises the value that external recruits can bring and in 2021, the civil service committed to implementing 'external by default' recruitment, where all SCS posts would be advertised externally, from 2022. However, recruitment to the SCS remains predominantly through promotion from within – in 2022-23, 80% of SCS recruits were from within the civil service, 14% were from the private sector and 6% were from the wider public or voluntary sector. Our fieldwork interviews and literature review indicated that well-qualified appointees from outside of the SCS may leave after a short time in post due to greater feelings of isolation relative to appointees promoted from within the civil service; and a perception that 'generalist' skills related to policy advice are valued more highly than specialist skills and experience gained outside the civil service. The Cabinet Office shared data analysis covering time in post for senior civil servants, but we have not seen how this informs decisions, or analysis of how many people leave shortly after appointment to the SCS to know how widespread the problem is (paragraphs 2.20, 3.7 and 3.8, and Figures 7 and 13).

16 The Civil Service People Survey suggests a significant increase in leadership capability over the last decade, albeit from a low base and not yet consistent across the civil service.

The Civil Service People Survey is carried out on an annual basis by all civil service organisations. It includes questions on civil servants' views of how well their organisations are led and managed. Results from the survey suggest substantial improvements in leadership. The proportion of positive responses to leadership themed questions in the Civil Service People Survey increased from 31% in 2012 to 53% in 2020, but decreased to 49% in 2022. There is, however, wide variation in the perception of leadership between departments and across grades with, for example, positive views of leadership across the 16 main civil service departments in 2022 ranging from 61% to 38%. Across all civil servants in 2022, the positive response rate to the statement "I feel that change is well managed in my organisation" was 51% for the SCS, but between 31% and 35% for all other civil service grades (paragraphs 2.17 to 2.19 and Figures 5 and 6).

17 The SCS has become more representative of wider society but there is further to go. The Cabinet Office has set an aspiration that the SCS should be representative of the society it serves, keep pace with changing technologies and societal needs, and manage the risk of ‘group-think’ arising from an overly-narrow set of backgrounds and experiences. Over the period 2012 to 2023, the proportion of female senior civil servants increased from 37.1% to 48.6%; the proportion of those from an ethnic minority background increased from 4.0% to 8.7%; and the proportion of those who declare a disability increased from 3.4% to 7.8%. However, representation of those from an ethnic minority background or with a declared disability within the SCS remains below that of grades below the SCS, and below that of the economically active working age population as a whole, 16% of whom are from an ethnic minority background, and 17% of whom have a declared disability. Although there has also been a small increase in the proportion of senior civil servants located outside London (from 33.5% in 2012 to 36.5% in 2023), it is still predominantly London-based. The Cabinet Office told us that it does not yet hold robust data on social mobility centrally, because of quality issues in embedding data collection processes across departments. A Social Mobility Commission report in 2021 indicated that working class representation in the SCS, at around 18% in 2019, had not improved since 1967 (paragraphs 2.22 to 2.28, and Figures 8, 9, 10, 11 and 12).²

Performance management

18 The Cabinet Office considers leadership capability to be part of performance management arrangements for senior civil servants, however it has not yet linked leadership capability to pay and incentives. The Cabinet Office has undertaken an extended review of the performance management framework for senior civil servants since 2019. The new performance management framework for SCS grades apart from permanent secretaries has been implemented for the first time this performance year, from 1 April 2023. Permanent secretaries are appraised on delivery of ministerial priorities and performance against departmental Outcome Delivery Plans, which have not been published for 2022-23 but are being used to evaluate performance. Currently, performance of senior leaders is rewarded through non-consolidated payments (bonuses), but is not linked to consolidated pay uplifts. For the wider SCS, the Cabinet Office has previously (most recently in June 2023) indicated its intention to introduce a capability-based pay progression system aimed at incentivising skills development and experience by linking pay more clearly to capability. In its January 2024 Government People Plan, the Cabinet Office published intentions to set out a pay framework that drives acquisition of skills and capabilities, alongside an SCS strategy for a smaller, more skilled and better rewarded SCS (paragraphs 3.14 to 3.18).

² Social Mobility Commission, *Navigating the labyrinth: Socio-economic background and career progression within the Civil Service*, research report, May 2021, pages 5 and 11 (viewed on 4 December 2023).

Conclusion

19 Government faces significant challenges on many fronts at present, and an effective cadre of civil service leaders will be an essential element in overcoming them. Results from the Civil Service People Survey suggest that overall leadership capability has improved over the last decade, albeit from a low base. In order to build on this, the Cabinet Office needs to bring its fragmented approach into a more coherent systemic approach.

20 The Cabinet Office needs to be clearer on what it expects of leaders, and whether and how the activities it delivers will achieve the leadership capability it is seeking. It needs to clearly articulate the responsibilities and accountabilities of different parts of the system, including departments, professions and functions. Doing so will enable it to test whether there are gaps or overlaps in the work being done by different parts of the system. The Cabinet Office should set out more clearly the role it expects external recruitment to play in filling gaps, including for specific skills and to enable it to meet its diversity goals. It should seek to understand how often external recruits leave shortly after their appointment and why they leave, so it can take appropriate action. The Cabinet Office can build on examples of good work within individual activities, for example expanding its spread of evaluation approaches for leadership development to other activities. If it is able to build from these a more coherent and evidence-based system it should be well placed to deliver further improvements.

Recommendations

21 We make the following recommendations:

- a** **The Cabinet Office, working with departments, professions and functions, should set out more clearly who is accountable for different activities that contribute to improved leadership capability.**
- b** **The Cabinet Office should work with departments, professions and functions to set out more clearly the specific outcomes that it wants to achieve from leadership capability as a whole system, and criteria for judging success.** The Cabinet Office should link the system objectives to the objectives of individual teams and activities, and set out how it will measure progress against them.
- c** **The Cabinet Office should formally analyse the enablers of and barriers to achieving its objectives for leadership capability, to assess the extent of its influence over those factors.** It should build from this analysis plans for action to address barriers where it has scope to do so.

- d The Cabinet Office should map for all its leadership capability activities the evaluation that it has already undertaken.** It should prepare a strategy and plan for evaluation of activities and outcomes where it identifies gaps in coverage.
- e The Cabinet Office should develop and communicate a coherent view of expectations.** It should explore ways to test whether leaders are clear on what is expected of them.
- f The Cabinet Office should assess where a system-level view of capabilities and needs would be most valuable.** It should develop mechanisms for producing this assessment.
- g Cabinet Office should develop a plan for external recruitment as part of its work on the new SCS strategy, reflecting assessments of priority areas (for example for particular skills or organisations) and whether the current system is working.** It should assess the key factors including how often external recruits leave soon after being appointed, and determine, for example, through exit interviews, the extent of and reasons for this happening and what could be done to make it less likely.

Part One

Background

1.1 This Part examines the rationale for actions to improve civil service leadership capability, how the civil service organises its leadership capability activities, and the context in which these activities take place.

Rationale

1.2 In our past reports we have highlighted the importance of capable leadership to public services outcomes, and examples where capability has been lacking. Our 2021 good practice guide for senior leaders, *Improving operational delivery in government*, emphasised the importance of building technical and leadership capability to managing operations and improving services. Our 2023 report, *Digital transformation in government*, said progress in improving the digital capability of senior decision-makers in government has been limited, and that “if government is serious about digital capability-building for senior business leaders, it needs to devote appropriate priority and focus”.

1.3 In our 2022 report, *Leadership development in the civil service*, we noted that leadership is vital to delivering value for money.³ In that report we described the civil service’s training and development of its leaders, focusing on the SCS and the pipeline of future senior leaders. The Cabinet Office states that “leadership within the Civil Service is required to help Ministers achieve their goals while delivering value for money and better outcomes for citizens. This is a crucial area of capability that is a high priority of Civil Service reform.” In this report, we look more widely at how the civil service ensures that it has capable leaders, who are essential to delivering good outcomes from public services, and value for money for the taxpayer.

³ Comptroller and Auditor General, *Leadership development in the civil service*, Session 2022-23, HC 298, National Audit Office, October 2022.

1.4 Leadership capability requires the civil service to identify, recruit, train and retain individuals with leadership talent, relevant skills and experience. Increasingly, the civil service needs leaders with digital and STEM (science, technology, engineering and mathematics) skills. The civil service also needs to be clear about what it expects of those leading others; to provide the right environment within which leaders are able to operate to the best of their potential capability; and to expect leaders to operate with the right culture and values. Further, the Cabinet Office intends that the composition of the SCS should reflect the wider society it serves, in terms of demographics and where leaders are located. In 2019, the Organisation for Economic Co-operation and Development (OECD) published a Recommendation on Public Service Leadership and Capability, which presents 14 principles under three headings: a values-driven culture and leadership; skilled and effective public servants; and responsive and adaptive public employment systems.⁴

Roles and activities

1.5 This report focuses on leadership capability in the context of the SCS, although leadership is important at all levels of the civil service. The SCS comprises the four highest leadership levels across government, consisting of (in full-time equivalent terms at 1 April 2023) 6,300 senior civil servants, including 45 permanent secretaries. The civil service overall consists of around half a million civil servants, with leaders at various levels.

1.6 The Cabinet Office is the government department responsible for policy relating to the civil service and for activities that contribute to civil service leadership capability. The Cabinet Office Permanent Secretary is the Chief Operating Officer for the civil service. **Figure 1** overleaf outlines the organisational structure of leadership capability activities.

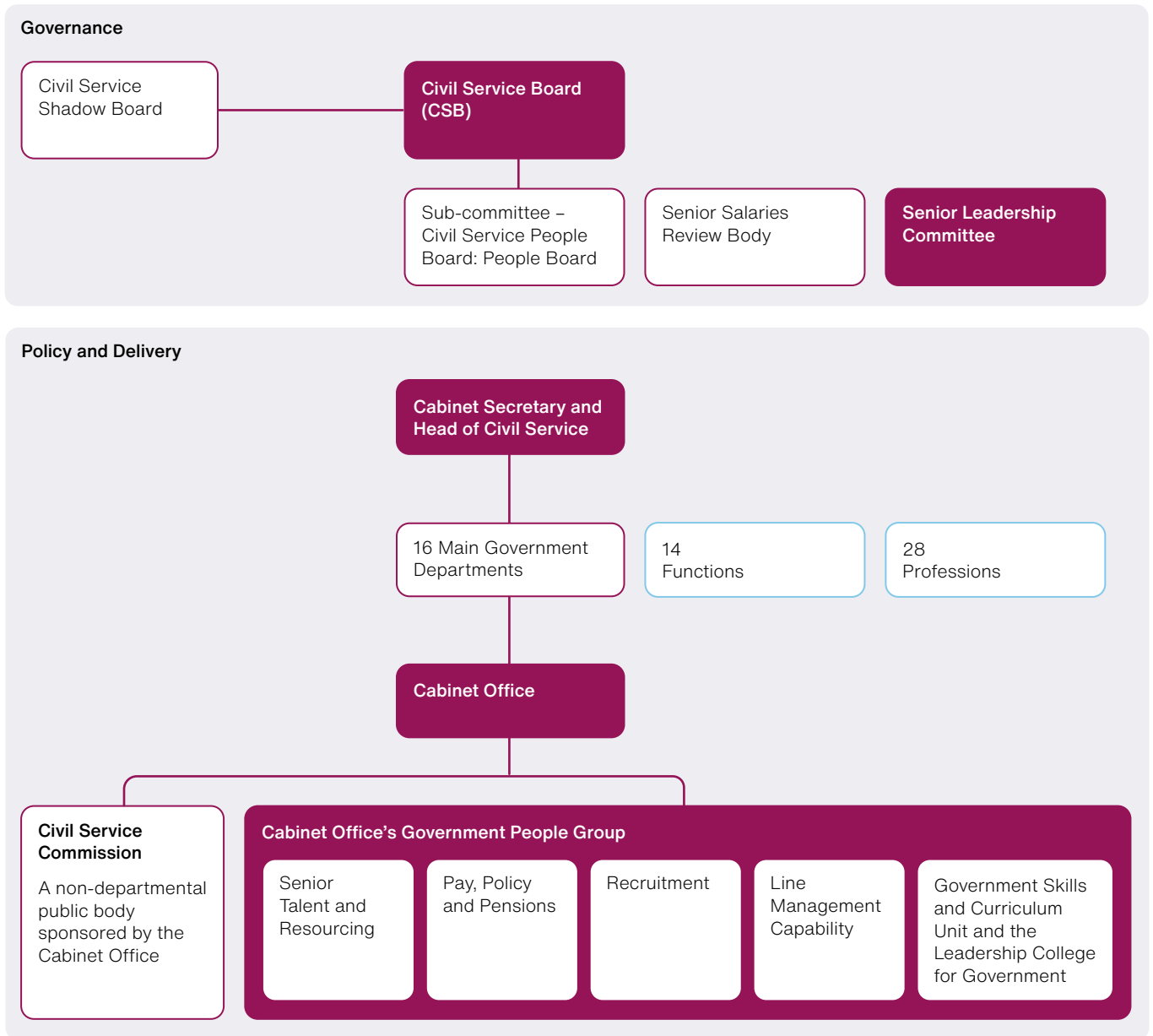
1.7 The Government People Group carries out a range of activities relevant to leadership capability. The Cabinet Office launched the Government People Group in February 2023, through the merger of two former units (Civil Service Human Resources and Government Business Services). The Government People Group “exists to work with departments, professions, and functions to build a modern, effective Civil Service”.

- Government departments and other public bodies are responsible for ensuring they have the right leadership capability in place. They draw on what is offered by the Cabinet Office, by government professions and external bodies, and supplement that with their own leadership capability offer.
- Government professions are groupings of people with specialist professional skills, knowledge or expertise. Some of their programmes include leadership development.
- Government functions are groupings aligned across government to manage functional work such as human resources, commercial, or finance.

⁴ OECD, *Recommendation of the Council on Public Service Leadership and Capability*, OECD/LEGAL/0445, adopted 2019, available at: www.oecd.org/gov/pem/recommendation-on-public-service-leadership-and-capability.htm

Figure 1
Organisation of civil service leadership capability activities

The Cabinet Office has direct influence over many aspects of the civil service leadership capability and works with others in the system



- Under remit or oversight of Cabinet Office □ Independent bodies □ Under the remit of Government Departments
- Lines of accountability ● The governance system and the policy and delivery system

Notes

- 1 The Cabinet Office sets the central guidance for all of the 14 functions, of which nine functions are under the remit of the Cabinet Office, and five functions are under the remit of other government departments.
- 2 Under the Cabinet Office's Government People Group the subgroups represent individual teams.

1.8 The Cabinet Office views leadership as a collective responsibility, encompassing its own actions and those of departments, professions and functions. For some of the leadership capability activities, the Cabinet Office is largely responsible, for example, coordinating the selection and hiring of the most senior staff (directors general and permanent secretaries). Departments have a considerable degree of autonomy for performance, selection for other roles, leadership development, and talent management.

1.9 The Senior Leadership Committee plays an important role in SCS strategy, recruitment and resourcing. The Committee consists of the most senior permanent secretaries across government departments, and works with all permanent secretaries to oversee the management and development of the director general workforce.

1.10 Other important roles include the following.

- The Civil Service Board is responsible for the strategic leadership of the Civil Service and aims to make sure it works as a coherent and effective whole and has the capability to respond to any challenges.
- The People Board is a formal sub-board of the Civil Service Board. Its responsibilities include assessment of short-, medium- and long-term capabilities gaps and the development and implementation of plans to fill them, including a strategy for learning and development.
- The Civil Service Commission regulates recruitment into the civil service, ensuring that appointments are made on merit after fair and open competition.

Government People Group activities influencing leadership capability

1.11 Training and development activities sit within the Government Skills and Curriculum Unit (GSCU), which the Cabinet Office created in September 2020 to design and deliver better training, knowledge and networks across the civil service. In January 2021 the GSCU established the Government Campus to bring together learning for the whole of the civil service. In April 2022, the Cabinet Office established the Leadership College for Government to provide training and development for public and civil service leaders and managers. The Leadership College for Government replaced the Civil Service Leadership Academy and National Leadership Centre.

1.12 Recruitment of the most senior civil servants takes place through the Senior Talent and Resourcing team, which provides support to the Cabinet Secretary and the Senior Leadership Committee (SLC), on maintaining and preparing people for future director general and permanent secretary roles. The Government Recruitment Service, established in 2017, recruits for other SCS roles and grades, including the SCS, and delivers around 70% of recruitment for the civil service. Departments also undertake their own recruitment. Alongside recruitment, the civil service makes use of secondments to fill skills gaps and help people develop new skills.

1.13 The Line Management Capability team undertakes activities aimed at improving how civil service leaders approach employee experience, wellbeing and motivation, and contributing to individual and organisational performance and productivity. By the end of 2024, the team plans to establish interventions that include a new civil service line manager induction programme, line management standards for all civil service line managers, accreditation and related training for standards, and embedding of the standards into the 'employee lifecycle'.

1.14 The Civil Service Pay, Policy and Pensions team sets the direction on a range of civil service pay and reward issues, including pensions. Its functions include setting the civil service employment framework, including terms and conditions for senior civil servants and the wider civil service.

Context for civil service leadership capability

1.15 The SCS has grown in size over the last decade (**Figure 2**). The size of the SCS (full-time equivalent) increased by 77% from 3,550 in 2012 to 6,300 in 2023, while the number of permanent secretaries increased from 35 in 2012 to 45 in 2022-23.⁵ Most of this increase from 2012 relates to increases in the numbers of directors and deputy directors, the two most junior levels of the SCS. Over that time the SCS has increased as a proportion of the civil service as a whole, from 0.8% to 1.3%.

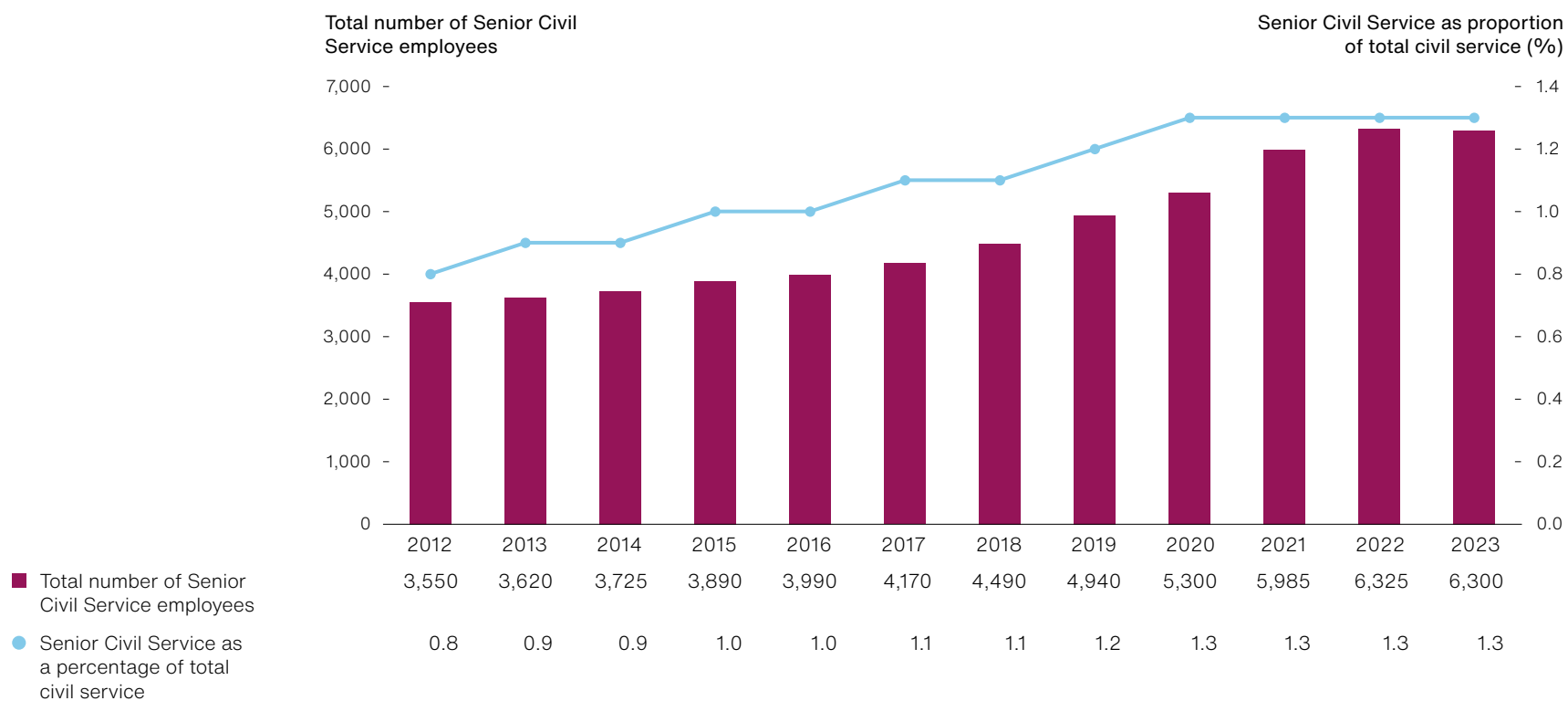
1.16 The overall cost of the SCS has increased over time, as its numbers expanded. The estimated total nominal paybill for the SCS (including pensions contributions, national insurance, allowances and non-consolidated performance related pay) in 2023 was £873 million, an increase of 5.7% from the previous year (**Figure 3** on pages 20 and 21).

⁵ Review Body on Senior Salaries, *Report No. 81 Thirty-Fifth Annual Report on Senior Salaries 2013*, March 2013, Cm 8569, Appendix D page 53; Review Body on Senior Salaries, *Report No. 96, Forty-Fifth Annual Report on Senior Salaries 2023*, July 2023, CP 888, Table 3.3 page 36.

Figure 2

Increase in Senior Civil Service (SCS) full-time equivalent (FTE), 2012 to 2023

SCS FTE has increased from 3,550 in 2012 to 6,300 in 2023 and, as a percentage of total civil service FTE, the SCS increased from 0.8% in 2012 to 1.3% in 2023



Notes

- 1 Data refer to the first quarter in each year.
- 2 FTE data have been rounded to the nearest five.
- 3 Percentages are based on unrounded figures and are rounded to the nearest 0.1%.

Source: National Audit Office analysis of unpublished Cabinet Office data for the centrally managed Senior Civil Service

Figure 3

Estimated total nominal paybill for the Senior Civil Service (SCS), 2012 to 2023

With the SCS increasing in size since 2012, the paybill rose to an estimated £873 million in 2023

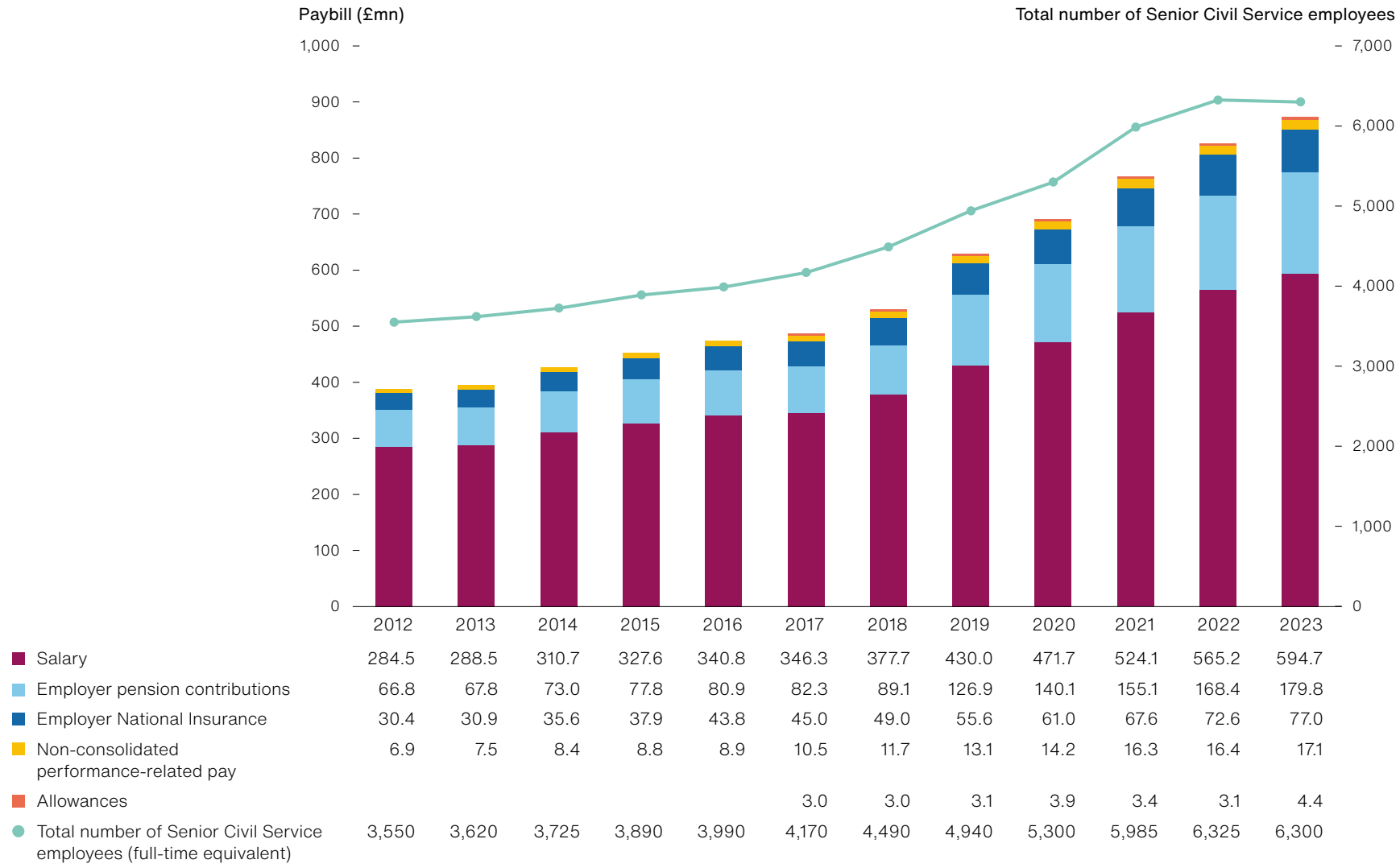


Figure 3 *continued*

Estimated total nominal paybill for the Senior Civil Service (SCS), 2012 to 2023

Notes

- 1 Estimated total paybill is calculated as the sum of salary costs, national insurance costs, pension costs, non-consolidated performance-related payments (NCPRPs) and allowances.
- 2 NCPRPs include both in-year and end-of-year payments since 2017. Prior to 2017 NCPRPs relate to end-of-year payments only.
- 3 Data on allowances are available and shown since 2017 only.
- 4 Paybill components shown here are estimates in millions, rounded to the nearest £0.1 million.
- 5 Missing salaries have been estimated. Missing NCPRPs and allowances have been counted as zero.

Source: National Audit Office analysis of unpublished Cabinet Office data for the centrally managed Senior Civil Service

1.17 The extent to which leadership capability activities are successful depends on a range of factors over which civil service leaders have varying influence.

Figure 4 overleaf shows an Organisation for Economic Co-operation and Development (OECD) model of senior civil service systems, explaining that both capable senior civil servants and a supportive operating environment are necessary for success. The institutional arrangements around the civil service, including the relationship between ministers and senior civil servants, are particularly important in determining how the civil service operates and performs.

1.18 We prepared this report at a time of change and scrutiny for the civil service and its leadership. During 2023, the Public Administration and Constitutional Affairs Committee undertook an Inquiry into Civil Service Leadership and Reform.⁶ In November 2023 the Independent Review (Maude Review) of Civil Service Governance and Accountability Arrangements reported its findings.⁷ Further, the UK COVID-19 Inquiry, which began in June 2022, has been exploring matters that include political and administrative governance and decision-making for the UK, and civil service performance, during the pandemic. This includes questions related to issues relevant to civil service leadership. The Cabinet Office told us that any relevant outcomes, findings or lessons, will contribute to the civil service's continuous improvement. These reviews may lead to changes in how the SCS operates, including how it approaches capability of its leaders.

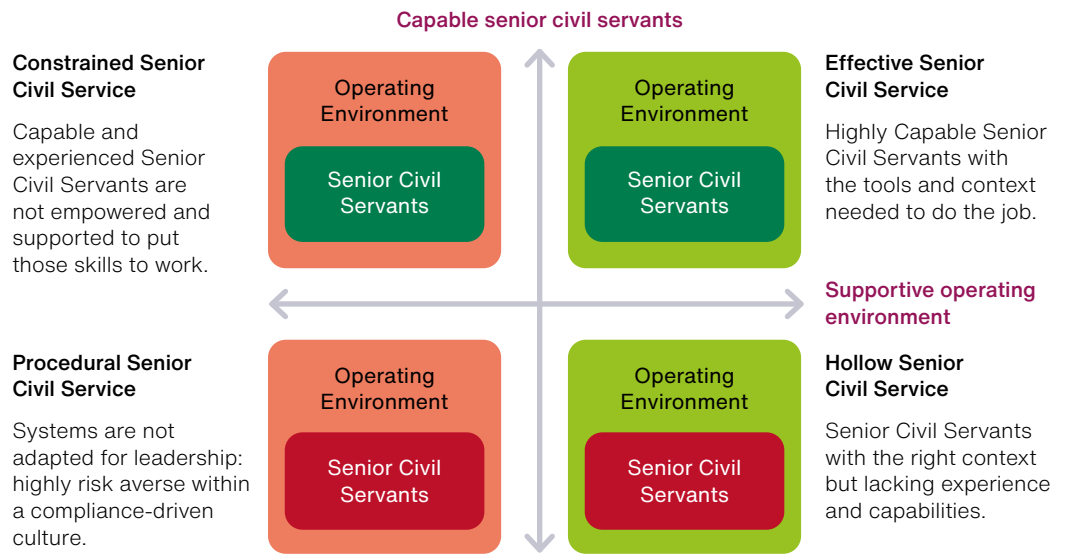
6 Public Administration and Constitutional Affairs Committee, *Does the Civil Service need reforming? MPs launch new inquiry, April 2023*.

7 F Maude, *Independent Review of Governance and Accountability in the Civil Service: The Rt Hon Lord Maude of Horsham*, Gov.UK, November 2023.

Figure 4

Organisation for Economic Co-operation and Development’s (OECD’s) model of senior civil service systems

The model says both capable senior civil servants and a supportive operating environment are necessary for success



Source: D Gerson, *Leadership for a high performing civil service: Towards senior civil service systems in OECD countries*, Organisation for Economic Co-operation and Development Working Papers on Public Governance, No. 40, 2020

Part Two

Leadership capability aims and evidence on outcomes

2.1 This Part examines how the Cabinet Office has articulated expectations for leaders and set objectives for leadership capability; the extent to which it has adopted a whole system approach to leadership capability activities; and evidence on indicators of leadership capability.

Leadership capability approaches and objectives

2.2 Many activities contributing to leadership capability, for example, recruitment and talent management, are long-standing. Since 2020, the Cabinet Office has restructured parts of its organisation responsible for leadership capability. The Cabinet Office told us that reviews it undertook of the leadership development offer had identified many major learning points, including a need for more coherence in centrally provided leadership development programme and gaps in the curriculum. The Cabinet Office told us that changes to leadership development arrangements and the plan to reform the leadership and management curriculum were the two main responses to its reviews. The Cabinet Office is seeking to innovate in some areas, for example, it plans to secure external accreditation status for line management standards for senior civil servants.

2.3 We noted in our 2022 report that the civil service's approach to developing leaders has changed many times since the 1980s. The Cabinet Office told us it intends that the current leadership development structure should be long-lasting.

Adopting a system-based approach

2.4 In our past work we have described the benefits to departments of a ‘whole system’ approach to managing operations and improving service delivery. A whole system approach is beneficial because the range of leadership capability activities all work towards common or related outcomes – capable leaders with the right skills, values and supportive environment. Examples we have outlined include the following.

- Leaders must create the environment for everyone to take a whole-system approach by aligning objectives, funding, governance and accountability across all the organisations contributing to delivering a successful outcome.
- The success of policy outcomes relies on the actions of everyone involved.
- Alignment and transparency on purpose and progress allow informed decisions on future interventions.
- The right governance mechanisms allow this to happen at the pace needed to address operational risks. Such an approach needs clearly defined roles and responsibilities to avoid gaps in accountability.

2.5 The Government People Group runs the centre of government’s leadership capability activities. Cabinet Office officials described to us interactions to work collaboratively and inform decision-making. These included examples of working between teams within the Government People Group, and mechanisms for engagement with others, including the civil service leadership group and a Heads of Talent forum.

2.6 In other areas the Cabinet Office does not yet approach leadership capabilities as a system.

- **Accountability:** The Cabinet Office has taken steps to improve accountability since criticism from the Public Administration and Constitutional Affairs Committee in a 2018 report, for example a new governance structure for the Government People Group and naming officials as senior responsible owners. But it has not worked with departments, functions and professions to fully articulate where leadership capability responsibilities sit between the Government People Group, departments, functions and professions.
- **Objectives:** The Cabinet Office has not set out objectives and intended outcomes for its leadership capability activities as a whole. The objectives that the Cabinet Office has described to us relate to individual activity areas and organisational units, for example objectives for the Leadership College for Government and for the Senior Talent and Resourcing Team.
- **Evaluation:** The Cabinet Office has developed and started to implement an Evaluation Strategy for the Government Campus, which was itself the result of engagement across the system. We have not seen evidence of plans to evaluate the overall leadership capability system.

Objectives, monitoring and evaluation

Objectives

2.7 The Cabinet Office has set out objectives for the Government People Group and for some individual activities. In general these objectives are high level, for example: “The Government People Group’s objective is to work with departments, professions, and functions to build a modern, effective Civil Service”. We have not seen the Cabinet Office articulate more specifically, within or alongside this objective, the outcomes that it wants to see from leadership capability activities. The Cabinet Office recognises that objectives for the leadership capability system, and the framework for measuring whether those objectives are being met, should reflect clear identification and articulation of:

- the outcomes that it wants the system to deliver;
- the division of responsibilities and accountability between different parts of the system; and
- the influence that the Cabinet Office has over the outcomes it wants to see and that it is responsible for.

2.8 The Senior Talent and Resourcing team has three objectives and specific aims, including “to have successors to compete for roles, at least three good internal candidates”. Otherwise, we have not seen, for individual teams or for the Government People Group as a whole, translation of high-level objectives into lower-level, more measurable objectives, or criteria for judging whether objectives are being successfully met.

Monitoring and evaluation

2.9 Monitoring and evaluating performance and outcomes is complex, for example because it is difficult to measure and attribute the difference any particular initiative or activity has on leadership capability of individuals and departments. The Government People Group monitors performance indicators for learning, skills and capability; pay and reward; employee experience; and recruitment, retention and talent. These indicators range from activity measures (such as learning and development bookings) to more outcome-based measures (such as Civil Service People Survey answers on employee engagement).

2.10 The Cabinet Office told us that the decrease in median scores for “Leadership and Managing Change” in the annual Civil Service People Survey in “the last couple of years were part of the reason to introduce reforms, including establishing the Leadership College for Government (which is still reforming its curriculum) and the Government People Group”. Beyond this, we have not seen how the Government People Group makes use of performance information to inform decision-making.

2.11 We noted in our 2022 report on leadership development that the Government People Group has developed a systematic evaluation approach for the Government Campus and for Leadership College for Government programmes. The approach will evaluate the Government Skills and Curriculum Unit against the outcomes described in its educational standards. We have not seen evidence of plans to widen formal evaluation strategies and plans to other long-standing activities.

2.12 In terms of evaluation work that the Cabinet Office has undertaken and completed, it has made use of different types of informal and formal evaluation methods in some areas. The Cabinet Office Senior Talent and Resourcing team told us it had undertaken a review of the programme for director general induction. The Cabinet Office has undertaken a two-stage formal evaluation of the National Leadership Centre, which preceded the Leadership College for Government. The Cabinet Office told us that this evaluation informed design of the leadership programmes, but we have not seen supporting evidence of the actions the Cabinet Office took as a result of the evaluation.

2.13 The costs of central leadership capability activities range across different organisational structures and budgets, and the Cabinet Office does not separately record the total of these costs. It told us that it estimates total costs for central leadership capability activities to have been around £11.5 million in 2022-23. This total includes recorded costs of £9.7 million for the Leadership College for Government and £1.3 million for the Senior Talent and Resourcing for 2022-23, and an estimate of £0.5 million for the leadership capability element of the Civil Service Pay, Policy & Pensions team's work. The estimated total cost does not cover wider leadership capability activities that departments, professions and functions undertake. We have not seen how the Cabinet Office makes use of information on outcomes and costs of leadership capability activities to inform, for example, how to prioritise those activities within available resources.

Capability measures

2.14 The formal monitoring and evaluation arrangements provide limited information on specific capability outcomes including whether leaders are clear on expectations of them, whether skills gaps are being filled and the extent to which the operating environment for leaders is supportive. We have therefore analysed available evidence on indicators of leadership capability using a combination of Cabinet Office data and information from published sources. We have organised the evidence, drawing in part on the OECD recommendations on leadership capability, as follows:⁸

- clarity of expectations for senior civil servants
- indicators of skills and capability, including survey data on civil servants' perceptions of leadership quality;

⁸ OECD, *Recommendation of the Council on Public Service Leadership and Capability*, OECD/LEGAL/0445, adopted 2019. Available at: <https://www.oecd.org/gov/pem/recommendation-on-public-service-leadership-and-capability.htm>

- measures of diversity and inclusion, and where senior civil servants are located, as indicators of whether the senior civil service is representative of society; and
- The environment within which leaders operate, including the values expected of them.

Expectations of leaders

2.15 The civil service has set out expectations of its leaders in numerous ways over time, including the following.

- Through the Civil Service Code and Management Code, employment terms and conditions.
- Through leadership standards and competencies. The Leadership College for Government has published Leadership and Management Educational Standards, defining expectations of seven areas for different grades of civil servant, including “strategy, systems and culture”. The Leadership Statement, published in 2015, sets out the behaviours expected from leaders within the civil service. In April 2020 the civil service launched Leadership in Action, with eight attributes of the best leadership designed to act as a guide for civil service leaders and those supporting their development. For the most senior leadership roles, “Indicators of Potential” set out the key capability and behaviours expected of these roles.
- Through training and development programmes, which are informed by the standards and competencies set out above.

2.16 In setting expectations, the civil service must balance consistency with the need for a degree of flexibility, for example, to reflect departmental activities and needs. The Cabinet Office told us that it is undertaking a mapping exercise of Leadership and Management Frameworks across the civil service aimed at ensuring coherence and alignment. It told us that this is in response to previous National Audit Office comments on various expressions of leadership expectations, and as part of the civil service’s commitment to continuous improvement. The Cabinet Office told us that the civil service did not fully implement the “Leadership in Action” work that was published just before the pandemic, as the requirements and context for leaders had changed during and after the pandemic. The Senior Talent and Resourcing team has tested views of permanent secretaries and directors general regarding the Indicators of Potential. Beyond this, we have not seen evidence of the Cabinet Office undertaking exercises to test with leaders whether articulated expectations are clear and, for example, strike a balance between consistency and flexibility.

Evidence on skills and measuring expertise

2.17 Recruiting, training and retaining people with the right skills is key to leadership capability. The Cabinet Office has some measures of skills relating mainly to the annual Civil Service People Survey results, while the Government People Group has developed and started to implement an Evaluation Strategy to measure the impact of the Government Campus, but it has not completed any evaluation work yet. We have collected evidence from:

- Civil Service People Survey results on perceptions of leadership and managing change; and
- data on recruitment of external candidates to the SCS, and on the quality of candidates recruited to the SCS.

2.18 The Cabinet Office says that improved Civil Service People Survey results over time, and particularly the steady increase over time of median scores for the “Leadership and Managing Change” question, suggests effective improvements. The proportion of positive responses to leadership themed questions in the Civil Service People Survey increased from 31% in 2012 to 53% in 2020, but decreased to 49% in 2022 (**Figure 5**).

2.19 There is, however, wide variation in the perception of leadership between departments and across grades. Across the 16 main civil service departments in 2022, positive views of leadership ranged from 61% (Department for Transport) to 38% (the Cabinet Office). Across all civil servants in 2022, the positive response rate to the statement “I feel that change is well managed in my organisation” was 51% for the SCS, but between 31% and 35% for all other civil service grades (**Figure 6** on page 30).

2.20 Recruitment to the SCS remains predominantly through promotion from within the civil service. In 2022-23, 80% of SCS recruits were from within the civil service, 14% were from the private sector and 6% were from the wider public or voluntary sector (**Figure 7** on page 31). The civil service recognises the value that external recruits can bring and in 2021, the civil service committed to implementing ‘external by default’ recruitment, where all SCS posts would be advertised externally, from 2022.

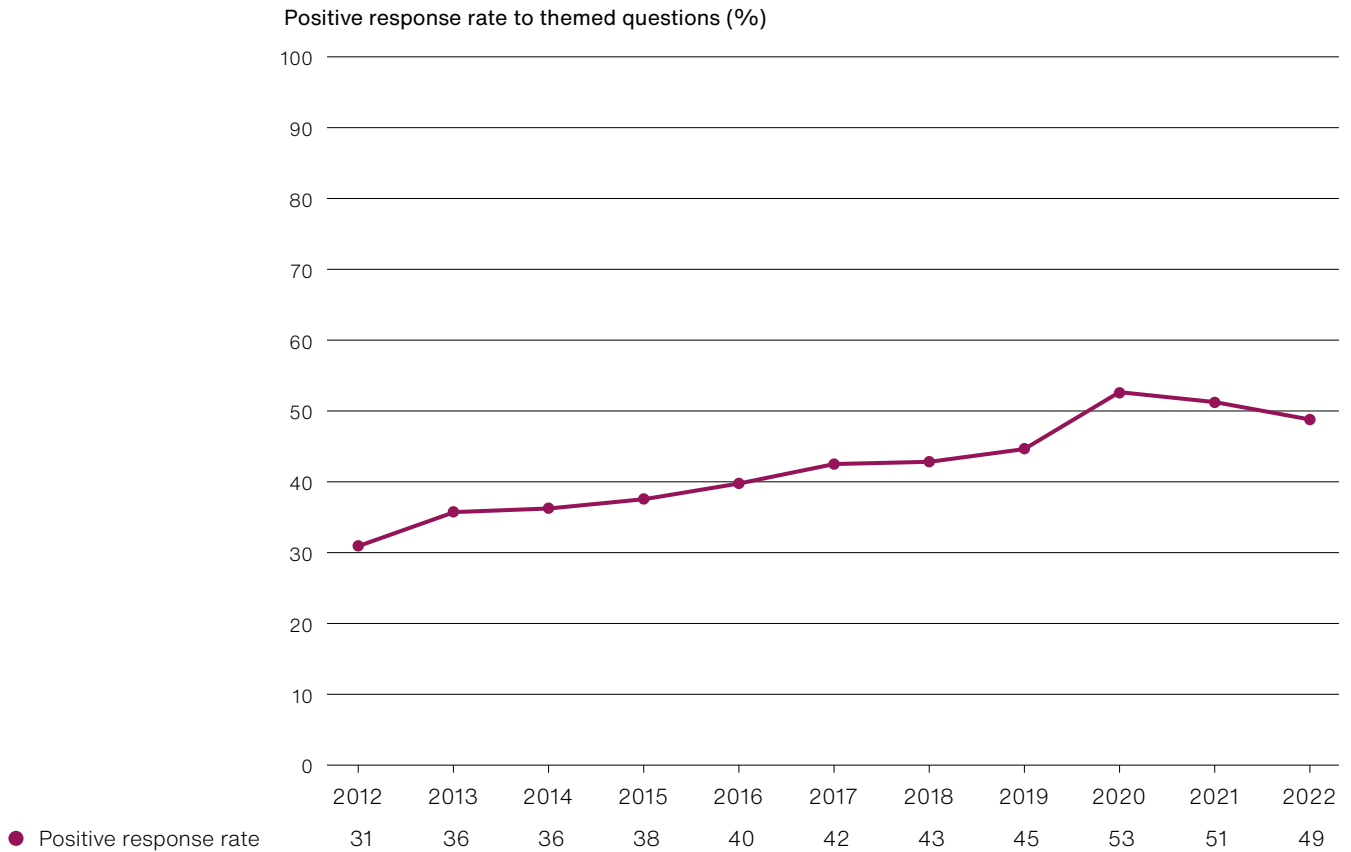
2.21 The Civil Service Commission, which chairs selection panels for externally advertised competitions at director, director general and permanent secretary levels, classed 68% of appointments as either good or outstanding in 2018-19. By 2021-22 the proportion classed as good or outstanding had declined to 58%.⁹

⁹ Review Body on Senior Salaries, *Report No. 96 Forty-Fifth Annual Report on Senior Salaries 2023*, July 2023, page 23.

Figure 5

Civil Service People Survey mean scores response on leadership and management themed questions, 2012 to 2022

Positive responses to leadership related questions for all civil servants have increased from 31% in 2012 to 49% in 2022



Notes

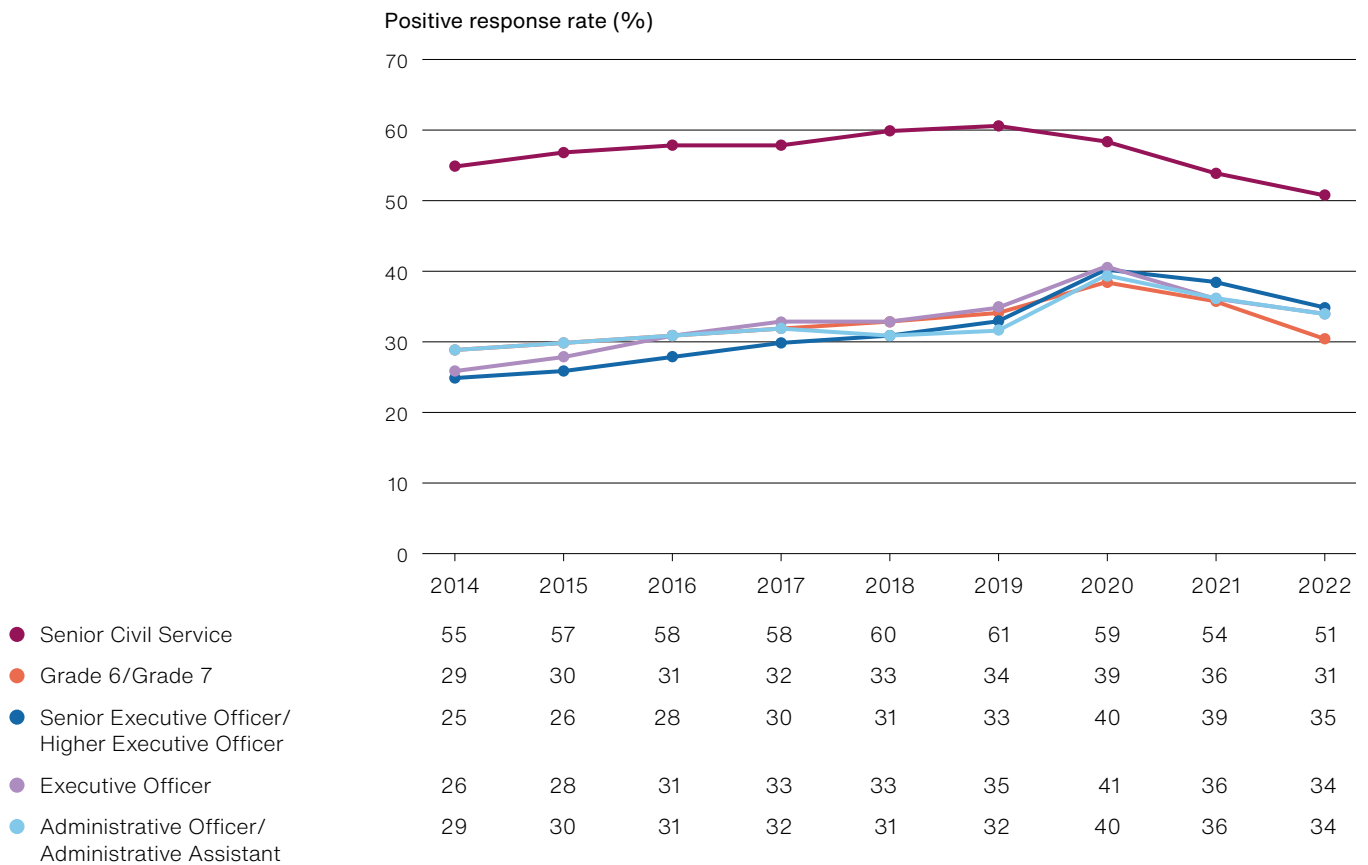
- 1 Proportion of positive responses to leadership and managing change themed questions.
- 2 Question responses are marked on a five point scale from “Strongly Disagree” to “Strongly Agree”.
- 3 A positive response is classified as a response of either “Agree” or “Strongly Agree”.

Source: National Audit Office analysis of published data from Civil Service People Survey 2022, Benchmark Results, published 2023

Figure 6

Civil Service People Survey response to the question, “I feel that change is managed well in my organisation”, by grade, 2014 to 2022

Senior leaders are more positive about change management than staff in other grades



Notes

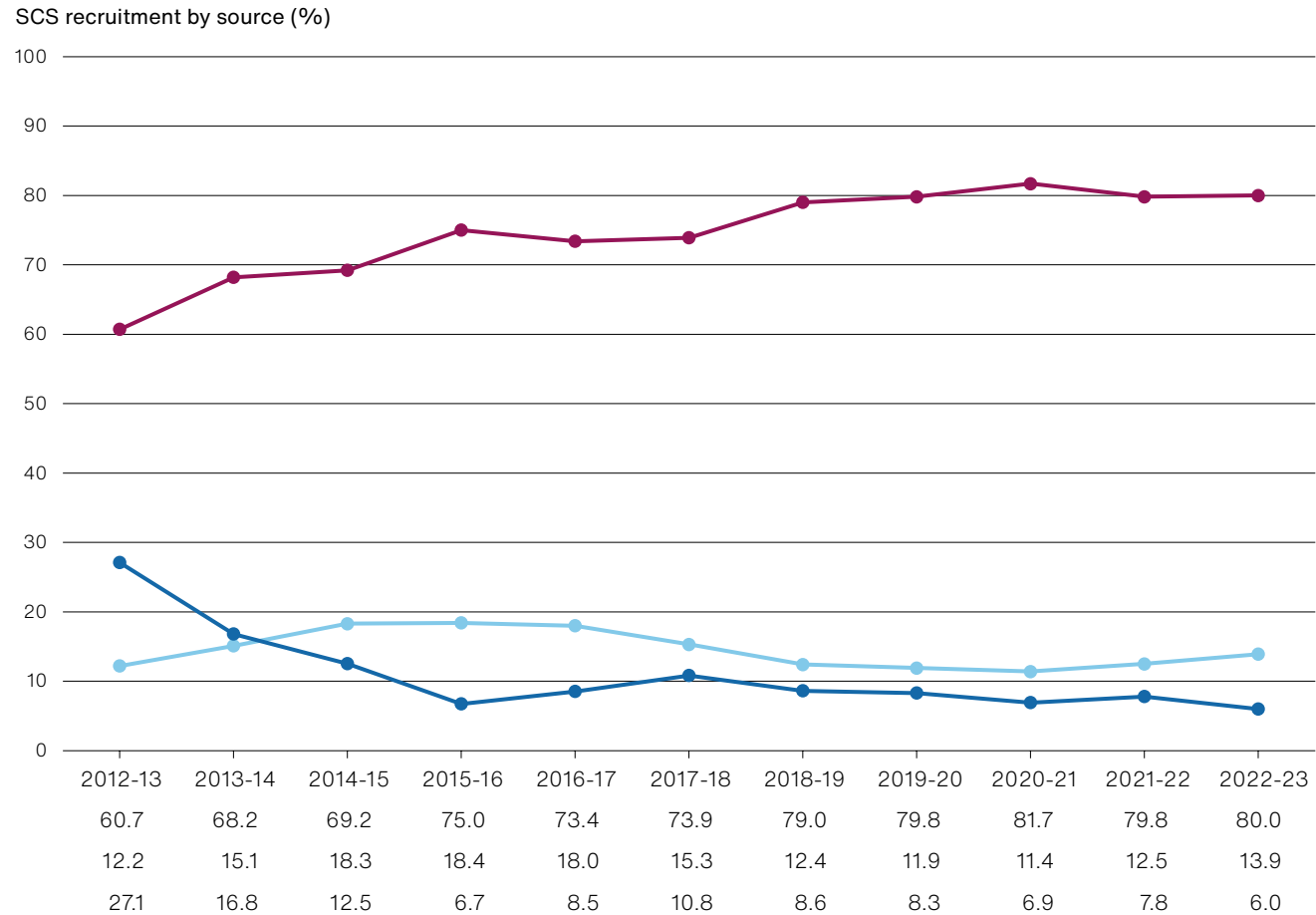
- 1 Question responses are marked on a five-point scale from “Strongly Disagree” to “Strongly Agree”.
- 2 A positive response is classed as either “Agree” or “Strongly Agree”.

Source: National Audit Office analysis of published annual Civil Service People Surveys

Figure 7

Senior Civil Service (SCS) recruitment by source, 2012-13 to 2022-23

Most SCS recruits are promoted from within the civil service, rather than joining from outside



Notes

- Percentages are based on unrounded figures and are rounded to the nearest 0.1%.
- Totals may not sum to 100% due to rounding.

Source: National Audit Office analysis of unpublished Cabinet Office data for the centrally managed Senior Civil Service

Evidence on representation

2.22 Our analysis indicates improvement in indicators of SCS representation between 2012 and 2023, but shows that groups are still under-represented. The Cabinet Office has set an aspiration that the SCS should be representative of the society it serves, keep pace with changing technologies and societal needs, and manage risks of ‘group-think’ arising from an overly-narrow set of backgrounds and experiences. The Cabinet Office Declaration on Government Reform, published in 2021, states: “we [the civil service] must ensure that the right people are working in the right places with the right incentives. ... We already have superb people at every level of public service... . But we must do better at attracting an even wider range of talent from more diverse backgrounds into positions of leadership throughout the Civil Service, challenging any sense that roles in the senior civil service are only for a certain type of person in certain geographical areas. We will look beyond London to all corners of the UK, as part of our mission to be a government more like the country we serve.”¹⁰ Historically, SCS diversity and inclusion has scored poorly relative to the wider civil service and to society. We have analysed representation of female senior civil servants, of those in the SCS from an ethnic minority background, and those declaring a disability.

2.23 Between 2012 and 2023, headcount of female senior civil servants increased from 37.1% to 48.6% (**Figure 8**). However, female representation within the SCS remains below that of delegated grades within the civil service (those below SCS).

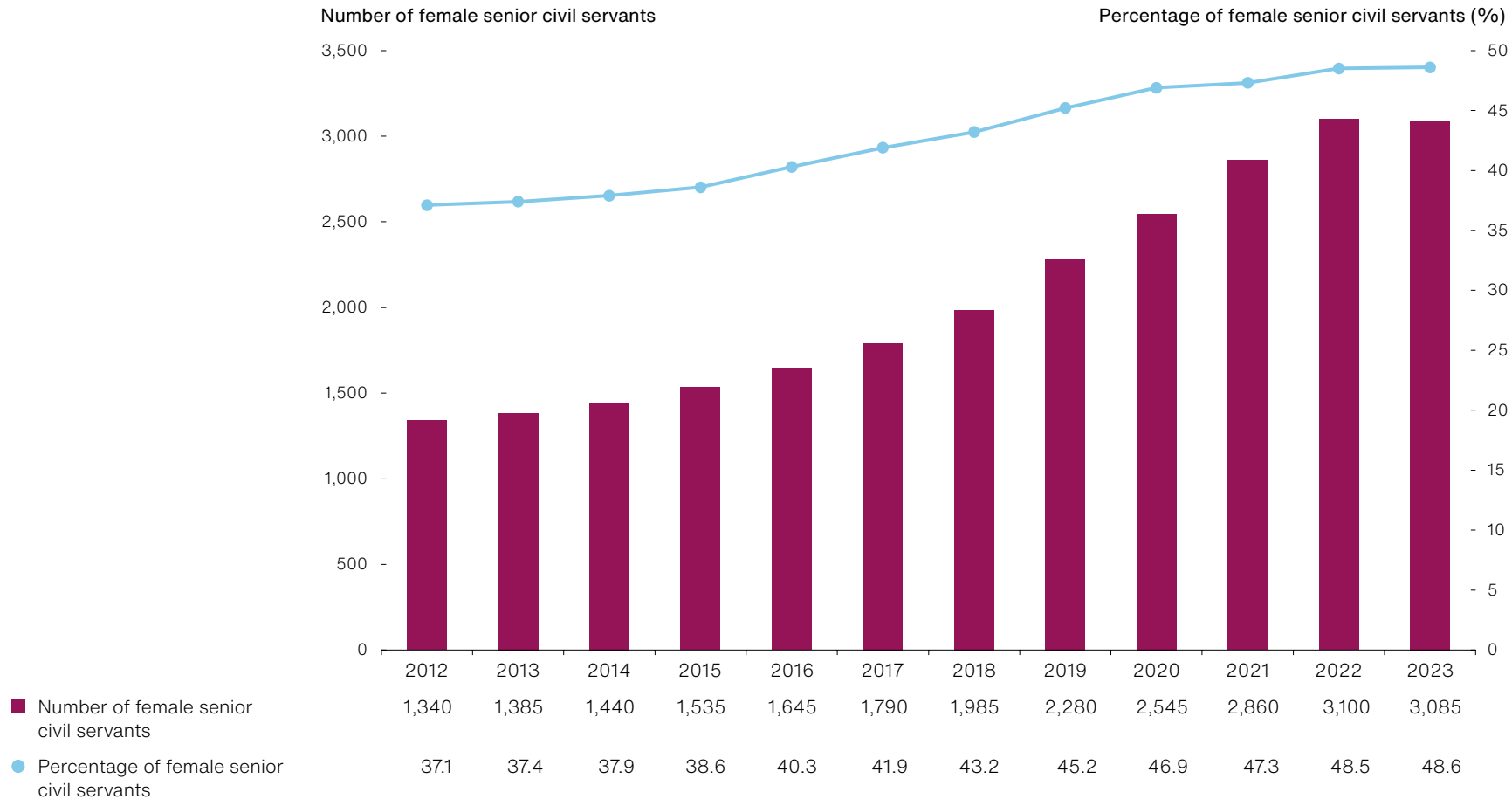
2.24 Between 2012 and 2023, the proportion of those from an ethnic minority background (measured by headcount) increased from 4.0% to 8.7% (**Figure 9** on pages 34 and 35). However, representation of those from an ethnic minority background within the SCS remains below that of both the delegated grades within the civil service and below that of the working age population as a whole. In 2012 the proportion of those from an ethnic minority background in the economically active working age population in the Office for National Statistics (ONS) labour force survey was 11%. In 2023, the proportion was 16%.

¹⁰ Cabinet Office, *Declaration on Government Reform*, June 2021.

Figure 8

Change in number of female senior civil servants as a proportion of total Senior Civil Service (SCS), 2012 to 2023

The percentage of female senior civil servants has increased from 37.1% in 2012 to 48.6% in 2023



Notes

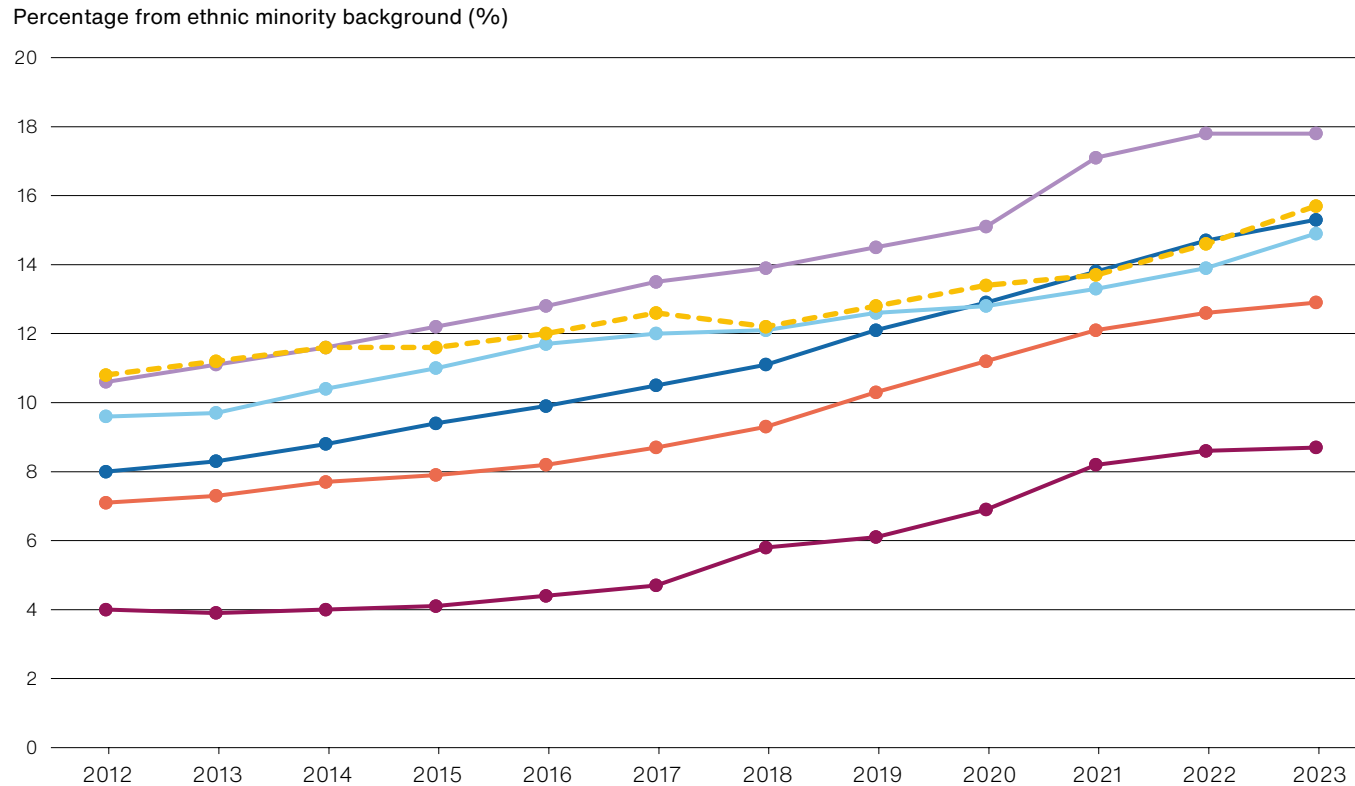
- 1 Data refer to headcounts for the first quarter of the corresponding year.
- 2 Headcounts have been rounded to the nearest five.
- 3 Percentages are based on unrounded figures and rounded to the nearest 0.1%.
- 4 Percentages have been calculated as a proportion of the total SCS where sex is known.

Source: National Audit Office analysis of unpublished Cabinet Office data for the centrally managed Senior Civil Service

Figure 9

The percentage of those from an ethnic minority background across civil service grades, in comparison to the overall economically active working age population, 2012 to 2023

Representation of those from an ethnic minority background in the Senior Civil Service (SCS), is lower than the rest of the civil service and the economically active working population



| | | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|------|------|
| ● Senior Civil Service | 4.0 | 3.9 | 4.0 | 4.1 | 4.4 | 4.7 | 5.8 | 6.1 | 6.9 | 8.2 | 8.6 | 8.7 |
| ● Grade 6/Grade 7 | 7.1 | 7.3 | 7.7 | 7.9 | 8.2 | 8.7 | 9.3 | 10.3 | 11.2 | 12.1 | 12.6 | 12.9 |
| ● Senior Executive Officer/ Higher Executive Officer | 8.0 | 8.3 | 8.8 | 9.4 | 9.9 | 10.5 | 11.1 | 12.1 | 12.9 | 13.8 | 14.7 | 15.3 |
| ● Executive Officer | 10.6 | 11.1 | 11.6 | 12.2 | 12.8 | 13.5 | 13.9 | 14.5 | 15.1 | 17.1 | 17.8 | 17.8 |
| ● Administrative Officer/ Administrative Assistant | 9.6 | 9.7 | 10.4 | 11.0 | 11.7 | 12.0 | 12.1 | 12.6 | 12.8 | 13.3 | 13.9 | 14.9 |
| --- Labour Force Survey | 10.8 | 11.2 | 11.6 | 11.6 | 12.0 | 12.6 | 12.2 | 12.8 | 13.4 | 13.7 | 14.6 | 15.7 |

Figure 9 *continued*

The percentage of those from an ethnic minority background across civil service grades, in comparison to the overall economically active working age population, 2012 to 2023

Notes

- 1 Senior civil service data refers to centrally managed SCS for the first quarter of the corresponding year.
- 2 Data for the delegated grades is at 31 March for the corresponding year.
- 3 The Labour Force Survey percentage refers to the Office of National Statistics data on the economically active working age population, that is those aged between 16 and 64 who are either employed; unemployed and both looking for work and able to start work within two weeks; or waiting to start a job within two weeks.
- 4 Percentages are based on unrounded figures, are rounded to the nearest 0.1% and have been calculated as the proportion where ethnicity is known.

Source: National Audit Office analysis of unpublished Cabinet Office data for the centrally managed Senior Civil Service and published data from the Annual Civil Service Employment Surveys 2012 to 2023

2.25 Between 2012 and 2023, the proportion of senior civil servants (measured by headcount) with a declared disability increased from 3.4% to 7.8%, though representation within the SCS remains below that of the rest of the civil service (**Figure 10** on pages 36 and 37). Similarly, the proportion of SCS with a declared disability remains below that of the economically active working age population. In 2014, the proportion of the economically active working age population in the ONS labour force survey with a disability was 11%. In 2022, this proportion was 17%.

2.26 There has been a slight increase in the proportion of senior civil servants located outside of London (from 33.5% in 2012 to 36.5% in 2023). However, numbers of senior civil servants have increased both in and outside of London, and the SCS is still predominantly London-based (at 63.5% in 2023, **Figure 11** on page 38). In its January 2024 Government People Plan, the Cabinet Office said the Places for Growth programme will accelerate and aim to deliver 50% of UK-based SCS roles based outside of London by 2030.

2.27 The Government People Group's people data dashboard does not include measures for social mobility. The Cabinet Office told us that it does not yet hold robust administrative data on social mobility. It said this is because, while collection of socio-economic background for central data has started, processes for collecting such data across departments are still being embedded, which limits the quality of that data. It said recent revised definitions from the Office for National Statistics may affect this further.

Figure 10

Representation of those who declare a disability as a percentage of headcount across civil service grades, in comparison to the overall economically active working age population, 2012 to 2023

Within the Senior Civil Service (SCS) representation of those who declare a disability remains below the rest of the civil service and those of the economically active working age population

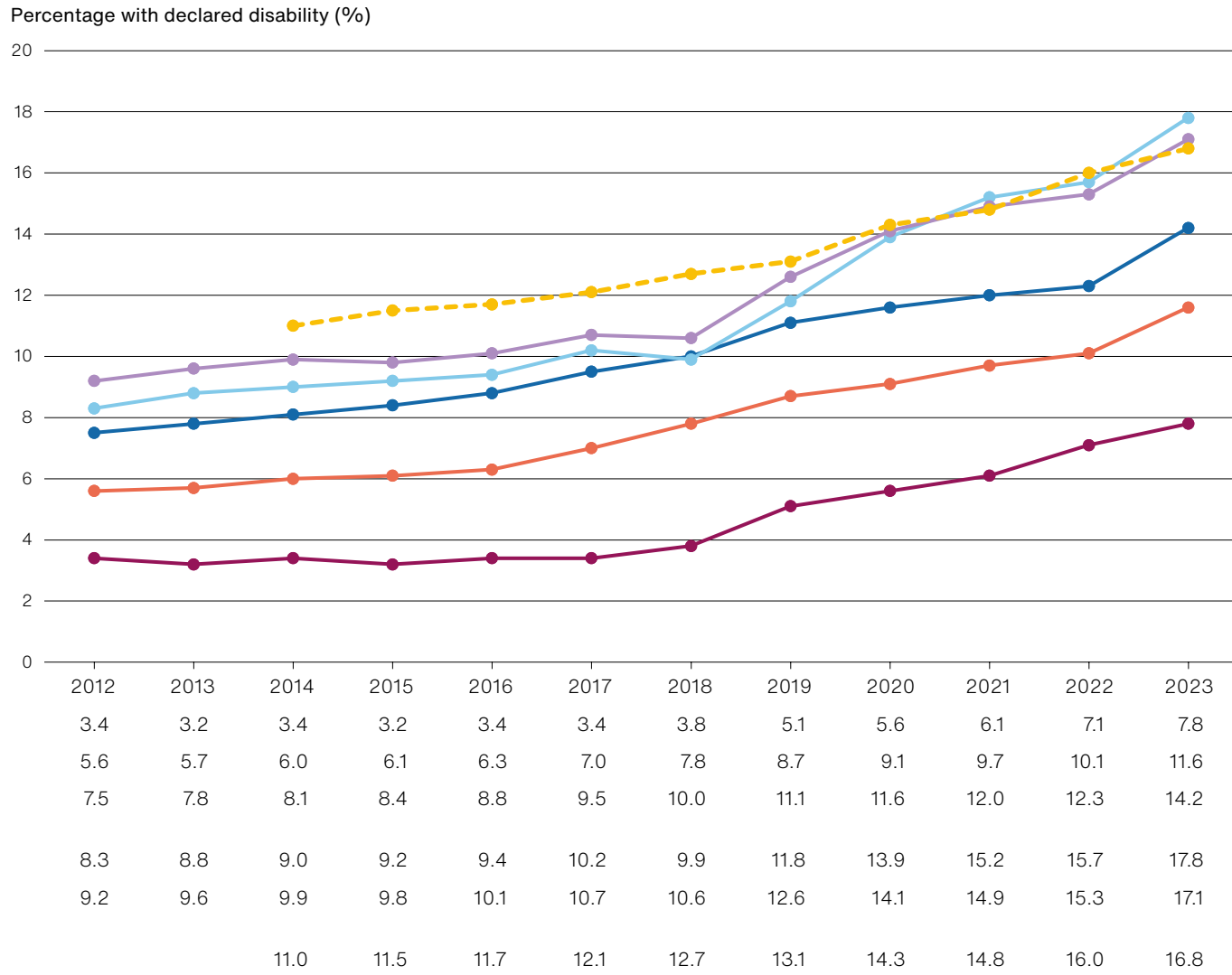


Figure 10 *continued*

The percentage of those with a declared disability across civil service grades, in comparison to the overall economically active working age population, 2012 to 2023

Notes

- 1 SCS data refers to centrally managed SCS for the first quarter of the corresponding year.
- 2 Data for the delegated grades at 31 March for the corresponding year.
- 3 The Labour Force Survey percentage refers to the Office of National Statistics data on the economically active working age population, that is those aged between 16 and 64 who are either employed; unemployed and both looking for work and able to start work within two weeks; or waiting to start a job within two weeks.
- 4 Percentages have been calculated as the proportion where a disability status is known.

Source: National Audit Office analysis of unpublished Cabinet Office data for the centrally managed Senior Civil Service and published data from the Annual Civil Service Employment Surveys 2012 to 2023

2.28 The Civil Service People Survey results show that, of those who responded in the Survey, the proportion of people from low socio-economic backgrounds in the SCS is lower than in delegated civil service grades (**Figure 12** on page 39). A Social Mobility Commission report in 2021 noted that working class representation in the SCS, at around 18% in 2019, had not improved since 1967. The report said: “*There is a strong ‘progression gap’ within the Civil Service, so that the higher you progress, the less likely you are to find people from low SEBs [socio-economic backgrounds]*”.¹¹

The environment for improving capability, including values

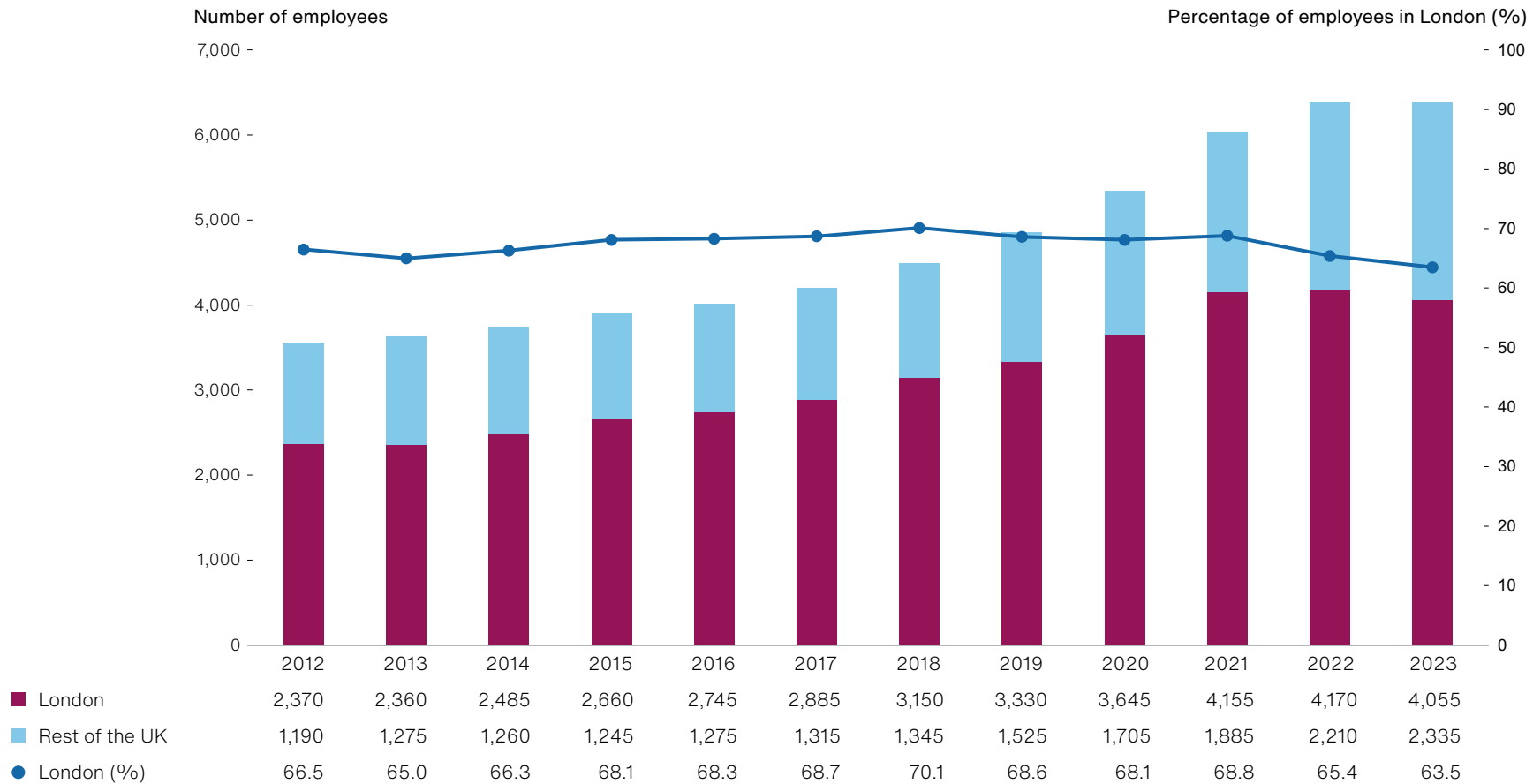
2.29 There is little evidence currently available to indicate whether the environment for leadership capability is improving, and whether senior civil servants are living the values expected of them. The Government People Group includes information on employee engagement, bullying and harassment in its people data key performance indicator dashboard. Civil Service People Survey results show positive responses for inclusion and fair treatment from 91% of SCS respondents in 2022.

¹¹ Social Mobility Commission, *Navigating the labyrinth: Socio-economic background and career progression within the Civil Service*, research report, May 2021, pages 5, 12 and 35 (viewed on 4 December 2023).

Figure 11

Number and proportion of the Senior Civil Service (SCS) based in London and in other parts of the UK, 2012 to 2023

The proportion of the SCS based in London has decreased slightly since 2012



Notes

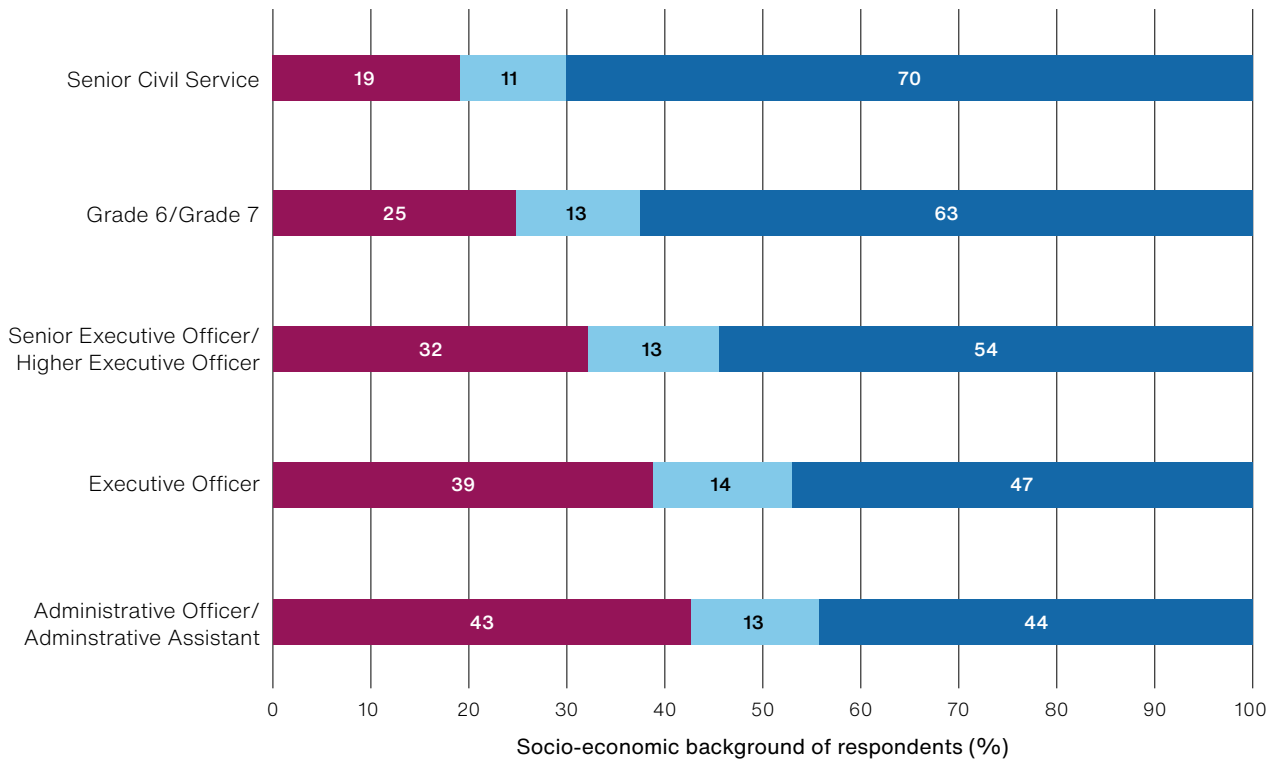
- 1 Data refer to the first quarter of the corresponding year.
- 2 Number of employees refers to SCS headcounts and has been rounded to the nearest five.
- 3 Percentages are based on unrounded figures and have been rounded to the nearest 0.1%.

Source: National Audit Office analysis of unpublished data from the Cabinet Office data for the centrally managed Senior Civil Service

Figure 12

Social mobility of the civil service, by high, intermediate and low socio-economic backgrounds and by grade, 2022

The proportion of Civil Service People Survey respondents from low socio-economic backgrounds in the Senior Civil Service (SCS) is lower than for delegated civil service grades



- Low
- Intermediate
- High

Notes

- 1 Socio-economic status is defined in this Figure by the occupational status of parent. Status is reported as either "Never worked", "Routine", "Intermediate" or "High".
- 2 "Low" in this figure is classified as either "Never worked" or "Routine".
- 3 Totals may not sum to 100% due to rounding.
- 4 Civil Service People Survey response rates: Senior Civil Service (80%), Grade 6/Grade 7 (73%), Senior Executive Officer/Higher Executive Officer (60%), Executive Officer (41%), Administrative Officer/Administrative Assistant (31%).

Source: National Audit Office analysis of Civil Service People Survey 2022 data, published 2023

Part Three

Leadership capability analysis and future developments

3.1 Part Three examines how the Cabinet Office collects and analyses information relevant to leadership capability, and how it makes use of information and learns lessons to inform its decision-making on leadership capability.

Analysing needs and capability

3.2 The civil service needs to have a strong understanding of its skills needs, and its existing capability, to be confident that it has the people and skills it needs to deliver public services. This assessment can also inform how it plans to fill identified skills gaps.

3.3 The Cabinet Office told us that assessments of capability and needs draw on a range of sources including performance management processes, pay and related information, and the Civil Service People Survey. With the exception of an annual central talent exercise at director general and director levels, capability and needs assessments arise organically rather than through dedicated exercises. The Cabinet Office told us that some professions have undertaken 'future facing' reviews of capability, including leadership.

3.4 At an aggregate level, the Cabinet Office's assessment of capability and needs consists of areas identified for improvement to inform learning and development activities for leaders, but not as part of recruitment planning and activity. The Cabinet Office told us that its view of capability is positive but that it has identified areas for improvement, including digital, data, technology, numerical and scientific capabilities. It told us that these themes inform Government Campus activities.

Analysing enablers and barriers

3.5 We noted in paragraph 1.17 that the relationship between ministers and officials is a key part of the context within which skills can be used. A range of other factors can make improvements in leadership capability more or less likely. The Cabinet Office told us ‘enablers’ include commitment and engagement of leaders and support from professions, functions and departments. It listed ‘challenges’, including the scale and complexity of the civil service and range of strategic leadership involved, the impact of budget and resource considerations, and the external environment.

3.6 The Cabinet Office identified seven “problem statements” that it wants the Leadership College for Government to address. These are: an incoherent offer; no organisational requirements or common purpose across all interventions; stakeholder needs not met; a weak offer in training for new skills; unconnected leaders; a continuous learning organisation culture that not yet exist; and unknown spend and/or a lack of robust data to determine organisational impact. The Government Skills and Curriculum Unit has also commissioned and published research on ‘Future issues for public service leaders’, which it told us it has used in developing the Leadership College for Government’s curriculum.

3.7 Our fieldwork, including interviews and literature review, identified other enablers including clarity of purpose and messaging, and perceptions of the role of civil servants.¹² It identified other barriers to improving capability among leaders, including hierarchical structures within the civil service and pay and reward relative to private sector leaders. Further, it identified cultural factors, including a tendency for the civil service to value policy development and ‘generalist’ skills more highly than other types of skills and experience, which can place ‘external’ candidates for recruitment or promotion at a disadvantage; and indications that leaders recruited from outside the civil service may leave after a short time in post because they can feel isolated relative to those who were promoted and formed networks within the civil service. The Cabinet Office has shared with us data analysis covering time in post for senior civil servants, but we have not seen how it uses such analysis to inform decisions, or analysis of how many people leave shortly after appointment to the SCS.

3.8 **Figure 13** overleaf shows the reasons given by leaders leaving the SCS. While opportunities elsewhere scored highest, comments reflecting how leavers were treated, respected and valued, and pay and reward, were also commonly cited.

3.9 **Figure 14** on page 43 shows that average real-terms earnings for male and female senior civil servants decreased between 2012 and 2023. This is in the context of falling average real earnings over the same period, for all civil service grades except the most junior grade of administrative assistant. The gap in average real earnings for male and female senior civil servants decreased by 28% between 2012 and 2023.

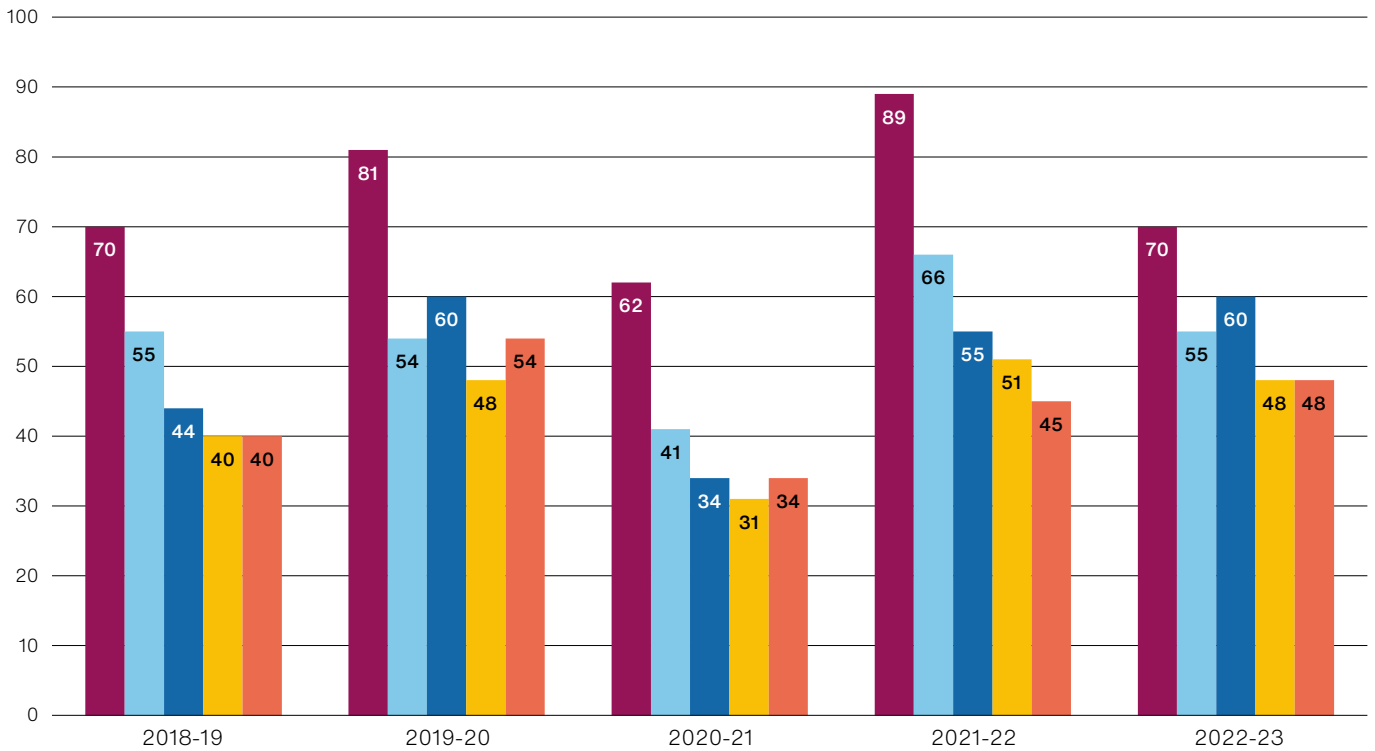
¹² For example, C Pickles and J Sweetland for *Reform, Breaking down the Barriers: Why Whitehall is so hard to reform*, August 2023, pp. 17–30 (viewed on 3 October 2023).

Figure 13

Reasons given for leaving the Senior Civil Service (SCS), 2018-19 to 2022-23

Opportunities elsewhere, fair treatment and pay are common reasons given for leaving

Reasons given for leaving (%)



- Opportunities to develop your career within another organisation/sector
- How fairly treated, respected and valued you felt at work
- How your pay compared with people doing a similar job in other organisations
- How much your pay adequately reflected your performance
- Your satisfaction with the total benefits package

Notes

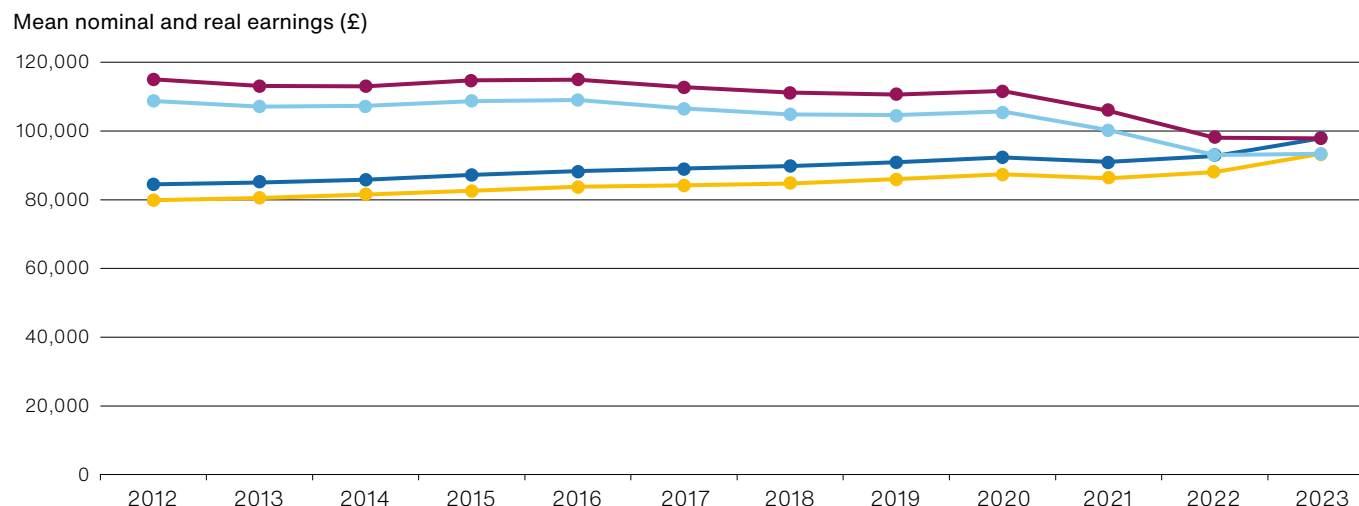
- 1 Exit survey data show the responses of those resigning and choosing to complete the survey which asked which factors were important in their exit.
- 2 The most commonly given responses across all five years are reported here.
- 3 The Cabinet Office estimates the proportion of exiting senior civil servants who were interviewed each year in the table to range from around 38%–58% depending on the year.
- 4 Will not sum to 100% because multiple reasons are given.

Source: National Audit Office analysis of unpublished Cabinet Office exit survey data for the Senior Civil Service

Figure 14

Change in average (mean) nominal and real earnings for male and female senior civil servants, 2012 to 2023

Average (mean) earnings for female senior civil servants remain below those of male senior civil servants



| | | | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|--------|
| ● Mean earnings for male senior civil servants, real | 114,411 | 112,499 | 112,384 | 114,113 | 114,295 | 112,167 | 110,547 | 109,995 | 111,045 | 105,271 | 97,466 | 97,300 |
| ● Mean earnings for female senior civil servants, real | 108,145 | 106,508 | 106,718 | 108,058 | 108,437 | 105,964 | 104,233 | 104,033 | 105,118 | 99,687 | 92,498 | 92,800 |
| ● Mean earnings for male senior civil servants, nominal | 84,000 | 84,500 | 85,300 | 86,700 | 87,800 | 88,600 | 89,300 | 90,400 | 91,800 | 90,500 | 92,200 | 97,300 |
| ● Mean earnings for female senior civil servants, nominal | 79,400 | 80,000 | 81,000 | 82,100 | 83,300 | 83,700 | 84,200 | 85,500 | 86,900 | 85,700 | 87,500 | 92,800 |

Notes

- 1 Average (mean) earnings are estimates for each year of the analysis based on salaries, and have been adjusted for inflation (from nominal earnings to real earnings) using the Consumer Prices Index (CPI) with the 2023 as the base year. CPI data were taken from the latest published information at March 2024.
- 2 Mean earnings have been rounded to the nearest £100, and missing salaries have been excluded from salary calculations.
- 3 Data are shown for all senior civil servants, however mean salary is more likely to be skewed by the impact of payband distribution, for example if the proportion of male senior civil servants in a higher payband is higher than in lower paybands or vice-versa.

Source: National Audit Office analysis of unpublished Cabinet Office data for the centrally managed Senior Civil Service, and Office for National Statistics and Office for Budget Responsibility inflation data

3.10 We saw how the Cabinet Office has linked the seven “problem statements” it identified to plans for leadership development activities. We could not, however, see a clear link between identification of enablers and barriers more generally, and analysis to inform design of actions on these. In our *Evaluating government spending* report in 2021, we noted that the government had in 2019 analysed barriers to better provision and use of evaluation by government departments, which included a range of political, strategic, technical and cultural factors. We also outlined the government’s actions and progress in response to those barriers. We have not seen the Cabinet Office adopting a similar approach regarding leadership capability, in terms of analysing barriers and developing action plans to address them. We noted in the same report that the Cabinet Office was looking at cultural norms across the civil service, but did not see evidence of how that work might have informed its leadership capability actions.

Learning and applying lessons

3.11 The Cabinet Office told us it has drawn on lessons from past experience to inform individual leadership capability activities. Lessons from past experience informed the design of the new leadership development and training structure. The Cabinet Office gave us examples where civil service experience has informed training of leaders.

3.12 Through our interviews with Cabinet Office officials, permanent secretaries and other stakeholders, we identified a range of other ways in which the civil service can enhance and make use of leadership capability:

- **Multi-disciplinary teams:** Permanent secretaries we interviewed noted the importance of developing the right combination of skills, experience and backgrounds within leadership teams, rather than unrealistically expecting to find or develop individuals with all the skills necessary for the role.
- **Drawing on wider experience:** Stakeholders we interviewed observed that overall capability can be enhanced by drawing on skills and experience from elsewhere in the civil service, for example where leaders commission peers to review work or offer insights.
- **Length of tenure and turnover:** Stakeholders we interviewed noted the benefits of allowing sufficient time for leaders to understand very wide and often highly technical portfolios, and that these benefits can be limited due to the tendency for the civil service to expect ambitious people to move between posts often.

3.13 Officials also recognise that capable leaders must be prepared for ‘extraordinary’ situations. For example, the Cabinet Office runs a course on crisis management for senior leaders.

Making use of performance management of leaders to improve capability

3.14 Unlike performance for delegated grades, the Cabinet Office sets performance management for the SCS centrally. The Cabinet Office has undertaken an extended review of the performance management framework for senior civil servants since 2019, and the review informed the Declaration for Government Reform in 2021. The SCS Performance Management policy sets performance management arrangements for SCS grades apart from permanent secretaries. It is intended to appraise and manage their performance by monitoring delivery against objectives cascaded from the departmental Outcome Delivery Plans. Regular reviews and conversations should assess an individual's delivery against their objectives and identify any skill gaps to form part of ongoing development. The new performance framework has been implemented for the first time for the year beginning from 1 April 2023.

3.15 Permanent secretaries have a different set of performance management arrangements. The current system for appraisal of permanent secretaries is based on delivery of ministerial priorities and performance against departmental Outcome Delivery Plans. The government has not yet published the 2022-23 Outcome Delivery Plans, due to the uncertainty of the economic climate and pending ministerial approval, however, these are in place and being used to evaluate performance.

3.16 For the wider SCS, the Cabinet Office has previously (most recently in June 2023) indicated its intention to introduce a capability-based pay progression system aimed at incentivising skills development and experience by linking pay more clearly to capability. In the Government People Plan published in January 2024, the government said it intends to set out “a pay framework that drives better productivity, high performance and the acquisition of skills and capabilities needed to support Government and the public”. It intends to do this alongside developing a SCS Strategy setting out “how the Senior Civil Service will become smaller, more skilled, better rewarded and how they will play an active role leading Civil Service communities across the UK across the range of modern leadership approaches, including for technical expertise”. Currently, performance of senior leaders is rewarded through non-consolidated payments (bonuses), but is not linked to consolidated pay uplifts.

3.17 The Cabinet Office described to us mechanisms for sharing good practice in leadership between senior civil servants. These include case studies incorporated in SCS induction courses, and speakers attending Civil Service Leadership Group and cross-public sector events.

3.18 The Cabinet Office has established procedures for situations where senior civil servants under-perform to the extent that they are removed. For all SCS grades except permanent secretaries, this is set out in the Poor Performance policy, involving the expected system of written warnings and improvement periods and, where there has been no improvement, the option to regrade or dismiss under-performers. The procedures provide for exits under the terms of the Civil Service Compensation Scheme for permanent secretaries, where the department considers this is necessary to ensure a swift exit to stabilise the leadership of the organisation.

Appendix One

Our audit approach

Our scope

1 This report examines the government's overall approach to leadership capability within the Senior Civil Service (SCS). It builds on our 2022 report *Leadership development in the civil service*, which outlined the civil service's training and development of its leaders. The report:

- examines the extent to which the Cabinet Office has adopted a whole system approach to leadership capability;
- examines whether the Cabinet Office has a clear view of what it wants to achieve in relation to leadership capability, a sound evidence base to support the design of its actions, and suitable arrangements for applying and embedding lessons; and
- considers evidence on leadership capability outcomes, and outcomes from the Cabinet Office's actions to improve leadership capability.

2 The report does not comment on the relationship between political leaders and senior civil servants, nor does it examine actions of individual departments, professions and functions, to improve leadership capability within their remits.

Our evidence base

3 We reached our independent conclusions on the government's overall approach to leadership capability within the SCS, following analysis of evidence collected primarily between October 2023 and February 2024.

Document review

4 We made requests to the Cabinet Office for documentary evidence, structured around the questions we identified as relevant to our study scope. The documentary evidence included answers that officials from Cabinet Office provided to us, together with evidence to support those answers. We also reviewed a range of Cabinet Office and civil service documents, for example to gain insight into Cabinet Office leadership capability related processes and structures, and to secure supporting evidence for representations/assertions that the Cabinet Office made.

5 We conducted a literature review of published documents including government reports, academic research, think tank reports and evidence that various organisations had submitted to select committee inquiries. Our sources included documents and reports published by the Civil Service Commission and the Review Body on Senior Salaries, and by the Organisation for Economic Co-operation and Development (OECD).

6 All documents received by the study team or external sources were recorded in an evidence log and reviewed against our overarching study questions. The review was used to verify and triangulate documentary evidence obtained, and as a basis for compiling our report findings. When needed, we clarified our understanding of the documents with relevant bodies and requested further documents/information as required. We made use of expertise within the NAO to support our review and interpretation of documents.

Interviews

7 We conducted a series of semi-structured interviews with a range of stakeholders between November 2023 and February 2024. We selected interviewees to represent a broad range of knowledge, experience and perspective on civil service leadership capability. They included:

- Individuals within the Cabinet Office, including within the Government People Group, with direct responsibility for specific functions related to leadership, such as leadership training and development, senior talent management, and recruitment.
- Individuals with direct experience of senior leadership roles within the wider civil service such as permanent secretaries, and the First Civil Service Commissioner.
- Other public sector organisations with experience relevant to leadership, including UK Government Investments and the Government Internal Audit Agency.
- Non-public sector organisations with knowledge of the role of leadership in the civil service including the Institute for Government and academic researchers.
- International organisations with knowledge of leadership in civil service organisations internationally such as the OECD.

8 Interviews were conducted in person and online, typically lasting one hour, and detailed notes were taken. The semi-structured interviews included the following topics and were tailored to the roles of those being interviewed:

- What does good leadership look like?
- What does the civil service do well, in relation to leadership capability activities? What evidence is there to support this?
- What does the civil service do less well, in relationship to leadership capability activities? What evidence is there to support this?
- What could the Cabinet Office do differently to improve the likelihood of good leadership capability outcomes?
- What could we learn from experiences on leadership in other contexts, such as the private sector or other countries?

Quantitative Analysis

9 Our primary quantitative data sources for this study are:

- Published civil service data drawn from iterations of the Annual Civil Service Employment Survey (ACSES).
- Published data from annual iterations of the Civil Service People Survey.
- Unpublished quantitative data and analysis for the centrally managed SCS, that the Cabinet Office provided in response to specific NAO requests. This included data covering centrally managed SCS full-time equivalent and headcount numbers, recruitment and exit survey data.

10 Our trend analysis shows data for the period from 2012, or otherwise the earliest data available to us. We selected 2012 as the comparison date because we used data for 2012 in two reports we published in 2013 that were relevant to civil service leadership, and because 2012 provided us with at least a 10-year period for analysing data trends.¹³ We included the most recently available data published up to 23 February 2024.

11 We obtained the number of permanent secretaries at 2012 and 2022-23 from annual reports of the Review Body on Senior Salaries. In each case we obtained the number from Tables reporting SCS pay bands and median pay by pay band. The (Thirty-Fifth) Annual Report on Senior Salaries 2013 reported data for 2012, while the (Forty-Fifth) Annual Report on Senior Salaries 2023 reported data for 2022-23.”

¹³ Comptroller and Auditor General, *Memorandum on the 2012 Civil Service Reform Plan*, Session 2012-13, HC 915, National Audit Office, January 2013. Available at: www.nao.org.uk/wp-content/uploads/2013/03/Civil-Service-reform-plan-Full-report.pdf. Comptroller and Auditor General, *Building capability in the Senior Civil Service to meet today's challenges*, Session 2013-14, HC 129, National Audit Office, June 2013. Available at: www.nao.org.uk/wp-content/uploads/2013/06/10167-001-Full-Report-1.pdf

12 The Cabinet Office provided us with estimates over time of the total paybill for the SCS. SCS paybill estimates that the Cabinet Office provided are not based on outturn data, which is not centrally available, but given as a snapshot based on figures from the first of April each year. It includes salary costs, allowances, in-year and end-of-year non consolidated performance related payments (NCPs), and estimated employer national insurance and pensions payments. Salaries and allowances are recorded as annualised values, with costs estimated using full-time equivalents as at 1 April in each year, including any salary increases to the pay award (that is, the 2023 figure includes the 2023-24 uplift). NCPs are counted as all in-year awards received in the year to date, plus any end of year NCPs received as part of the pay award (that is, the 2023 figures includes in-year awards across 2022-23, plus the end-of-year award for 2022-23 that is paid at the start of 2023-24). Employer National Insurance and Pension contributions are estimated from the annual earnings using the rates in effect as at 1 April in each year. If any figures have not been reported for a given year they are imputed, as are any derived figures.

13 The Cabinet Office also provided estimates of nominal average (mean) earnings for male and female senior civil servants, based on salaries, for each year from 2012 to 2023. In relation to presentation of average earnings analysis, we adjusted nominal earnings data for inflation to derive real earnings. We used the Consumer Prices Index (CPI) data to adjust for inflation, using the financial year average in each year of our analysis and taking 2023-24 as the base year. Inflation data includes Office for Budget Responsibility CPI forecasts.

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National Audit Office

Design and Production by NAO Communications Team
DP Ref: 012727-001

£10.00

ISBN: 978-1-78604-541-6