

Civil Service Reform: working paper

Introduction

Providing real help now to businesses, people and communities facing the challenges of the global economic downturn mean that public services are more important than ever. We must ensure that they are deliver real help and do so as efficiently as possible. Public Services also have a vital role in ensuring that businesses, communities and individuals are well positioned to benefit from future economic growth and renewal.

This paper provides a brief overview of the importance and nature of Civil Service reform. It sets out:

- some of the major interventions over the last 10 years
- what we know about the drivers and rationale for further Civil Service reform
- how best to implement change and reform.

1. An academic perspective

What is Civil Service reform for? Reform is defined by Pollitt and Bouckaert in their comparative analysis of public sector reform as: “deliberate changes to the structures and processes of public service or organisation with the purpose of getting them to run better”¹. A comparative analysis of public management reforms looked at reform in 12 countries and identified the following reform outcomes²:

- making savings (economies) in public expenditure
- improving service quality
- making Government operations more efficient
- improving the effectiveness of policy selection and implementation.

These ends have been addressed through different initiatives over the last 10 years. The 'what' of Civil Service reform is invariably managerial in nature³:

- finance: budget, accounts, audits
- personnel: recruitment, posting, remuneration, security of employment etc
- organisation: specialisation, coordination, scale, (de)centralisation
- performance measurement systems: content, organization, use.

These managerial components that characterise Civil Service reform function alongside other methods of improving government performance including political reforms and significant changes in key policies⁴.

Reflecting on the source of reform ideas Pollitt makes the point that reformers need ideas – models or patterns or plans or visions of how the public sector could be better organised. And whilst external factors like economy and markets may provide the pressure for change they cannot supply the ideas⁵.

Pollitt and Bouckaert find that *“generic management ideas have been prominent on the face of public sector reforms... Party political ideas are often a further influence on public management change... Other ideas come from business, popular movements or academia. Crises and events have proven powerful catalysts for reform”*⁶.

¹ Pollitt and Bouckaert 2004, Public Management Reform, a comparative analysis, p8

² ibid p8.

³ Ibid p8

⁴ Ibid p8

⁵ ibid pp30-2

⁶ ibid pp32-3

In the study's cohort of 12 countries, the UK is found to be one of the most intense in its approach to change - creating many new organisations and structures to advance reform⁷. This pace and intensity is arguably most felt beyond the Civil Service in local public service delivery and the NHS. Against the study's framework the scope and scale of change in the UK Civil Service is substantial.

2. The drive to deliver

The introduction of Public Service Agreements (PSAs) in 1998 and the move from one year to three year budgeting was followed by the creation of the Prime Minister's Delivery Unit (PMDU) in 2001. These bold changes marked a major shift in how the Civil Service saw its purpose, and how leaders would be held to account. PSAs were introduced to:

- define clear, long-term, outcome-focused goals, to provide ambition and a sense of direction;
- represent a contract between the public and Government, adding a degree of accountability and transparency never seen before
- promote equity and efficiency through the articulation of minimum standards that reduce postcode lotteries, and
- setting a clear focus on ambitious priorities, consulting with the public and professionals to define the key goals for the next ten years in order to respond to the challenges facing the UK, and ensuring the resources and policies are in place to deliver these ambitions.

PMDU's role is to bring additional focus and support to PSAs and to give assurance to the Prime Minister on:

- the credibility of plans to delivery
- provide him with plain facts and an honest commentary on progress, and
- work with departments to improve prospects for delivery.

What was unusual about PMDU was its rapid development of a new language and methodology for delivery planning. This was rooted in the development of metrics that could: describe what successful delivery looked like; allow departments to model how their interventions would affect delivery; and track progress.

Strong accountability structures were put in place and high quality support provided to those leading PSAs through a series of priority reviews. These involved joint teams using strong evidence-based problem solving methodologies. These reviews have been repeatedly cited by senior leaders as being highly valuable.

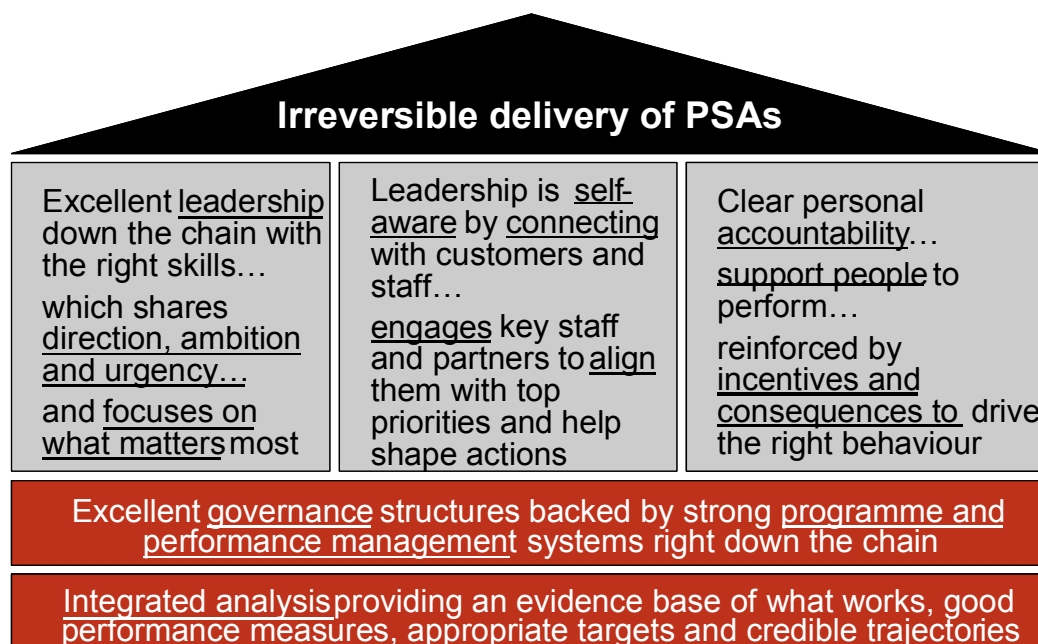
The public debate on government targets is often partisan. But a closer look at individual examples of progress - whether reduction in health waiting times, improvements in train punctuality, or improving pupil performance - reveals that successful delivery was not just about top down performance management. Delivery depended more on:

- building guiding coalitions, deliberate programmes to address delivery obstacles and sharing learning about successful delivery to help apply established best practice, or
- radical and innovative thinking about how to redesign systems.

There are a number of success factors present where delivery has been achieved.

⁷ ibid p151

Exhibit 1. What drives successful delivery?



Source: Capability Review Reports, Capability Review Team 2009

3. Exposing delivery barriers: capability

In 2005, the Cabinet Secretary, Sir Gus O'Donnell concluded that there needed to be a more systematic intervention to tackle those elements of leadership and organizational effectiveness which repeatedly explained delivery challenges. The Capability Reviews were designed to:

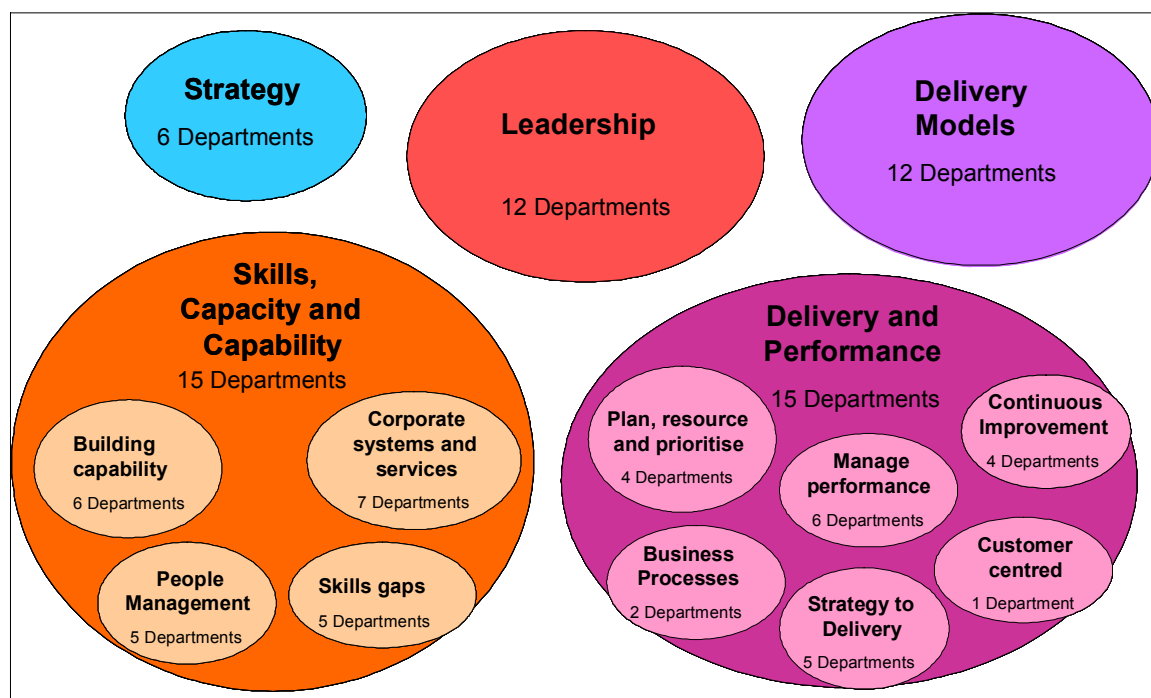
- add value, insight, awareness and momentum to how departments see and tackle their capability
- clarify accountability for taking the action necessary to close capability gaps
- generate ownership and pace in the departmental leadership team to tackle these issues.

The model of review drew on the learning and knowledge gathered from the drive for delivery, validated by a review of organisational effectiveness models and other assessment regimes. It focused on known drivers of delivery e.g.:

- leadership/governance
- performance management
- customer focus
- communications – especially staff and stakeholder engagement, and
- use of people and resources.

Exhibit 2: The common capability issues

The reviews highlighted remarkable commonality in capability issues across Whitehall. There are 75 specific elements in the areas for action identified to date. Four clusters account for 90% of them...



Source: Capability Review Reports, Capability Review Team 2006-2007

These common capability issues rapidly emerged as clear trends in the early reviews and set the agenda for Civil Service wide improvement. They are articulated in full in the Cabinet Office report: "Capability Reviews: Progress and Next Steps" published in December 2007.

This provided a systematic assessment of the capability of the Civil Service. It has been very influential in setting the agenda of subsequent leadership development and Civil Service reform.

4. An external Perspective.

An external evaluation of the Capability Review programme after the first round of reviews concluded that the Capability Review programme has made a good start and that '*Few previous attempts to reform the Civil Service, and none where the leadership came from within the Civil Service rather than being politically-driven, have had such a good start*'⁸.

Some of the action they recommended to sustain momentum included:

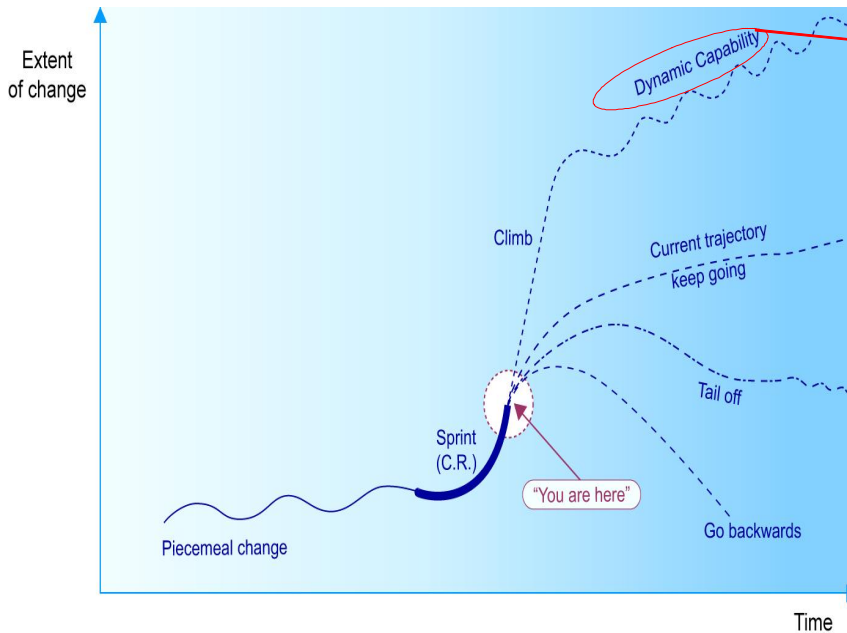
- Developing and resourcing the centre as a hub / broker, with a small number of high quality people
- Spreading good practice and facilitating innovation
- Sourcing expertise from elsewhere
- Leading a stronger talent management process
- Building capability for cross-cutting issues

They argued the need for ongoing reviews and reform to achieve "dynamic capability".

⁸Take off or Tail Off, An evaluation of the Capability Review programme, Sunningdale Institute December 2007

Exhibit 3. Dynamic Capability

The external evaluation of the Capability Review programme by the Sunningdale Institute challenged the Civil Service to aim for a step change in capability.



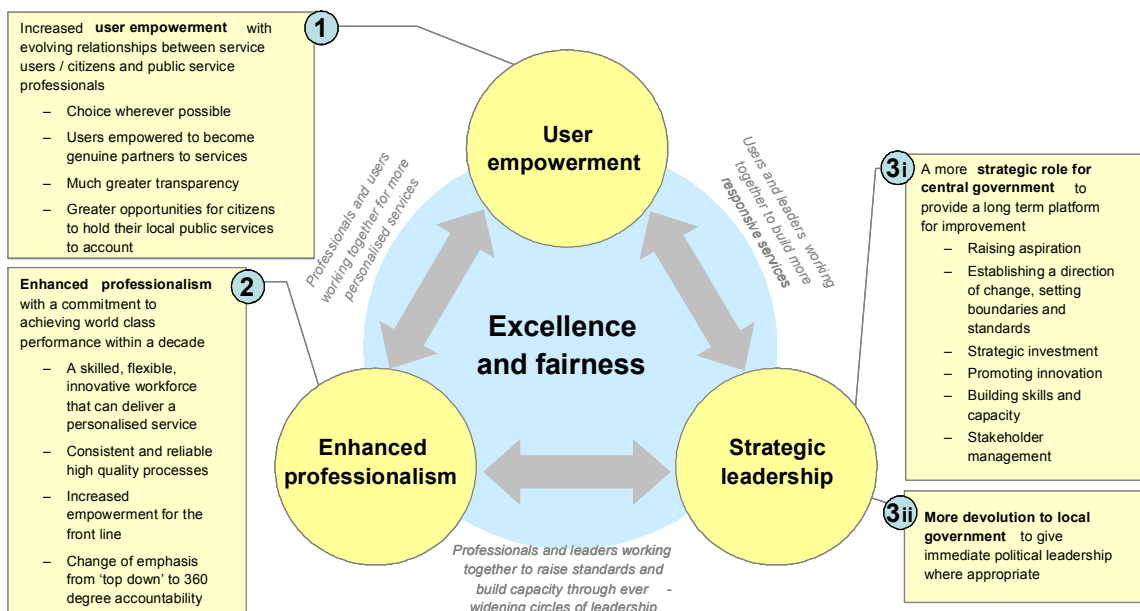
- WHAT DOES DYNAMIC CAPABILITY LOOK LIKE?**
- Problems spotted early and dealt with at the right level, not buried
 - Leadership at all levels, not just the top – socially distributed
 - Change is everyone's business
 - Improvement is continuous, not spasmodic: everyone has two jobs – doing their job and improving it
 - Attention to good practice, having learned how to learn
 - Learning from elsewhere – private sector, wider public and voluntary sector, international equivalents
 - Openness and mutual respect
 - Not just what we espouse, but what we do

5. What do Civil Service leaders think?

In 2005, Sir Michael Barber, as then Head of the Prime Minister's Delivery Unit, acknowledged that the management of performance was at the heart of successful delivery. But he argued that this was insufficient without partnership and shared goals between officials and Ministers leading on priorities. Ambition, clarity of vision and ability to engage people across often complex delivery chains and different departments was a key factor when delivery was achieved.

Exhibit 4. The drivers of excellence and fairness

Excellence and fairness will be driven by empowering service users and unlocking the potential of the public service workforce with a more strategic role for government.



Excellence and Fairness⁹ articulated the Government's ambition for improved public services. The relationship between this and the accumulated lessons from delivery is clear.

The Cabinet Secretary has created new corporate fora for senior leaders and focused their attention on what capability the Civil Service needs to meet future challenges. He has set out how the Civil Service needs more:

- flexibility and adaptability e.g. collaboratively working across departmental, public and private sector boundaries
- transparency e.g. opening up more of our decision-making processes to public scrutiny
- outward engagement both with local communities and partners and in the way we coordinate and negotiate internationally, and
- innovation and courage in recognition both of new challenges and of persistent long-standing ones.

And he emphasised the importance of specific capabilities in the Civil Service:

- understanding and acting on 'wicked' issues – those issues that can only be worked on cross-departmentally harnessing all forces e.g. obesity, climate change
- delivering more value for money – raising productivity of services to reach world class standard
- managing people, their development and performance
- managing money, outcomes and risk, and
- designing and managing complex systems - joining-up, co-ordinating, influencing behaviours, negotiating, brokering, mediating and making trade-offs.

6. Change and Civil Service reform

Delivery and capability interventions have created a strong focus on leadership, management and organisational capability. The drive to deliver has changed the view of what government is for and how it is judged.

And the efficiency of the Civil Service has improved markedly. Against a target of £21.5 billion, in the Gershon Report, the Civil Service has achieved efficiencies of some £26.5 billion. At the same time, the Civil Service is getting smaller. Numbers have been reducing for 16 consecutive quarters and the Civil Service recognises that it needs to continue to find ways to do more with less while continuing to be the force behind improving public services.

⁹ Excellence and Fairness, Cabinet Office June 2008

The principles or models of Civil Service reform are only effective if they lead to new, effective practice and delivery for citizens. Where progress has been made, it is characterised by a number of factors:

- an effective and determined coalition of politicians and officials who seek to address an issue over a good period of time
- use of measurement and data to make performance and progress transparent;
- accountability and relentless follow through - being prepared to challenge ambition and progress
- credible external challenge
- evidence and analysis - creating the facts and insights to provide persuasive and unavoidable challenge
- leaders within the Civil Service who were prepared to push and challenge, have uncomfortable conversations and do not take no for an answer
- strong methodologies and tools that applied learning and good practice - and could be syndicated, and
- creation of valued support and insights to help departments improve.

Consistent themes have emerged so far. They are summarised below under the strand of the Excellence and Framework model that each relates to.

Table 1. The right agenda for Civil Service reform?

Focus for reform
1. Strategic leadership
Delivery - managing against priorities; effective performance management; getting the basics right.
Role and structure of the centre - performance management and accountability; corporate governance; leading change; strategic leadership
Transparent data on performance and departments.
Role and accountability of ministers, officials
Governance and board effectiveness.
Delivery models - departmental centre; support systems and processes; managing through relationships; understanding the delivery model
Use of private and third sector
Role of government in delivery and therefore size of government.
2. Enhanced professionalism
Building capability - better people management; better HR and other corporate functions; skills gaps; talent management and succession plan; learning how to learn.
Leadership: collective leadership - challenge; leading change; building leadership
Innovation
Workforce strategy and skills
Policy making to solve wicked/cross cutting issues, influencing behaviour
Cross departmental working - especially on PSAs
3. User empowerment
Operational delivery - setting strategy through customer insight; improving means of delivery; sharing citizen data delivering transformation

7. Conclusion

In the last 12 years, Ministers, the Civil Service and the wider public service have been on a significant journey of reform. Successive reforms have learned from, and built on, earlier action.

But the Civil Service has further to go if it is to adapt in the way articulated by the Cabinet Secretary and senior leaders - and apply the ambition of Excellence and Fairness. There is a sizeable agenda already identified as the right focus for Civil Service reform. Action is already underway and continuing to drive the pace and leadership of reform will always be a priority.

Perhaps the most important lesson for how we do reform is:

Where we have created specific, constrained projects with clear leadership coalition, a smart operating model, a means for holding people to account for following through to delivery we have made significant improvements in the Civil Service's capability.

Cabinet Office, March 2009