

Lord Browne of Madingley
Institute for Government Speech
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28th January 2015

Ladies and gentleman, good afternoon.

It is a pleasure to be back at the Institute for Government.

I last spoke here in 2013, three years after my appointment as the government's lead non-executive director.

I will step down from this position in two days' time, having been a proud participant in the effort to make government fit for the challenges of the 21st century.

Since 2010, non-executive directors have played a more prominent role in governance across Whitehall.

We have shared our experiences as leaders of large private sector and not-for-profit organisations, and worked with enhanced departmental boards to improve the delivery of policy.

Across all political parties and the Civil Service, I think there is agreement that good delivery is at the heart of good policy.

But in my experience, progress can be undone as quickly as it is made.

Constant vigilance is required to prevent organisations from reverting to old ways of operating.

As we reach the end of this parliament the challenge for my successor, Sir Ian Cheshire, will be to make sure that the effective delivery of policy remains at the forefront of the political agenda.

When I was asked to lead the creation of enhanced departmental boards, one senior person told me the idea was ridiculous and that I was ridiculous for taking it up.

But four years later it is clear to me that we have made an important contribution to the way in which government departments operate.

With this in mind, I want to make four points:

- about the purpose behind enhanced departmental boards
- about the success they have had in improving the delivery of policy
- about the improvements still to be made
- and about the need for deeper reform

Let me begin with the reason why enhanced departmental boards were created.

The role of government is evolving: it is becoming an organisation that commissions, manages and delivers a multi-billion pound portfolio of projects and services.

And though governments are quick to formulate policy ideas, they have a poor track record when it comes to delivering them.

Blair, Brown and now the current administration have all struggled to find ways to turn well-intentioned ideas into well-delivered projects.

There is an on-going debate amongst civil servants about whether their purpose is to formulate policy or to deliver it to users. But it seems clear to me that its role is to do both. Policy and delivery cannot be separated.

When there is no plan for how to deliver a policy, it is not a policy at all.

And when delivery is poor, the intent of policy can be lost.

The wrong targets or misapplied incentives for example, can create pressure on time and resources without delivering better quality outcomes. Great delivery

and therefore great policy require a capable team, financial support and in particular, a clear and agreed purpose. The best businesses excel at these things. The new cadre of non-executives were appointed not to turn government into a business, but to make government more business-like in its methods, in order to improve the way in which policy is delivered.

They have offered advice and challenge to ministers and civil servants through their membership of departmental boards, and also importantly through informal conversations, the impact of which is hard to measure but no less significant.

Their presence has provided government with more opportunity than ever to draw on the experience and expertise of those who have led and transformed major organisations.

Improving the delivery of policy is a broad objective, so it can sound rather intangible. Success is hard to define and progress can be hard to measure.

But by focusing our efforts on a handful of clear strategic goals, I think we have successfully delivered results, my second point this afternoon.

In 2011 I identified five high-level themes to direct the work of the non-executives and boards. These were:

- gaining strategic clarity
- instilling commercial sense
- developing talented people
- focusing on results, not processes
- and getting good and timely management information.

Under the banner of these themes, non-executives identified more immediate priorities. In the last two years they have devoted particular attention to improving the capability of boards and departments; major projects and procurement; and management information.

I think the results have been very encouraging across each of these three areas.

The capability of boards and departments has greatly improved.

I think departments have benefitted from the oversight of boards that are better structured and more focused. Board members now have a better grasp of their roles and responsibilities, and attendance at meetings has improved hugely since 2011. By focusing on more substantial issues such as departmental strategy, performance, major projects and risk, boards are mirroring the best business practices.

There has also been significant progress in the leadership and management of major projects.

I think the response to the *Getting a Grip* report that I published in 2013 has been positive. The report recommended significant improvements to upfront planning and the on-going scrutiny of projects, and as a result the Major Projects Authority has started to make changes. Projects are being assessed at key stages and recommendations can be made to Ministers to halt or redefine projects that are failing.

And when it comes to management information, decision-making has been enhanced by the introduction of consistent benchmarking across Whitehall. Higher quality management information is giving departments the tools they need to make better decisions, supported by evidence, and to assess the effectiveness of policy.

These successes have given credibility to this new model of governing.

Early cynicism about our presence has faded, and enhanced departmental boards have now become an established part of governance.

But I think that further improvements are needed. This is my third point.

When I was called before the Public Administration Select Committee in July 2012, I gave us 2 out of 10 for progress. Last year, I scored us 6 out of 10.

When I took on my role I aspired to perfection, but I now realise that was unrealistic. The work of government is far more ragged than the work of business, and boards will never reach a perfect 10.

I think the limit is probably 7, so 6 out of 10 is not bad.

But this means that priorities now need to be re-evaluated, so that recent reforms are embedded and made irreversible.

I think that means focusing on three areas in the years to come.

First, engagement with boards at all levels must improve. This is particularly relevant for junior ministers, who have had the lowest attendance at boards. Junior ministers are an integral part of the delivery process and could also be the future leaders of departments, so boards must engage with them effectively to ensure that the benefits of business-like methods filter through the whole department.

Second, I think there is more work needed to improve the management of talent.

An approach with real teeth will not necessarily mean radical new processes, but it will require a change in attitude from the leaders of departments.

Many CEOs say that people are their most important asset, which means they should be spending their most important time assessing and developing those people.

But in my experience, very few CEOs do that. The Civil Service is no different.

Senior leaders must spend more and better quality time on encouraging, nurturing and rewarding talent in their departments. It is critical that the Civil Service gets this right at the very top, and it must be an important part of the criteria used to evaluate the effectiveness of senior civil servants.

There is a long way to go, but from my time as Chairman of the Permanent Secretaries Remuneration Committee, I know that how well talent is managed has increasingly become an important part of the appraisal of top officials.

The third area of focus should be the role played by boards and non-executives in the identification and management of risk.

In business, decisions about major projects are made at the highest level so that risk is properly evaluated across the organisation.

But governments have not been good at doing this, and historically, less than a third of major projects were delivered on time and on budget.

Departments are now making better use of the expertise and experience of non-executives in the governance of major projects, but boards need a more formalised role in this process as well.

In particular, projects that reach a certain risk threshold should automatically require approval by boards.

More fundamentally, I think the real test of boards will be whether they continue to have an impact on how policy is implemented in the long-term.

Departmental priorities will change in the next parliament, and it will then become clearer whether there has been a permanent shift in the way that ministers and the Civil Service interact to deliver policy.

But the future must be about more than simply embedding the progress we have made.

Future governments need to look at a more fundamental reform of the Civil Service, my final point this afternoon.

Making government more business-like should be part of a wider mission to transform a 19th century institution into an organisation fit for the 21st century.

The Civil Service has been through significant reform many times in its history and civil servants have been ready to embrace change when necessary.

In 1853 Northcote and Trevelyan wrote a report arguing for a more meritocratic, performance-driven Civil Service with formalised assessment and training processes.

These principles still form the backbone of the institution today.

Almost ninety years later when the Second World War broke out, the Civil Service threw open its doors to academics, business leaders, engineers and scientists to help guide public policy. Though it faced extraordinary pressure, my friend Peter Hennessy describes the period as ‘the high point of achievement in the history of the British Civil Service.’

These are just a few of the examples that show us that major reform has been possible.

Today, we still require a Civil Service driven by meritocracy and openness.

But I think we now face the new challenges of a new era.

The restrictive nature of old departmental structures and the generalist training designed for the challenges of Victorian empire make things difficult.

And compared to the era of Northcote and Trevalyan there is a much smaller margin for error.

There is less money, greater transparency and far more communication with the world outside of government. There is greater pressure to get things right.

This new environment will require ministers and civil servants to maintain a razor-sharp focus on:

- talent management
- the development of new functional skills
- taking collaborative working across government departments as the new norm
- and constantly striving for improved efficiency.

Ministers in particular should play a more active role in developing and questioning their departments' plans for delivery.

These are the tests of any governance structure in the future. If we fail those tests, the nation will be poorer for it.

I was fortunate to inherit some of the foundations of departmental boards from previous administrations, and have had the privilege of working with some extraordinary people.

In particular, Francis Maude's hands-on and determined commitment has made much of this work possible. He deserves enormous credit for his work on the Efficiency and Reform programme and his efforts to improve the skills and accountability of the Civil Service.

Sir Jeremy Heywood and his predecessor Lord O'Donnell have led the Civil Service through a time of extraordinary change, and the Civil Service has impressed me with its endurance, professionalism and dedication to the many tasks at hand.

People are wary of large organisations like the Civil Service reverting to the norm as time passes and people move on.

I hope that will not be the case this time, as an extraordinary amount of human energy has been invested in changing the way Whitehall operates for the better.

The aspiration to make government admired for its efficiency and innovation is a noble one, and we must not take recent progress for granted.

Ladies and Gentleman, thank you very much.