Civil Service Capabilities

A discussion paper

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About the author

Marc Kidson is a researcher at the Institute for Government, where he has worked since September 2012. His work has centred on the Institute's programme of research on 'A more effective Whitehall', including Civil Service reform and departmental transformation. In November 2012, he contributed to the report *Transforming Whitehall*, assessing progress and lessons from change programmes across government.

Acknowledgements

Executive summary

Improving the capability of an organisation – or a set of organisations – as large and complex as the Civil Service is a huge challenge. An overview of the last 50 years of change to the way the Civil Service works shows that particular issues have been persistent, many rooted in the fundamental structure of UK government. This discussion paper examines some of the issues and challenges around making the Civil Service more capable as a whole, rather than in any of its particular parts. The result is a tour of the landscape that offers tentative suggestions for how to approach this enduring set of issues.

Lessons from experience

From our research into the track record of reforms aimed at increasing capability, we have identified some general lessons that leaders should keep in mind when considering large-scale changes to the capability of the Civil Service.

Lesson 1: Identify and focus on mission-critical capabilities

Improving the capability of the Civil Service as a whole requires a clear and fairly stable definition of strategic priorities. To realise these priorities, official and political leaders have to focus on the features of the operating model that are critical to success over time. In the absence of this discipline, reform can become too broad and get more easily bogged-down.

Lesson 2: Capability is more contextual than just skills

Employing enough people with the right skills is essential for the Civil Service to improve its capability. But sustaining success over time requires leaders to pay attention to less tangible elements of organisational context. In particular, there must be routines in place to review, renew and realign the mix of capabilities, and learning at team level must be more widely valued and supported.

Lesson 3: Maximise the leverage of corporate action

To be more than the sum of its parts, the Civil Service needs to balance the benefits of cross-department integration against the risks of imposing a 'one size fits all' approach to capability. Examples of erring in both directions show that the corporate centre should recognise its limitations and restrict intervention to those areas where there is added value that will be recognised by departments.

Lesson 4: Treat culture as a consequence not a cause

The culture of the Civil Service has been the subject of criticism, with internal and external commentators observing that it holds back capability, but there is little consensus about how to change culture at the scale of the whole Civil Service. Rather than denigrating the negative elements of the current culture, creating

compelling but often small changes to the expectations on civil servants can both build capability and – as a consequence – shift behaviours and culture.

Underlying tensions

Previous experience of improving capability in the Civil Service also points to some recurrent tensions that cannot be resolved but must be surfaced and managed during periods of reform.

Tension 1: Central co-ordination vs. lateral networking

The fundamental structure of the Civil Service is federal, with strong ministerial departments, significant delegation of powers and a comparatively weak centre. As a result, there have been increasing concerns about the lack of co-ordination and 'joining-up' within government. Without confronting the implications of the underlying composition of the Civil Service, efforts to integrate will tend towards lowest common denominator solutions. More substantive co-ordination leads ultimately to political issues of accountability that have largely been ignored.

Tension 2: Building capability internally vs. bringing people in

Where the Civil Service lacks capability there is a choice between building it up internally and bringing in expertise from other sectors. In some cases, neglecting the former option means that the Civil Service has to default to buying it in, which is difficult due to constraints particular to government. The problems associated with building internal capability in areas of scarce skills may mean that this tension can only be resolved by moving certain capabilities outside of government – a solution that carries its own risks.

Tension 3: Generalists vs. specialists

There has been a long-running assertion that the prevalence of 'generalists', especially at senior ranks, holds back the capability of the Civil Service and that greater professionalism is required from everyone. The vague terms of this complaint mask how complementary generalist and specialist skills are in Civil Service teams. This assertion has also run in parallel with an erosion of the civil servant as a professional role with distinctive sets of skills and knowledge.

1. Introduction

Capability is both an intuitive and an elusive concept to work with in an organisation. It makes most sense at a high-level, describing the reliable capacity to achieve certain types of outcomes, but this leaves substantively open the variables that make the difference between success and failure. Despite this vagueness – or perhaps because of it – capability has embedded itself in the lexicon of the Civil Service over the past decade, most recently with the publication of the 'capabilities plan', *Meeting the challenge of change,* which explains, '"Capabilities" is a term that we are using to describe the coming together of structures, processes and skills to deliver outcomes.'[1]

It could be argued that anything that is drawn this widely is not analytical enough to be useful in addressing tangible deficiencies in the Civil Service. But the scope may also be a strength of the term, allowing us to recognise the manifold variables that lie behind some of the high-profile failures for which civil servants are heavily criticised. The West Coast Mainline fiasco is a recent example. Crises at the Rural Payments Agency and Child Support Agency attracted criticism a little further back and the media jump on stories about wasteful IT projects and procurement blunders.

Furthermore, while the term capability has only cropped-up in recent years – adopted from a much longer pedigree in the private sector – the concerns that it encompasses are anything but novel. A survey of government reports, plans and strategies since the landmark Fulton Committee published its final report in 1968 shows that there is a striking continuity to the problem set related to capability.

Compare the criticisms of personnel management in the *Fulton Report* to the diagnosis offered in the *Civil Service Reform Plan* released in 2012.

Fulton Report, 1968:

> Career-planning covers too small a section of the Service – mainly the Administrative Class – and is not sufficiently purposive or properly conceived; civil servants are moved too frequently between unrelated jobs, often with scant regard to personal preference or aptitude. Nor is there enough encouragement and reward for individual initiative and objectively measured performance…[2]

Civil Service Reform Plan, 2012:

> There needs to be more focus on developing people in post through more active career management as well as through training … There is a general tendency in the Civil

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[1] The Civil Service, *Meeting the Challenge of Change: A capabilities plan for the Civil Service*, Civil Service website, April 2013, p.3, accessed 3 June 2013, http://engage.cabinetoffice.gov.uk/capabilities-plan/wp-content/uploads/sites/3/2013/04/Capabilities-Plan.pdf

[2] Cmnd.3638, The Civil Service, Vol.1 Report of the Committee 1966-68, (Fulton Report), 1968, p.13.

> Service for staff seeking promotion to quickly gain a range of experiences, and this can lead to short tenure in some groups of ambitious staff … Civil servants consistently identify that poor performance is not tackled effectively … It is also true that good performance is often not properly recognised.[3]

Similarly, the two reports cover much the same territory when discussing the interrelationships between government and other sectors, through which both ideas and people should flow:

Fulton Report, 1968:

> The public interest must suffer from any exclusiveness or isolation which hinders a full understanding of contemporary problems or unduly restricts the free flow of men, knowledge and ideas between the Service and the outside world.[4]

Civil Service Reform Plan, 2012:

> The barriers between the private sector and the Civil Service must be broken down to encourage learning between the two. A greater interchange of people and ideas will help to narrow the cultural gap.[5]

And the Reform Plan rehashes one of the most potent accusations levelled by the Fulton Committee, that civil servants are 'generalists':

Fulton Report, 1968:

> In short the Civil Service is no place for the amateur. It must be staffed by men and women who are truly professional.[6]

Civil Service Reform Plan, 2012:

> The old idea of a Civil Service "generalist" is dead – everyone needs the right combination of professionalism, expert skills and subject matter expertise.[7]

Given how much the nature of government, society and the wider world has changed over the 45 years since Fulton reported, there is cause for concern that the terms of debate about the capability of the Civil Service have not moved on further. At the same time, the common framing should not lead us to assume that nothing has changed. There have been some major transformations in the structure and composition of the Civil Service during that time. Among them are:

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[3] HM Government, *The Civil Service Reform Plan*, UK Civil Service website, June 2012, p.22, accessed 03 June 2013, www.civilservice.gov.uk/wp-content/uploads/2012/06/Civil-Service-Reform-Plan-acc-final.pdf

[4] Cmnd.3638, op.cit., p.12-13.

[5] HM Government, June 2012, op.cit., p.23.

[6] Cmnd.3638, op.cit.

[7] HM Government, June 2012, op.cit., p.23.

- the transfer of two-thirds of civil servants out of central departments and into executive agencies[8]

- the considerable delegation of decisions on recruitment, pay and grading away from the centre

- improvements in the demographic diversity of the Civil Service, including an increase in women, ethnic minority and disabled senior civil servants[9]

- almost a quarter of the Senior Civil Service having now come in from outside, with 48% of open competitions being won by those from outside the Civil Service in 2011/12.[10]

In addition to these large shifts, there has been a welter of initiatives and efforts made to improve performance and management within government, which provide valuable cases from which to draw.

The Institute for Government's existing research provides valuable background to this discussion of Civil Service capability. Supplementing this, we have reviewed:

- over two dozen official documents, including white papers, reports and strategies
- 10 National Audit Office (NAO) reports on areas from procurement to innovation
- eight select committee reports into strategic thinking, IT and the skills of civil servants, among others, and extensive oral and written evidence submitted to inquiries
- a wide-ranging review of academic and private-sector literature on organisational capability.

We have also conducted 13 interviews with individuals who have been influential in shaping the Civil Service or commenting on its progress over the course of decades.

This discussion paper seeks to bring together a range of insights from the Institute's research and a wealth of secondary sources to scope out the broad landscape in which capability is developed, deployed and sustained in the Civil Service. It is organised into two main sections.

First, we draw on the experience of previous reforms to outline four broad lessons about how to approach Civil Service capability. We then identify three underlying tensions which, we argue, cannot be resolved with finality but must be surfaced and managed to make future changes coherent and effective. We conclude by suggesting further research that needs to be conducted into capability in the Civil Service.

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[8] Transfer occurred rapidly between 1989 and 1997, with the peak proportion of civil servants employed by executive agencies at around 75% in 1997, since when it has declined, with fluctuations due to changing status of particular agencies, e.g. the proposed reintegration of the UK Borders Agencies into the Home Office.

[9] Office of National Statistics, *Civil Service Statistics 2012*, ONS website, October 2012, accessed 15 June 2013, http://www.ons.gov.uk/ons/dcp171778_284549.pdf

[10] Civil Service Commission, *Annual Report and Accounts 2011-12*, 2012, p.17, CSC website, accessed on 16 June 2013, http://civilservicecommission.independent.gov.uk/wp-content/uploads/2012/07/CSC-Annual-Report-2011-12.pdf

2. Lessons from experience

Given the long-running concern with the capability of the Civil Service, and the numerous attempts to improve it, there is a wealth of past experience that can, and should be, drawn on to inform the current approach. From our survey of this track record, we have identified some broad but important lessons about reform in this area.

Lesson 1: Identify and focus on mission-critical capabilities

> Improving the capability of the Civil Service as a whole requires a clear and fairly stable definition of strategic priorities. To realise these priorities, official and political leaders have to focus on the features of the operating model that are critical to success over time. In the absence of this discipline, reform can become too broad and get more easily bogged-down.

The Civil Service is a huge organisation with few analogues in other sectors. The capabilities it requires are often not only particular to the public sector, but can be specific to individual departments or agencies, from tax collection to school inspection. When seeking to reform the Civil Service or improve capability, it can be difficult to adopt a vantage point that does not inadvertently simplify this diversity, with a particular risk that the whole Civil Service – some 420,000 people – is seen through the lens of the 30,000 civil servants in the core Whitehall departments.

However, the complexity of government also means that corporate action to improve capability should not try to fix everything, but should match the potential for leverage across the Civil Service to a clear view of where there is greatest need.[11] This requires two things: an overall sense of strategy from which priorities can be derived, and a clear and deliberate choice of operational models against which capabilities can be identified.

The more systematic definition of Government's strategic priorities, in particular in terms of outcomes that it seeks, would help to provide further direction to activity that is often dispersed throughout the Civil Service. The Public Administration Select Committee (PASC) has made this point strongly in the past, concluding from their review of strategic thinking that:

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[11] Throughout this paper we use the terms 'corporate' and 'corporately' specifically to refer to actions and processes covering the whole of the Civil Service.

> The Government's inability to express coherent and relevant strategic aims is one of the factors leading to mistakes which are becoming evident in such areas as the Strategic Defence and Security Review (carrier policy)…[12]

The discipline of considering and articulating clear strategy underpins organisational capability by encouraging ministers and officials to juxtapose where the system is with where it needs to get to. There is a resulting process of:

> …identifying the strengths that can be built upon, highlighting inefficient structures and processes that need to be re-visited, and gauging the overall capacity of the system to change...[13]

Two common themes from the departmental Capability Reviews conducted by the Cabinet Office from 2006 were the lack of connection between strategy and delivery, and a poor understanding of how business models support strategic aims. Without a realistic view of the mediating factors between strategy and delivery, capability will only be seen in the most general terms and poor choices are likely to be made around where long-term investment in particular capabilities may be desirable. As we discuss in Tension 2 below, the failure to address these upfront can introduce unnecessary trade-offs, in terms of cost and quality.

There have been a number of initiatives in the past decade aimed at improving this appreciation of the operational links between strategy and outcomes in government. For example, the Prime Minister's Delivery Unit (PMDU) was set up by Tony Blair to ensure a rigorous focus on the delivery capability of departments responsible for a subset of public service agreements (PSAs) that were considered the most essential. Through co-production of departmental plans, the PMDU staff and officials in departments were able to have a dialogue about how PSAs would be met, and focus further attention on reviewing priority concerns. Arguably, when the PMDU changed its focus later to try and drive progress across all 60 PSAs from the centre, this model no longer held and – spread too thinly – the momentum ebbed.

The added difficulty of defining whole-of-government strategy, means that corporate action aimed at improving the supporting structures and organisation of the Civil Service have an even greater tendency to address improvement across a broad front, rather than picking the battles that are most mission-critical. This is explored further in Lesson 3 below.

Both the Modernising Government reforms begun in 1999 and the implementation of the Fulton Committee's recommendations from 1968 illustrate this danger. In both cases, sweeping diagnoses of the problems in the Civil Service and a desire to transform many areas simultaneously proved a drag on momentum. A feature of corporately-led reform within the Civil Service is that it often proceeds on the basis of consensus-building and negotiation – whether between permanent secretaries on the Civil Service Management Board in the early 2000s or as part of a National Whitley Council mediating between the newly-created Civil Service Department, ministerial departments and staff associations after Fulton.

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[12] Public Administration Select Committee, *Strategic Thinking in Government*, Parliament UK website, April 2012, Twenty-fourth report, chapter 3, paragraph 34, accessed 03 June 2013, http://www.publications.parliament.uk/pa/cm201012/cmselect/cmpubadm/1625/162506.htm

[13] Prime Minister's Strategy Unit, *Strategy Survival Guide*, Cabinet Office, July 2004, p.26.

While these reform efforts went beyond what would now be bracketed under 'capability', they illustrate corporately the previous point at department level. The Civil Service operating model is not always clear as a coherent whole, which can confuse attempts to specify the capabilities that are most essential to the outcomes of government. This is explored further in Tensions 1 and 3 below.

Lesson 2: Capability is more contextual than just skills

Employing enough people with the right skills is essential for the Civil Service to improve its capability, but sustaining success over time requires leaders to pay attention to less tangible elements of organisational context. In particular, there must be routines in place to review, renew and realign the mix of capabilities, and learning at team level must be more widely valued.

Across the literature, there is broad agreement that skilled staff are a necessary but not a sufficient condition for organisational capability.[14] Skills are too individualistic and too static a component to explain capability on their own.

The knowledge and abilities of civil servants are 'situated' within a particular organisational context and are therefore effective only insofar as that context makes possible. As such, when addressing capability within the Civil Service it is essential that attention is paid to how capabilities are maintained over time and how they are supported by relationships that encourage challenge, feedback and learning.

However, as one of our interviewees acknowledged, when there is a perceived weakness in capability, the most 'tangible' response at a corporate level has been to bring in or train up more people with particular skills.[15] The scale and diversity of the population covered by civil service-wide reports and plans encourages this abstraction of skills from the conditions which make them effective at team or department level.

The Capability Review programme played an important role in stimulating certain 'enabling routines' that challenged departments to consider how they need to adapt, in response to changing external factors and internal goals.[16] These routines can occur as a natural part of good management, but often require deliberate interventions to ensure current pressures and commitment of resources to the status quo do not crowd-out building capability for future needs.

The routines that encourage this dynamic view of capabilities provide a depersonalised, shared diagnosis of the current situation and a sense of perspective on the challenge. Applying a consistent methodology to all ministerial departments in the Capability Reviews allowed comparative data to be developed, which focused the attention of permanent secretaries onto the relative strengths and weaknesses within their departments. As one of our interviewees, who was involved in the reviews commented:

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[14] See, for instance, introduction to Dosi, G, Nelson, R, and Winter, S, (Eds.), *The Nature and Dynamics of Organizational Capabilities*, Oxford University Press, 2000.

[15] Institute for Government interview, May 2013.

[16] Based on close observation of routines in workplaces, Tranfield et al (2000) distinguished 'enabling routines', which underpin transformation, from 'defensive routines', which perpetuate the status quo by shifting responsibility for its shortcoming onto others.

> Capability Reviews to me were a very important mechanism for the permanent secretary to be able to look at their department and its performance against its peers, and for the Cabinet Secretary to be able to have a meaningful intervention.[17]

The review was not always a comfortable experience for departmental leaders, but it provided the opportunity for frank discussions about what needed to be improved. Ultimately, the effectiveness of such opportunities may depend on the extent to which there is a clear, focused view of the priority outcomes (as discussed in Lesson 1), but they may also be useful in highlighting the lack of strategic clarity.

Like the routines that enable managers to re-evaluate and reconfigure capability organisationally, equivalent attention is necessary to support learning at a team and an individual level. As above, some degree of learning is likely to result from any experience, but the collegiate nature of much work in the Civil Service means that robust capability is underpinned by reflecting on and capturing that experience collectively.

The National Audit Office (NAO) has found that departments often have ineffective mechanisms to support learning and that both time for, and attention to, learning are insufficiently embedded in the culture.[18] Learning in this context goes beyond the transactional forms of training that are still common within the Civil Service to encompass an integrated practice of reflection and feedback that is necessarily shared between colleagues.[19] One practitioner we spoke to told us that in the private sector, collective learning is becoming the norm. 'In the last year, I'd say, nearly every piece of work I've had to pitch for has been at the team level'. The reductive view of skills which sees them almost entirely as a function of individuals neglects an important lubricant of capability, the connections between people that allow them to succeed in their work.

Encouraging learning as an integral feature of civil servants' jobs requires a supportive infrastructure at a number of levels. As the NAO have argued, managers need to feel that 'flexibility exists to shape jobs for learning', touching on a perennial set of challenges around the extent of managerial autonomy that were common throughout the 1980s in the Civil Service and lay behind the Next Steps programme of delegation to executive agencies.[20]

Corporately, the Civil Service requires the infrastructure to share learning much more widely between staff and departments, which has in recent years occurred informally through a range of loose professional networks across government. The Institute for Government argued in its *Open Letter* on civil service reform:

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[17] Interview with Gill Rider, May 2013.

[18] National Audit Office, Helping Government to learn, NAO website, February 2009, accessed on 16 June 2013, http://www.nao.org.uk/wp-content/uploads/2009/02/0809129.pdf

[19] Only 48% of civil servants in the Civil Service People Survey say learning and development in the last 12 months has helped with performance on the job (http://resources.civilservice.gov.uk/wp-content/uploads/2013/01/csps2012_benchmark_final.pdf), while 56% of respondents to an NAO survey said the use of training to address problems not readily solved by training had significantly reduced its value. See National Audit Office, Identifying and Meeting Central Government's Skills Requirement, NAO website, July 2011, p.22, accessed on 16 June 2013, http://www.nao.org.uk/wp-content/uploads/2011/07/10121276.pdf

[20] NAO, July 2011, op.cit., p.28.

As more and more departments fundamentally change their operating models it is more important than ever to evaluate and learn from what works. At present, it is no one's job to acquire, hold and share this knowledge and these insights … It will require quality support at the Centre and strong backing from the new civil service leadership. [21]

The nature of the Civil Service is such that few objectives in departments are the domain of a single set of specialists working in isolation. The implication of this is that for improved skill levels to translate into a sustained capability there are at least two other components that matter greatly: how they are organised and combined, and how people learn from each other. While pipelines of skilled people are essential, the less tangible but equally important aspects of capability discussed above should not be neglected.

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[21] Institute for Government, *An Open Letter: Two Challenges and an Opportunity,* Institute for Government website, February 2012, p.12, accessed 15 June 2013, http://www.instituteforgovernment.org.uk/publications/open-letter-two-challenges-and-opportunity

Lesson 3: Maximise the leverage of corporate action

> To be more than the sum of its parts, the Civil Service needs to balance the benefits of cross-department integration against the risks of imposing a 'one size fits all' approach to capability. Examples of erring in both directions show that the corporate centre should recognise its limitations and restrict intervention to those areas where there is added value that will be recognised by departments.

A well-worn critique of the Civil Service, most recently repeated by the Minister for the Cabinet Office, Francis Maude, is that it is 'less than the sum of its parts'.[22] While such a judgement may owe more to politics than to evidence, there is nothing new about the argument that internal silos frustrate the deployment of people flexibly across departments, and impede the flow of information and learning within the Civil Service.

Nonetheless, there have been contradictory attitudes to whether the capability of the Civil Service is best supported by efforts to integrate and co-ordinate or to delegate and disaggregate the management of government.

For example, despite recognising the virtue of efficiency in giving departments maximum discretion over their internal management, the *Fulton Report* concluded:

> the Civil Service cannot be run in this way … the Service must be a flexible, integrated whole; it must continue to be a unified service. Its structure should be designed accordingly as a structure that is common throughout.[23]

By 1988, however, when the Efficiency Unit published its landmark study, *Improving Management in Government: the Next Steps*, their message was quite the opposite:

> the Civil Service is too big and too diverse to manage as a single entity … the advantages which a unified Civil Service are intended to bring are seen as outweighed by the practical disadvantages.[24]

The *Next Steps* report – drawing on much of the thinking labelled 'New Public Management' (NPM) associated with developments in the public sector from the late 1970s onwards – set in train a major transformation of the delivery landscape in government (see Introduction). But the principles underlying it had already seen the delegation of responsibility and authority over

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[22] Public Administration Select Committee, Future of the Civil Service, Uncorrected oral evidence, Parliament UK website, HC 74-i Q1025, 13 May 2013, accessed 3 June 2013, http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpubadm/uc74-i/uc7401.htm

[23] Cmnd.3638 (Fulton Report), op.cit., p.64.

[24] Efficiency Unit, Improving Management in Government: The Next Steps, 1988, reproduced in Jenkins, K, Politicians and Public Services, 2008, p.213.

recruitment, pay and grading for the vast majority of Civil Service jobs to individual departments and agencies. This did not occur in a single 'big bang', but was extended and embedded over time, particularly from the early 1980s to the mid-90s, including Orders in Council in 1982, 1985, 1991 and the Civil Service (Management Functions) Act of 1992.

While there may be advantages in terms of efficiency from disaggregating large bureaucracies along accountable management lines, there has also been a perception that it weakens the scope for co-ordination and integration across the Civil Service as a whole. This has been described as 'fragmentation' by some scholars of public administration, or the 'hollowing out of the state'. For example, RAW Rhodes uses this hollowing out to refer to a 'decline in central capability', and the weakening of the 'centre's capacity to steer the system'.[25] The experience of pursuing efficiency through executive agencies has not been substantially reversed despite subsequent changes of government. However, a review in 2002 did suggest that more needed to be done to integrate and align work between departments and their agencies.

Under the Labour government, the Civil Service was encouraged to promote joining-up across departments. This, in part, signalled a reappraisal of Fulton's advice, that:

> Departments have to work closely together in the achievement of common goals; the boundaries between them are subject to constant revision; the complex interlinking of departmental tasks requires a common approach and methods of work.[26]

However, pursuing this agenda has too often been seen to require significant intervention from the centre – something that has not always been a strength of either the Civil Service leadership or the Cabinet Office. For example, during the implementation of the Modernising Government reforms, a 'peer review' of the Cabinet Office – which was the central hub for co-ordinating reform – bluntly advised that '[r]educing the number of initiatives, reports, requests, plans, etc. would raise morale and help maintain momentum'.[27]

This goes hand-in-hand with the risk that when capability interventions are scaled up to the whole of the Civil Service, they undergo a shift over time from compelling rationale to stultifying process. One former senior civil servant we interviewed described the Professional Skills for Government programme in similar terms:

> A perfectly good, reasonable, high-level framework had gradually got so detailed and so complex in some departments that it just became a bureaucratic process of people having to do too many tick-boxes each time they sat down to look at it.[28]

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[25] Rhodes, RAW, 'The hollowing out of the state: the changing nature of the public service in Britain', Political Quarterly, vol.65, no.2, April 1994, p.149.

[26] Cmnd.3638 (Fulton Report), p.64.

[27] Be the Change: Peer Review Report of the Cabinet Office Role in Modernising Government, Modernising Government website (archived), 2001, p.15, accessed 3 June 2013, http://webarchive.nationalarchives.gov.uk/20100807034701/http://archive.cabinetoffice.gov.uk/moderngov/peerreview/Peer%20review.pdf

[28] Interview with Gill Rider, May 2013

The more of the Civil Service that is covered by a centrally-run initiative, the bigger this risk as the trade-off grows between generality to integrate diverse roles into a single framework and specificity to make it relevant to those it affects.

Nonetheless, the practical interdependency of different parts of the Civil Service means corporate approaches to capability should not be neglected. As the former Cabinet Secretary, Lord O'Donnell, told us, in a number of areas the pendulum had swung too far towards disaggregation. During his time in post, Lord O'Donnell particularly sought to foster a cross-government view within his leadership team, for instance, by creating the Top 200 group in 2006. Through this group, the Cabinet Secretary issued his '100:0:0 challenge' to directors general and permanent secretaries to shift the composition of their time away from an exclusive focus on narrow policy or delivery responsibilities towards wider departmental and cross-service issues.

The role of the corporate centre in the Civil Service will always be a contentious one, often caught between the political imperatives of the prime minister and the operational practicalities of a vast and decentralised set of delivery bodies. Lessons from past attempts to strike the balance show that it can be too laissez-faire, not tying sub-units into the larger whole, and also too centralised, neglecting the factors that should vary with circumstance. Nonetheless, when it can show that central co-ordination adds value, the corporate leadership of the Civil Service can add momentum to capability-building that individual departments may struggle generate in isolation.

Lesson 4: Treat culture as a consequence not a cause

The culture of the Civil Service has been the subject of criticism, with internal and external commentators observing that it holds back capability, but there is little consensus about how to change culture at the scale of the whole Civil Service. Rather than denigrating the negative elements of the current culture, creating compelling but often small changes to the expectations on civil servants can both build capability and – as a consequence – shift behaviour and culture.

There are few attempts to reform the Civil Service that do not include its 'culture' among the problems being addressed. The *Civil Service Reform Plan* released in June 2012 described it as 'slow moving, focused on process not outcomes, bureaucratic, hierarchical and resistant to change', and painted a broad-brush goal of making it 'pacier, more flexible, focused on outcomes'.[29]

The Capability Reviews identified that building capability in departments depended on 'a mix of system changes and deeper cultural change, often in the face of deep-seated assumptions and ways of behaving'. Their analysis after 18 months in the departments they had reviewed was that despite 'a large number of new appointments into human resources (HR) departments, new appraisal systems and skills audits, outcomes in terms of changed behaviours and perceptions are harder to identify'.[30]

This finding from the reviews emphasises the weakness of common tools employed to nudge the culture in new directions, such as competency frameworks. Comparative academic research into the use of competency frameworks in civil services in Europe and the United States suggests that, particularly in the UK experience, revising the frameworks in place changes the dominant terminology but does not significantly alter the HR practices in recruitment, training and promotion.[31]

This is an example of a wider finding that when corporate management tools are cascaded through large organisations, the way they are implemented in practice can often pay lip service to the formal requirements while perpetuating existing behaviour.[32]

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[29] HM Government, June 2012, op.cit., p.9.

[30] Civil Service, Capability Reviews: Progress and Next Steps, Civil Service UK website, December 2007, p.35, accessed on 01 June 2013, http://resources.civilservice.gov.uk/wp-content/uploads/2011/09/next_steps_tcm6-2936.pdf

[31] Farnham, D, and Horton, S, 'HRM Competency Frameworks in the British Civil Service' in Horton, S, Hondeghem, A, Farnham, D, Competency Management in the Public Sector, 2002.

[32] Feldman and Pentland (2003) propose that the organisational routines which underpin capability have an 'ostensive' (formalistic requirements) aspect, and a 'performative' (how it is actually carried out) aspect – the dislocation between these can determine the outcomes generated by routines.

The emergent nature of an organisation's culture means that culture change as a concerted approach is difficult. As Francis Maude commented to the Public Administration Select Committee, 'you don't change the culture by trying to change the culture'.[33] Instead, the culture is likely to shift by giving people tangible signals about what is expected of them. The management writer, Jim Collins, calls these 'catalytic mechanisms'. They are 'devices that translate lofty aspirations into concrete reality' not by micromanaging the process (as with competency frameworks and appraisals) but by making as clear and personal as possible what is valued.[34]

Three examples illustrate the power of this approach.

1. In Scotland, Sir John Elvidge as Permanent Secretary designated directors general (DGs) from across government as points of contact for local authorities across all their dealings with Holyrood. As he told us, this meant that those DGs now had a compelling reason to understand Scottish Government holistically, taking an interest beyond their own directorate. It also put them far more directly in touch with the local implications of actions from the centre, an awareness that they could then apply to their own policy making.[35]

2. The 'efficiency scrutinies' of the 1980s, undertaken by Derek Rayner and the Efficiency Unit that was set up after the 1979 election, used 'scrutineers' drawn from across Whitehall. The Unit deliberately chose junior officials regarded as having high potential who also had knowledge of, but not a direct stake in, the area being reviewed. The prime ministerial patronage shown to Rayner and the interesting, challenging work expected of scrutineers made participation a way to make a mark for those involved, and in the process cultivated a generation of future directors general and permanent secretaries that took the principles of scrutiny and efficiency to heart.[36]

3. The Capability Reviews, in a manner similar to the 'scrutinies', included on its review teams directors general from other government departments, alongside senior figures from the private and wider public sectors. This had the two-fold effect of providing departments with constructive challenge from colleagues, and fostering among a cadre of potential permanent secretaries an appreciation that taking a step back and challenging current ways of working was essential for building up capability.

Although the effect of these examples alone may not be enough to 'fix' a culture that is regarded as dysfunctional, they offer leaders in the Civil Service a far more tangible starting

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[33] Public Administration Select Committee, Future of the Civil Service, Uncorrected oral evidence, Parliament UK website, HC 74-i Q1028, 13 May 2013, accessed 3 June 2013, http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpubadm/uc74-i/uc7401.htm

[34] Collins, J., 'Turning Goals into Results: The Power of Catalytic Mechanisms', Harvard Business Review, HBR website, July 1999, accessed on 10 June 2013, http://hbr.org/1999/07/turning-goals-into-results-the-power-of-catalytic-mechanisms/ar/1

[35] Interview with Sir John Elvidge, May 2013

[36] Haddon, C., Reforming the Civil Service: The Efficiency Unit in the early 1980s and the 1987 Next Steps Report, Institute for Government website, 2012, accessed on 16 June 2013, http://www.instituteforgovernment.org.uk/publications/reforming-civil-service-efficiency-unit

point for linking culture and capability. In each case, the effect relies on making it clear that a new way of working is a serious part of what matters in your job. Sending this signal to those aiming for, or already in, leadership positions can maximise the impact it has. Effectively, this approach treats apparently cultural traits as aspects of capability in their own right and, in doing so, makes 'alignment' between purpose and behaviour in the Civil Service far clearer than most competency frameworks and 'culture change programmes'.

3. Underlying tensions

The lessons set out in the previous section provide a background for how to approach building capability within the Civil Service, based on a broad sweep of past attempts and experience. However, there have also been some recurrent tensions that cannot be resolved but must be surfaced and managed during periods of reform. In this section we explore how the organisational landscape of the Civil Service presents some potential hazards when deciding how to navigate the capability challenge.

Tension 1: Central co-ordination vs. lateral networking

The fundamental structure of the Civil Service is federal, with strong ministerial departments, significant delegation of powers and a comparatively weak centre. As a result, there have been increasing concerns about the lack of co-ordination and 'joining-up' within government. Without confronting the implications of the underlying composition of the Civil Service, efforts to integrate will tend towards lowest common denominator solutions. More substantive co-ordination leads, ultimately, to political issues of accountability that have largely been ignored.

It is one thing identifying that there is a corporate role for building capability, as discussed in Lesson 3, but this still leaves open a number of questions about the model of capability-building that is employed. In an organisation – or set of organisations – as large as the Civil Service, there will always be a tension about the extent to which integration must be balanced against flexibility and efficiency. Unlike organisations in other sectors however, the particular accountability arrangements in the Civil Service exacerbate these tensions in ways that should not be, but all too often are, underestimated.

The fundamental structure of the Civil Service is federal, with strong ministerial departments, significant delegation of powers and a comparatively weak centre.

In the 2009 report, *Shaping Up*, the Institute for Government analysed in detail the federal structure of UK government.[37] This showed that departments in our system have one of the highest levels of autonomy from the centre in the Organisation of Economic Co-operation and Development (OECD) group of comparable countries. Not only is this seen in the extent of ministerial autonomy, with the prime minister relying on powers of patronage to reshuffle non-compliant colleagues, but also in the extent of delegation in the Civil Service, with departments

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[37] Parker, S. et al, Shaping Up, Institute for Government website, January 2012, accessed on 16 June 2013, http://www.instituteforgovernment.org.uk/publications/shaping

and often individual agencies given the freedom to determine recruitment, pay and grading, as discussed in Lesson 3.

Largely as a consequence of this underlying pattern of authority and accountability, the centre of government in the UK lacks an integrated planning function that can co-ordinate reliably across the federal units. A review by Sir Suma Chakrabarti in 2007 concluded that the Cabinet Office relies on stakeholder management and negotiation to pursue central agendas with relatively few resources.[38] In terms of capability, for most of the Civil Service's recent history departments have maintained many of their own functions, from policy making through to HR, finance and IT. The centre of government has had a consulting and checking role in relation to some of these, but not a directive capacity.

As a result, there have been increasing concerns about the lack of co-ordination and 'joining-up' within government.

While there have been reasonable arguments that some capabilities should be bespoke, and that owning them at departmental or agency level is in the interests of accountable management, concerns have grown over the past two decades that the variation this produces gets in the way of 'joining-up' across government. In Tony Blair's first term of office, this was a persistent complaint, and the 2000 report *Wiring It Up* weighed up the advantages of 'vertical' departmental management against the potential for neglecting cross-cutting issues and not resolving conflicting priorities between departments.[39] Along similar lines, our research suggested that both coherence and efficiency can suffer from incompatible systems, with unnecessary duplication of tools and frameworks for transactional services like HR and weak mechanisms for collaboration.[40]

Without confronting the implications of the underlying composition of the Civil Service, efforts to integrate will tend towards the lowest common denominator solutions.

The outcomes of *Wiring It Up,* and other inquiries into how the vision of joined-up government could be achieved, largely left the deep sources of fragmentation untouched. Culture, leadership and skills were flagged as variables that needed to be changed, but more formalistic interventions, such as cross-cutting units to address social justice and rough sleepers for instance, overlaid new structures onto the underlying budgets and delivery accountabilities. These units relied on high-profile, personal backing from the prime minister, exemplifying the informal nature of central authority.

Beyond the policy space occupied by these units, developing particular organisational capabilities more corporately has also relied on lateral structures superimposed onto federal departments. For example, the creation of the Top 200 cadre of senior civil servants did not

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[38] Chakrabarti, S., Role of the Cabinet Office – Leadership Through Effective Collaboration, April 2007.

[39] Performance and Innovation Unit, Wiring It Up: Whitehall's management of cross-cutting policies and services, Cabinet Office, p.12.

[40] One of our interviewees (May 2013) referred to the problem of 'reinventing the wheel 17 times' when describing the absence of a corporate HR function that could make the decision once for the whole Service.

have any formal function or constitution, but was convened by the Cabinet Secretary, Lord O'Donnell, to encourage identification with colleagues across the Civil Service.

The extension and development of the 'professions' model in the Civil Service has consistently exemplified this 'networked corporatism'[41] in which those working on similar challenges in different places across government are encouraged to share their experiences, learn from each other, and co-ordinate where possible. But previous Institute research has suggested that specialist groups such as the Chief Information Officers Network have been hampered by the lack of ultimate authority to compel collective action on cross-cutting projects, relying on consensus to reach low-hanging fruit.[42] With IT systems, greater inter-operability could have substantially strengthened corporate capability but the vertical lines of accountability have often limited the co-ordinating power of the network.

More substantive co-ordination leads ultimately to political issues of accountability that have largely been ignored.

There are examples from the past 10 years of professions in government becoming more formal and internally structured, integrating more consistently across government. In particular the HR and finance professions have made significant steps in creating shared approaches to managing functions across government, such as a consensus on qualifications for finance directors.

However, as the Institute has recently argued in relation to the finance function in government, improving the infrastructure of the profession leads to questions about leadership and accountability at a cross-civil-service level.[43] The benefits that come from integration may only be fully realised by empowering a senior figure to own that agenda across Whitehall. To take a different example, without the Head of the Policy Profession being given responsibility for evaluating and enforcing a set of standards for good policy making across departments, there are limits to the gains that can be made from greater integration, as each department continues to apply standards somewhat differently, with only weak external accountabilities.[44]

The tension arises, then, when the approach to capability moves from encouraging voluntarist professional networks to build corporate functions. Politically, the Civil Service maps onto a structure where formal accountability is internal to departments, running through permanent secretaries to the secretary of state on the one hand, and Parliament on the other. Introducing a corporate dimension in which the buck stops with an official in the centre begins to fundamentally recalibrate the relationship between departments and the centre. This does not

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[41] The academic RAW Rhodes has applied the term 'network governance' to the UK government to describe the increasing importance of lateral coordination, which we draw upon here within the context of the Civil Service (see, for instance, Rhodes, RAW, 'Understanding Governance: Ten Years On', Organization Studies, vol.28, no.8, August 2007, p.1243-64).

[42] Stephen, J. et al, System Error, Institute for Government website, March 2011, accessed on 17 June 2013, http://www.instituteforgovernment.org.uk/publications/system-error

[43] Bouchal, P, and McCrae, J, Financial Leadership For Government, Institute for Government website, April 2013, accessed on 17 June 2013, http://www.instituteforgovernment.org.uk/publications/financial-leadership-government-0

[44] See details in Hallsworth, M, and Rutter, J, Making Policy Better, Institute for Government website, April 2011, accessed on 17 June 2013, http://www.instituteforgovernment.org.uk/publications/making-policy-better

in itself provide an answer to whether or not a more corporate function should be pursued, but it must be recognised that the tension is a deep one that cannot be ignored without substantially blurring the status quo.

Tension 2: Building capability internally vs. bringing it in

Where the Civil Service lacks capability there is a choice between building it up internally and bringing in expertise from other sectors. In some cases, neglecting the former option means that the Civil Service has to default to bringing it in, which is difficult due to constraints particular to government. The problems associated with building internal capability in areas of scarce skills may mean that this tension can only be resolved by moving certain capabilities outside government – a solution that carries its own risks.

Where the Civil Service lacks capability there is a choice between building it up internally and bringing in expertise from other sectors.

Weaknesses in capability can occur for a number of reasons. In some cases, a growing demand for particular functions outstrips the ability to scale-up supply of expertise. In others, failure to plan for and anticipate future needs may leave the Civil Service playing catch-up.

The options available when considering how to meet gaps in capability fall broadly into the categories of building-up or bringing-in. Building-up aims to create internal talent pools from which key positions will be filled, investing in training to skill up civil servants and developing them over their careers. Bringing-in covers a number of approaches that rely on people with expertise developed outside government, including filling positions through open recruitment, using consultants and interim contractors, or organising inward secondments to bolster weak areas.

A mix of these approaches will often be necessary to sustain capability, but the longer time horizon required to target building-up the capability internally means that bringing-in becomes the default approach where a strategic view is neglected. Effectively, under those conditions, there is not a fair choice between building-up and bringing-in, as the options are narrowed and the tension arises in the form of committing limited resources to supply current needs or securing supply for the future.

In some cases, neglecting the former option means that the Civil Service has to default to buying-in, which is difficult due to constraints particular to government.

The more that bringing-in is relied on rather than ensuring there are healthy internal pipelines supplying senior roles, the more exposed the Civil Service becomes to some of the constraints peculiar to the public sector.

First, for skillsets with competitive external markets such as procurement, IT and project management, the need to pay equivalent salaries to attract good people can run up against political considerations and tight budgets. While recent experience suggests that external members of the Senior Civil Service are paid on average 20% more than their internal

equivalents, this is often not enough to keep them in post for as long as hoped, creating destabilising churn in top posts.[45]

Second, and less willingly accepted, is the difficulty that many outsiders have moving from the private sector to a government department or agency, with the possibility that their effectiveness suffers. This is not a judgement on the individuals, but rather on the way this transition is handled. The Civil Service is a substantively different operating environment to the private sector from which many outsiders come, and roles such as 'chief operating officer' or 'chief information officer' should not be assumed to translate directly, as several interviewees explained from experience. This places the onus on mechanisms which can help make that transition, such as mentors, buddies, acclimatisation periods and induction sessions. The resources required for these processes need to be factored in to decisions between building skills internally and buying them in from sectors with different ways of working and value systems.[46]

The time pressures and uncertain demand from ministers for particular types of capability mean that short-term fixes can crowd out a focus on internal training and development. In *Modernising Government*, the build/bring-in distinction can be seen in the view that public services 'must strike the right balance between identifying and bringing on internal talent and recruiting skills and experience from outside'.[47] Yet a decade later, the National Audit Office concluded that throughout the 2000s departments relied on consultants filling the same gaps in capability.[48]

The problems associated with building internal capability in areas of scarce skills may mean that this tension can only be resolved by moving certain capabilities outside government – a solution that carries its own risks.

One departmental non-executive director we spoke to doubted whether the Civil Service should aspire to developing 'blue ribbon' capabilities, given the disadvantages it faces in attracting and making the most of talented people compared to the private sector. It may be, as he suggests, that 'trying to fix these things inside the Civil Service just won't work'.

This was also the conclusion of Bernard Gray, now Chief of Defence Materiel, in his 2009 report on Ministry of Defence procurement.[49] Having explored different options for building up

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[45] Public Administration Select Committee, Outsiders and Insiders: External Appointments to the Senior Civil Service – Seventh Report of Session 2009-10, Parliament UK website, January 2010, accessed on 17 June 2013, http://www.publications.parliament.uk/pa/cm200910/cmselect/cmpubadm/241/241.pdf

[46] For supporting evidence, see Deloitte, Transfusion: Private to Public, Deloitte website, 2008, accessed on 17 June 2013, http://www.deloitte.com/assets/Dcom-UnitedKingdom/Local%20Assets/Documents/UK_GPS_Transfusion_PrivatetoPublic.pdf

[47] Cm.4310, Modernising Government, HMSO, March 1999.

[48] National Audit Office, Identifying and Meeting Central Government's Skills Requirement, NAO website, July 2011, p.7, accessed on 16 June 2013, http://www.nao.org.uk/wp-content/uploads/2011/07/10121276.pdf

[49] Gray, B, Review of Acquisition for the Secretary of State for Defence, Ministry of Defence website (archived), October 2009, accessed on 15 June 2013,http://webarchive.nationalarchives.gov.uk/20120913104443/http://www.mod.uk:80/DefenceInternet/AboutDefence/Corporate Publications/PolicyStrategyandPlanning/ReviewOfAcquisition.htm

this commercially-facing capability, he recommended a government-owned, contractor-operated (GoCo) model that effectively takes the function outside of the Civil Service, thereby escaping the recruitment and pay constraints. As Gray acknowledged, this would be a controversial move with implications for political accountability over defence decisions. The fact that the GoCo was the preferred choice despite the politics reflects the major tension between maintaining internal oversight of a key capability and providing the autonomy to build it outside normal rules.

Defence procurement is a highly-specialised capability, but in other areas where the decision is to keep and build the capability internally, a corporate approach that can identify a critical mass of expert support centrally – rather than a wide and shallow approach by departments – may go some way to overcoming the constraints. This may also be necessary to provide the capacity to develop internal pipelines, with line of sight to specialist staff with potential to fill future senior roles. The Institute for Government argued in *Making the Games* that 'government also needs to get smarter about redeploying people who have developed project skills to where they can be best used'. This insight extends to other areas of specialism.[50] Taking this route, however, directly confronts the issues outlined in Tension 1 about the authority of these professional functions in relation to department.

Buying and building can be complementary

Despite the apparent tension between building internal pipelines and buying-in skills in deficit, there is also a danger in treating them as wholly separate routes to improving capability when they can be mutually reinforcing if the supporting systems are in place.

The important factor is whether the talent that is brought in through recruitment, secondment or consultancy, has a lasting benefit or a transitory one. Skills transfer cannot be assumed to occur automatically in mixed teams of insiders and outsiders, or between consultants and clients, in part because cognitive and cultural biases make knowledge 'sticky' – particularly acute when the source and the recipient have very different organisational backgrounds.[51] The Ministry of Defence is currently in the process of securing this kind of skills transfer, having recognised the chronic weakness of their internal finance capability. In 2013 the NAO refused to sign off their accounts for the third consecutive year. Over three years the intention is to draw down the private sector supplement required by the department from 10% (100 KMPG consultants to 1,000 government accountants) to a bare minimum.[52] The success or otherwise of building the MoD finance function will not come down to a numerical judgement of whether there were enough skilled people brought in to consult, but whether those that came improved the residual skills of civil servants.

[50] Norris, E, Rutter, J, Medland, J, Making the Games, Institute for Government, January 2013, p.6,
http://www.instituteforgovernment.org.uk/sites/default/files/publications/Making%20the%20Games%20final_0.pdf

[51] Szulanski, G, Sticky Knowledge: Barriers to Knowing in the Firm, 2003.

[52] House of Commons Defence Committee, Ministry of Defence Annual Report and Accounts 2011-12, Ninth report, chapter 2,
paragraphs 11-13, accessed 03 June 2013,
http://www.publications.parliament.uk/pa/cm201213/cmselect/cmdfence/828/82805.htm#a3

Tension 3: Generalism vs. specialism

> There has been a long-running assertion that the prevalence of 'generalists', especially at senior ranks, holds back the capability of the Civil Service and that greater professionalism is required from everyone. The vague terms of this complaint mask how complementary both the generalist and specialist skills in Civil Service teams are. It has also run in parallel with an erosion of the civil servant as a professional role with distinctive sets of skills and knowledge.

There has been a long-running assertion that the prevalence of 'generalists', especially at senior ranks, holds back the capability of the Civil Service and that greater professionalism is required from everyone.

The tension between those labelled 'generalists' and specialist staff in the Civil Service is familiar in debates about capability but all too often misunderstood. The accusation that too many civil servants are 'gifted amateurs' or 'all-rounders' has been one of the most lasting legacies of the *Fulton Report*. The authors were criticised for their use of such derisory language but the charge has stuck and is now commonplace, despite the generalist having been pronounced dead a number of times.[53]

The accusation has gathered most force in relation to the Senior Civil Service (SCS), based on the apparent over-representation at that level of those with a policy background, who have worked closely with ministers but lack experience of operational delivery or a specialist area, such as procurement or economics. Although figures on the experience of staff are difficult to identify, the Annual Civil Service Employment Survey (ACSES) shows that 'policy delivery' accounts for around 4% of jobs in the Civil Service as a whole[54], while Cabinet Office figures reveal policy roles make up around 29% of the SCS.[55]

The generalist tag is also rarely applied beyond the relatively small Whitehall contingent of the Civil Service, similarly revolving around the policy-heavy roles in this group compared to the Civil Service as a whole. Suggestions that this group holds back the capability of the Civil Service is an interesting one that deserves greater examination in detail, rather than being discussed in terms of anecdote. In particular, little attention has so far been paid to the impact of introducing far greater use of 'flexible resourcing' into government departments over the past

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[53] For example, Sir Richard Mottram's article on Professional Skills for Government entitled 'Death of the Generalist', reproduced on PublicNet website, March 2006, accessed 03 June 2013, http://www.publicnet.co.uk/features/2006/03/10/professional-skills-for-government-death-of-the-generalist/

[54] Annual Civil Service Employment Survey, *Civil Service Statistics 2012*, Office for National Statistics website, November 2012, accessed on 21 June 2013, http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-279335

[55] Cabinet Office, *SCS database*, April 2012, quoted in NAO, *Building Capability in the Senior Civil Service to Meet Today's Challenges,* NAO website, June 2013, accessed on 21 June 2013, http://www.nao.org.uk/wp-content/uploads/2013/06/10167-001-Full-Report.pdf

decade, with some putting project working at the heart of their operational model, dismantling standing teams to focus activity on outcomes.[56] In this kind of work environment, the 'all-rounder' can be seen in a more positive light. But what makes this a set of professional skills rather than the role of the 'gifted amateur' may need to be further brought out.

Yet this has also run in parallel with an erosion of the civil servant as a professional role with distinctive sets of skills and knowledge.

The desire for 'professionalism' among civil servants has largely neglected an idea that would once have been widely accepted: that the Civil Service itself represents a professional occupation, requiring distinctive skills and abilities. Sir John Elvidge told us:

> I think it's really important that we don't devalue the idea that there is a distinctive professionalism to working in government and that we should require and develop that professionalism more explicitly.[57]

The UK Civil Service is unusual internationally in the extent to which its officials are recruited, trained and managed against generic rather than specialised criteria, particularly at senior levels. Research by Pollitt and Op de Beeck found that the training given to the SCS – those most likely to be accused of being 'generalists' – was largely the same as that for private sector management schools. They make the point that this has not always been the case in the UK, but is an increasing trend that contrasts with the retention of 'concrete and substantive knowledge of the public sector and its particular features' in Continental European countries.[58]

This has also been echoed by Kate Jenkins, one of the architects of the Next Steps programme and no defender of the 'generalist'. Her critique of the Capability Review framework, suggests that they lacked a clear connection to what is distinctive about running a government department:

> There is something odd about the language. It is stilted and clichéd. It refers to 'relentless sharpening' and 'igniting passion'. It is the language of private sector management speak. There are few references to the political dimension which dominates the work of cent ral government … There are no references to the priorities or preoccupations of Whitehall.[59]

The academic, Vernon Bogdanor has argued that after the *Fulton Report*, 'the very professionalism of the Civil Service, which has been so widely admired in foreign countries, was seen as a handicap and not an advantage' and a concerted effort was made to bring the practices of the Civil Service into line with the management of industry.[60] In line with this, there

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[56] Most recently, the zero-based review of the Department for Education has pledged to increase flexible working from 3% to 30% over 6 months (see Department for Education Review, DfE, October 2012, p.6-7, http://media.education.gov.uk/assets/files/pdf/t/dfe%20review%20report-external.pdf)

[57] Quote from interview with Sir John Elvidge, May 2013.

[58] Pollitt, C., and L. Op de Beeck, Training Top Civil Servants: a comparative analysis, University of Leiden, 2010, p.122.

[59] Jenkins, K., Politicians and Public Services, 2008, p.184.

[60] Bogdanor, V., Civil Service Reform: A Critique, Parliament UK website, 2000, paragraph 2, accessed on 15 June 2013, http://www.publications.parliament.uk/pa/cm199900/cmselect/cmpubadm/238/0032202.htm

has been positive encouragement – in the last 20 years at least – to dilute the concentration of career civil servants with considerable levels of outside entry.

There is an easily overlooked tension therefore between emphasising the need for professionalism in civil servants and dismantling many of the distinctive features of the Civil Service that would imbue it with professional status. Several of our interviewees acknowledged that the 'professionalism' that was held as totemic in the Professional Skills for Government programme was never really defined. As an organising concept for a capable Civil Service this is a critical weakness.

This apparent tension masks how complementary the generalist and specialist skills in Civil Service teams are.

The creation of the Policy Profession and Operational Delivery Profession was intended to give some structure and sense of specialism to staff doing the many roles that were core to the work of the Civil Service but did not carry professional status within government. In the past, particularly after the *Fulton Report* urged the merging of the Administrative, Executive and Clerical classes, most of these roles would have fallen within the ambit of the 'Administrator', later labelled the 'General' group, distinct from those working in science, technology or the traditional professions.

In the attempt to signal a break with the generalist route to the top, there has been a tendency to make sweeping claims about what individual skills staff need to succeed in today's Civil Service, in particular an expectation on senior civil servants to have spent some time in a non-policy role and beyond Whitehall.[61] The slow progress on embedding this expectation at senior levels suggests that trying to ensure individuals have the perfect balance of skills and experience is a tall order and instead these should be looked for at team level. As Sir John Elvidge put it, the Civil Service works in a particularly collegiate way and its senior ranks should always 'think team' when they are making decisions about succession planning, training or deployment of staff.[62]

The strengthening of career pathways from all professional backgrounds into the Senior Civil Service is important for ensuring roles can be filled by the most suitable candidate and that leadership teams include a valuable diversity of perspectives and experience. As one of our interviewees explained, expectations of wider experience are quickly jettisoned if there is a talented civil servant well-suited to a more senior role. Rather than resist this logic and create a further tension between how good and how 'rounded' the person is, it may need to be built into considerations of talent management. Another requirement may be to separate out career development in policy roles from expectations of acquiring wider management responsibility. The Institute report, *Making Policy in the Real World*, suggested that there may be 'a case for divorcing policy expertise from line management responsibilities and creating an alternate

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[61] For example: Cabinet Office, Delivery and Values, February 2004.

[62] Interview with Sir John Elvidge, May 2013.

career structure for 'policy experts'.[63] This would go some way to reducing the tension between rewarding good policy makers and promoting good managers.

Unlike the other tensions raised around capability, the conflict between generalism and specialism is more apparent than actual. There is little doubt that the Civil Service has a demand for specialists, some of them unique to government, others shared with other sectors. But it is less clear that every civil servant can or should be a specialist in this narrow way. Emphasising the difference between a civil servant who belongs to the operational delivery profession and one who belongs to the legal profession may exacerbate the gulf in 'parity of esteem' that the Cabinet Office's own research has identified. Rather, greater consideration may need to be given to what is distinctive about being a civil servant and follow this through into thinking about what are the skills 'of a professional calibre'[64] that should be developed.

Other tensions

The three tensions discussed above are not the only ones that arise when considering how to improve the capability of the Civil Service. They are the most substantial and prevalent when you take the long view of reform, but here we offer two others that merit further research.

Intrinsic vs. extrinsic motivation

There is a potential contradiction between relying on intrinsic or extrinsic motivation for civil servants. The model that one chooses colours the interpretation of everything from line management practices to promotion decisions. The 'ethos of public service' is less widely discussed than in the past, yet there is a strong body of evidence that extrinsic rewards such as bonuses and performance-related pay have less impact on performance in complex and collaborative roles than the pay-offs of working with a sense of purpose, mastery and autonomy.[65] Changes to recruitment and performance management, such as bringing more people in from outside and offering personalised incentives, have knock-on effects on the way civil servants interpret their work and plan their careers.

The presumption in favour of performance-related pay is weakening even in the private sector where its application is often clearer. If the Civil Service is unable to match commercial salaries (as we acknowledge in Tension 2) a better capability approach may be to focus on the non-financial rewards of a job in government. Recent research by PricewaterhouseCoopers suggests that a person's 'ideal job' is worth an average 28% pay cut.[66] Recognising this trade-off between different sources of motivation does not lead to any simple answers – and pay remains an important factor in getting people with the skills you need – but it may prompt some important questions about their wider impact.

Leadership vs. Management

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[63] Hallsworth, M., S. Parker and J.Rutter, Making Policy in the Real World, Institute for Government, April 2011, p.74, http://www.instituteforgovernment.org.uk/publications/policy-making-real-world

[64] Sir Douglas Wass, quoted in Fry, GK, Policy and Management in the British Civil Service, 1995, p.47.

[65] Pink, DH, Drive: The Surprising Truth About What Motivates Us, 2010.

[66] PricewaterhouseCoopers, Making Executive Pay Work: The Psychology of Incentives, 2012, p.6.

Another tension that deserves further exploration in the context of government is between leadership and management. As business guru John Kotter has observed, they are 'radically different' but too often considered interchangeable in practice.[67]

A recurrent example of this is the popular Civil Service phrase 'leading and managing change'. This is increasingly regarded as a capability in itself, but the construction may mask an underlying tension. On the one hand, leadership of change covers the difficult, forward-looking tasks of defining the future, explaining why the organisation should take the risk of changing, and then bringing people with you. On the other, good management of change is often about maximising continuity, keeping disruption to staff under control, maintaining engagement as people's jobs change and keeping the sequencing of particular reforms on track.

In the Civil Service this distinction is further complicated by the duality at senior levels between ministers and officials, which does not fall neatly along the lines of ministers as leaders, civil-servants as managers. Past reforms have been notably emboldened by the attention of the prime minister of the day, offering an impetus that makes change hard to avoid. In the absence of both political and official leadership, there may be more danger of losing momentum, as discussed in Lesson 1. Harold Wilson acknowledged the importance of prime ministerial attention when reflecting on progress against the report he commissioned:

> I think there was an immediate burst of activity after Fulton came out and it was very much under Prime Ministerial direction. I got the impression…that by about 1969 it was tailing off a bit…with so many urgent problems at that time, I was not able to give my mind to it sufficiently.[68]

Fuelling this tension in the UK Civil Service may be the unwillingness in recent decades to distinguish the skills of senior civil servants from those of the so-called 'leadership team' in sectors without the dual leadership central to government. As discussed in Tension 3, the work of Pollitt and Op de Beeck has questioned whether generic skillsets around 'leadership', 'strategy' and 'collaboration' can fit public officials for an environment where many of these responsibilities are shared with political leaders, whose policies they are expected to manage.[69] Like the other tensions discussed in this report, this tension between management and leadership requires further research to appreciate in detail the trade-offs at work.

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[67] Kotter, J. 'Management is (still) not leadership', Harvard Business Review, HBR Blog Network, January 2013, accessed on 13 June 2013, http://blogs.hbr.org/kotter/2013/01/management-is-still-not-leadership.html

[68] Harold Wilson's evidence to the English Committee into the Civil Service, quoted in Hennessy, P, Whitehall, 1989, p.262.

[69] Pollitt, C, and Op de Beeck, L, Training Top Civil Servants: A Comparative Analysis, University of Leiden, 2010, p.123.

4. Conclusion

This discussion paper has looked at the historical and organisational context of addressing the capability of the Civil Service as a whole. The broad lessons and tensions that it has identified are starting points for further research at two different levels.

On the one hand, there are certain enabling features of capability identified by this paper but not addressed in detail, each of which merits substantial extra consideration on its own terms. These include:

- the terms and conditions of employment that govern how staff are deployed within and across organisational boundaries
- the use of pay and other incentives (and restrictions on them) to motivate and reward staff for performance
- the role of the centre in co-ordinating particular capabilities, such as IT, HR, finance, and how far there is a need for clearer 'corporate functions' in each area
- the clarity and specificity with which strategic outcomes are defined and the extent to which these can be achieved by central government action
- the supporting structures and processes to promote greater learning within the Civil Service and how this relates to the use of formal training.

Beyond this, the persistence of certain challenges around capability when seen from a macro level may suggest that you can only go so far towards solving them for the Civil Service as whole. This is further reinforced by the variety of experience across the different departments and agencies of government. There is undoubted excellence in some places and blatant weakness in others. The interesting questions may be around what generates this variety.

A research agenda focused at the level of teams grappling with particular policy or delivery challenges may be able to unpack the determinants of success and failure, and could also add greater insight into the way that corporate systems impact on local activity.

The Institute for Government will seek to incorporate each of these strands of research into our ongoing work defining a more effective Whitehall, extending our understanding of the elusive but essential concept of capability in the Civil Service.