Civil Service Reform
One Year On

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About the authors

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Introduction

Early in 2012 the Institute published its open letter to the civil service reform triumvirate of Francis Maude, Sir Jeremy Heywood and Sir Bob Kerslake. When their plan was published we rated it promising, with some bold ideas and the potential to achieve the improvements that we think are necessary. But we said that the positive start would quickly dissipate if there wasn’t enough drive, resource or political engagement behind the key actions in the plan.

One year later the Cabinet Office has published its own progress report. They have also announced some additional reform actions. A number – such as strengthening corporate functional leadership – are in line with our past recommendations.

Armed with the Cabinet Office’s report, their proposals for further reforms, and insights from the Institute’s research, we ask what progress reforms have made. In this report we reflect on progress so far, focusing on the cumulative effects of corporate and departmental reforms – and the tensions between them.

We examine the prospects for success by highlighting two fundamental barriers to reform:

1. Federalism and the limits of central co-ordination
2. Culture and behavior.

We also examine two success factors that corporate leaders should address in the next phase of reform. We argue that they need to:

1. Develop a stronger corporate leadership coalition
2. Set a positive but credible direction.

The Cabinet Office report also announced new powers for ministers. These allow ministers to appoint the civil servants who will work in an expanded ministerial office, which will also be staffed by special advisers and external experts on fixed-term contracts. We broadly welcome this reform but think that the newly expanded offices should be run by a senior civil servant appointed on merit not a politically-appointed chief of staff as the report suggests.

1. The progress of reforms

The report published by the Cabinet Office is a candid account of progress and a valid summary of what has been done and what has not. They are explicit about difficulties: ‘We were too slow to mobilise... We did not identify clear leadership or adequate resources for the actions... It is vital to accelerate the programme of Civil Service Reform.’

Traffic light ratings of progress are seductive, but often misleading. Some of the most important progress is in actions rated amber, for example, major projects. Actions rated green may have met their milestones, but seem unlikely to deliver the reform sought by the plan, for example, departmental improvement plans.

Despite the mixed picture painted by the report there has been valuable progress on some important elements in the reform plan. Some ideas that looked promising in the plan have been turned into significant actions.

- The first Independent Shared Services Centre has been set up to deal with ‘transactional’ services such as HR, procurement, and finance. These services will soon be consolidated into five shared service centres. Seven shared communications ‘hubs’ have also been set up.
• Resources have been matched to policy priorities. For example, a zero-based review of the Department for Education (DfE), published in November 2012, recommended radical change to the department that is now being implemented.

• To improve policy skills, six ‘What Works Centres’ have been established to investigate challenging policy problems. A cross-government policy curriculum has also been launched.

• The Major Projects Authority is now operational, providing support and oversight for the government’s major projects portfolio. 120 people are now enrolled on training in project management at the Major Projects Leadership Academy.

• The new government-wide digital strategy has transferred all departmental web content to a single domain.

It is too early to tell whether these actions will lead to significant improvements in performance but leadership and the appropriate external support have been factors in success so far.

• The progress with major projects and procurement has been helped by sustained interest from the Minister for the Cabinet Office and the dual leaders of the Civil Service. External expertise has also been used effectively. The Treasury is now playing a crucial role by linking decisions to release resources for projects, to the outcomes of the gateway reviews.

• Civil servants provided strong leadership to set up the ‘What Works Centres’, making it clear they wanted an ambitious proposal. Key civil servants were connected with external thinkers and the work drew heavily on outside policy thinking.

• The Secretary of State and his Permanent Secretary showed the benefit of strong dual leadership to develop the DfE zero-based review. They drew on external expertise to address radical questions about the purpose and value of the department.

• The progress with sharing transactional services has been driven by the Minister for the Cabinet Office and has drawn on external expertise and leadership.

• The Minister for the Cabinet Office has made more progress on reform priorities that could draw on some established structures and routines, broad acceptance of the legitimacy of central control or co-ordination, and dedicated resources in the Cabinet Office to drive the action.

The progress of other actions is unsurprisingly mixed. The one-year-on report is open about where further effort is needed:

• Executing plans to share expert services across government. ‘We made good progress in two areas: legal and internal audit… we have not yet started work on other services…’

• Strengthening major projects. ‘We need to do much more to reduce and manage senior responsible officer turnover and implement effective succession planning to increase civil service capability to deliver major projects.’

• Improving corporate management information (MI). ‘Data is not of the requisite quality and consistency… [need] to enhance data quality, embed MI in departmental decision making and improve department specific MI…’

Despite much good progress, familiar barriers to centrally-driven change are slowing down the reform of capabilities and talent management. The Government remains deeply federal in its nature, and this feeds through into the culture and behaviour of civil servants. We look
at these deep-seated barriers later in this report, and review how reform leaders might tackle them.

Reform beyond the plan

The activities set out in the Civil Service Reform Plan are just a part of civil service reform. There has been unprecedented change in departments. Whitehall is ahead of target as it implements budget cuts on a scale far greater than any since the end of the Second World War.

The scale and pace of reductions in spending and staffing is striking. In headline terms the control of spending has been a success so far. This cannot be the performance of a civil service that is resisting change. The Government has reduced spending with very few failures. Its real problem has been a lack of growth in the economy, resulting in lower than expected tax revenues.1

Figure 1 below shows the expected outturns for resource departmental expenditure limits (DEL) in 2012-13 relative to the amount expected in Spending Review 2010. Most departments show an outturn below the level expected in Spending Review 2010.2

Some expected outturns overshoot required savings by very considerable amounts: the communities budget of the Department for Communities and Local Government (DCLG), the Department for International Development (DfID), Department of Energy and Climate Change (DECC) and Department for Transport (DfT) are more than 10% below. In contrast, only three of the main spending departments show a higher outturn – each for understandable reasons.

Figure 1: Resource DEL 2012-13. Latest expected outturn as % Spending Review 2010

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2 For the Ministry of Defence (MoD) and the Foreign Office (FCO), this is largely to do with reserve claims around conflicts and peacekeeping. The overspend at the Ministry for Justice was due to a number of additional spending liabilities, including over £150m of emerging cost pressures in the prisons and probation service.
What matters though, is not how quickly the Civil Service has cut, but how sustainably this has been done and whether it can maintain momentum. The recent spending round confirmed that there would be more cuts for a long time to come. It committed to over £5 billion (bn) further 'efficiencies' in 2015-16 but with limited connection to the reform agenda. There is less ground for confidence in the sustainability of savings.  

The National Audit Office (NAO) has concluded: 'Government needs to go further than controlling spending, by redesigning public services so that they operate permanently at lower cost... [it] needs to develop a clearer strategic approach to service redesign and transformation.'

A brief survey of three departments illustrates the scale and pace of change across Whitehall. Departments are undergoing remarkable changes, fundamentally re-examining their size, shape and ways of working.

### The Department for Education

The Department for Education (DfE) has been undergoing major reforms since its reorganisation in May 2010. Ten of the department’s 17 non-departmental public bodies were abolished, with many of their functions shifted to four executive agencies operating within the DfE. In the 2010 Spending Review, the department initially set its sights on cutting administration costs by 42% from 2010-11 to 2013-14.

In 2012 the secretary of state and permanent secretary commissioned a zero-based review of the department. It proposed radical changes to the DfE’s ‘ways of working’ in an attempt to change the culture and behaviour of staff, including moves towards: flexible resourcing; improvement to knowledge management and management information systems; closer integration between analytical research and policy implementation; the closure of numerous regional offices; and a ‘ruthless’ focus on ministerial priorities.

The review aims to cut its administration costs even further than its initial proposals, setting a new goal of 50% by 2014-15. It also plans to reduce the department’s core headcount by around a quarter, to less than 3,000 by 2015.

Reform proposals within the department have been accompanied by ambitious policies including: curriculum reform; overhauls to A-Levels and GCSEs; the opening of several hundred new free schools; and the expansion of the academies programme. The latter has significant implications for the department itself. Academies are directly responsible to Whitehall and their number has increased 15-fold since 2010.

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8 The Department for Education, Open Academies Spreadsheet, updated June 2013, retrieved 2 July 2013, [http://www.education.gov.uk/schools/leadership/typesofschools/academies/b00208569/open-academies](http://www.education.gov.uk/schools/leadership/typesofschools/academies/b00208569/open-academies)
The Ministry of Defence

Transforming the Ministry of Defence (MoD) is probably the biggest, most complex transformation in Whitehall with multiple, large-scale changes taking place simultaneously. The scale, pace and risks of change are remarkable.

The 2010 Spending Review asked the MoD to make £8bn in cuts by 2013-14. Lord Levene’s review was also published in 2011 making 53 recommendations, covering almost every aspect of the department’s performance and proposing an entirely new operating model.\(^9\)

Addressing the ‘black hole’ in the defence budget and ensuring an affordable and deliverable equipment programme has meant reducing the defence programme by about £74bn over 10 years.\(^10\) The new operating model substantially increases delegation of responsibility, authority and accountability to armed forces and other top-level budget holders.\(^11\) It is also exploring radical options for procurement, business services and infrastructure around a model of private-sector involvement.

The MoD is reducing the armed forces by some 33,000 (19%) by 2020 (5,500 Navy, 19,500 Army, 8,000 RAF) across the whole rank structure. The civilian workforce is being reduced by some 32,000 (38%) by 2020.\(^12\)

The Army will be brought back from Germany by the end of 2015 with the final 4,300 to return by the end of 2019.\(^13\) And an additional £1.8bn will be invested in the Reserve Forces over the next 10 years to increase them by around 50%.

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13 Ibid.
The Ministry of Justice

In 2009 the Ministry of Justice launched the ‘Transforming Justice’ programme. The key focus was to provide ‘better for less’ by changing delivery models, developing shared services and consolidating estates.\textsuperscript{14}

The Spending Review 2010 called for further cuts of 23% to the department’s resource budget by 2014-15 – £1bn of which were to be made through efficiency savings.\textsuperscript{15} This has already led to a reduction in staff of almost 16,000.\textsuperscript{16}

The department had pioneered new funding models, including social impact bonds and payment by results, under the previous secretary of state. The new secretary of state is pushing further, declaring a ‘revolution’ in criminal rehabilitation.

The majority of probation services are being outsourced, with contractors paid according to their success in reducing reoffending.\textsuperscript{17} This goes beyond the more conventional privatisation of prisons to outsourcing outcomes. Institute research leads us to conclude this is one:

...of the most ambitious public service reforms currently being pursued – along with universal credit, NHS reform and schools reform. Creating new ‘public service markets’ is difficult... Ambition increases the risks that things will go wrong – and a safer route would have been to carefully sequence changes. Grayling... is going for the ‘big bang’.\textsuperscript{18}

There have been highly contentious savings to cut the £2bn annual budget for legal aid. In April legal aid was withdrawn from large areas of civil law including in housing, family matters, immigration, and injury to save £320 million (m) annually. It has just closed its consultation to cut another £220m. The proposals include the introduction of means testing and price-competitive tendering for legal aid contracts.\textsuperscript{19}

2. Prospects for successful reform

These and other major departmental transformations are being run in isolation from each other.\textsuperscript{20} Our research has found that leaders are preoccupied with change within their own

\textsuperscript{15} House of Commons Justice Committee, Second Report of the Session 2012-13 \textit{The Budget and Structure of the Ministry of Justice}.
\textsuperscript{17} Ministry of Justice, \textit{Transforming Rehabilitation} Consultation Paper, January 2013, retrieved 2 July 2013, https://consult.justice.gov.uk/digital-communications/transforming-rehabilitation
departments and they struggle to work effectively across boundaries even when there are clearly-shared interests. The barriers they reported to joining-up were substantial: ministerial relationships; budgetary controls; accountability and risk; a lack of impetus from the centre (HM Treasury and the Cabinet Office) or buy-in from some departments; and a lack of cross-government data sharing.21

Danny Alexander, Chief Secretary to the Treasury, seemed to continue with this fragmented approach in the recent spending review announcement, stating there would be 'a further rolling efficiency review of all Departments to unlock savings to support our economic priorities.'22

Beyond this isolation there are question marks about the purpose and clarity of changes within some departments. We have found that the pace of change has meant departmental leaders have not always made time to set out the purpose and direction of change.

Leaders in several departments told us that a “vision” or “narrative” for change was “too clichéd”, unnecessary or required “the luxury of time” they did not have... This led several departments to move quickly on downsizing without a clear direction for the future.23

These shortcomings were validated by the NAO.

Departments have tended to lack a clear strategic vision of what they are there to do, what they are not, and the most cost-effective way of delivering it. Without this clear vision, they find it difficult to weigh conflicting priorities and to get the best possible value from each pound spent.24

In these circumstances there is no reason to expect departmental transformations to add up to a ‘unified, open, accountable’ civil service that is fit for its post-austerity purpose.

A year after the plan was launched, the progress report from Francis Maude, Sir Bob Kerslake and Sir Jeremy Heywood, is quite open about the mixed progress of reforms. Even before that report they were frank about the limits of the ambition of the reform plan, and the mixed progress of reform efforts.

The reform plan was the right set of actions that we needed to take forward at that point... it is not the last word on reform. We will be having a one-year-on … As part of that, we will assess whether there is further change needed.25

Sir Bob Kerslake

We are beginning to put the platforms in place in the plan. One of the reasons why you should not expect to see the complete success of the plan over one year is that a lot of this stuff will take five or 10 years to have its full effect. You will see in the plan quite a lot of the building blocks that will be necessary to create the Civil Service of the future.26

Sir Jeremy Heywood

21 Ibid., p. 31
22 HC Deb 27 June 2013, c 466
24 National Audit Office, Memorandum on the 2012 Civil Service Reform Plan, January 2013, p13
25 Public Administration Select Committee, Future of the Civil Service: Uncorrected oral evidence from 18 April 2013, HC 664-x, Q838.
26 Ibid., Q874.
The fact remains that too many things that should have been done haven’t happened. Other projects have been delayed or are only just getting underway.27

Francis Maude

It is perhaps unsurprising then that ministers and senior officials do not appear to be electrified by the actions in the reform plan. Instead the story from those leading these changes in departments is that the reform plan actions are, at best, nice to have – even though the plan includes many of the issues civil servants think are important and need cross-civil-service attention.28

There are three likely reasons for this relative disengagement.

1. Serious attention and resource for corporate actions is often crowded out by more urgent and compelling departmental priorities.
2. The Prime Minister, Deputy Prime Minister and Chancellor are not a visible part of the leadership of the corporate reform effort.
3. Senior civil servants are pragmatic about when to lend their energy and time to corporate programmes.

[They] will watch closely to see who is leading and supporting the programme – from officials to politicians... and make their own judgment of whether it’s a programme worth putting their energy into. ... The positive start will quickly dissipate if there isn’t enough drive, resource or political engagement behind the key actions in the plan.29

If existing corporate reform ambitions are to be met, let alone intensified, something needs to change.

Our research into change and reform in the Civil Service30 identifies four critical issues that must be addressed by corporate leaders to improve the prospects for successful reform.31

First, there are two are barriers that have slowed or foiled reform efforts for decades. Both are recognized by Sir Bob Kerslake and Francis Maude:

1. Federalism and the limits of central co-ordination
2. Culture and behaviour.

But there are also two factors that are key to success:

1. Developing a stronger corporate leadership coalition
2. Setting a positive but credible direction.

28 Discussed at various private Institute for Government workshops and roundtables in 2012 and 2013.
31 The Institute has begun research to develop our understanding of how these, and other, barriers and success factors affect sustainable civil service reform. This research will be reported in early 2014.
Francis Maude, Sir Bob Kerslake and Sir Jeremy Heywood should address these to get their reform ambitions on track.

1. Federalism and the limits of central co-ordination

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

In the 2010 report, *Shaping Up*, the Institute for Government analysed in detail this federal structure of UK government.32 Efforts to create joined-up government had 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 – 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.

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

The considerable beefing-up of the central procurement function is clearly designed to consolidate and streamline the operation of buying as ‘the Crown’, but some of the demands of this approach may strain current accountability relationships significantly. Strengthened reporting lines between commercial or procurement directors and the chief procurement officer seem intended to go beyond the ‘dotted line’ oversight that currently operates in finance or HR and begins to scope out a move to integrated corporate functions. The recently-published capability plan however backs away from this implication, making the direction of travel more obscure than it needs to be.

This is not an isolated example. The capability plan includes an intention to sharpen the accountability of heads of profession over managing personnel. One of these additional responsibilities is to ‘develop models for deploying people and resources across departments to share the specialist skills that departments need’.34 Given the set-up of departments, those people and resources belong to permanent secretaries, employed and managed internally to the department. If changing this would advance capability, leaders in the Civil Service will need to remove any ambiguity about how a new model would function.

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. 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. This tension between departments and the centre is a deep one that cannot be ignored without substantially blurring the status quo.

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34 Ibid., p. 11.
2. Culture and behaviour

There are few attempts to reform the Civil Service that do not include its ‘culture’ among the problems being addressed. The reform plan is no different, describing civil service culture as ‘slow moving, focused on process not outcomes, bureaucratic, hierarchical and resistant to change’, and painting a broad-brush goal of making it ‘pacier, more flexible, focused on outcomes’.  

Reflecting on why reforms are not making sufficient progress Francis Maude isolated culture as the problem:

> The things that need reform are exactly the things that make reform difficult, such as: the capability gap; the excessive bureaucracy; the lack of responsiveness to government priorities; poor accountability; policy being designed without reference to its implementation… These are all ingrained, cultural problems that are hard to root out.  

But the emergent nature of an organisation’s culture means that culture change as a concerted approach is difficult. ‘You don’t change the culture by trying to change the culture.’ Instead, the culture is likely to shift by giving people tangible signals about what is expected of them.

This is illustrated by the experience of the Scottish Government since 2007, when it adopted a set of high-level national outcomes to focus their activities. Their Civil Service had to embrace greater complexity and ambiguity, weakening former functional silos and developing new outward-facing relationships with local government and civil society. Civil servants had to learn to look at the capability of the whole system to progress towards the stated outcomes, rather than starting from the assumption that the answer can be designed centrally and rolled out. As Sir John Elvidge, former Permanent Secretary for Scotland remarked, ‘This way of working itself changes the culture, fostering collaboration and communication at all levels.’

The Institute’s recent report on lessons from past civil service capability reforms reflected on the benefits of this whole-system approach.

> 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’.  

At a recent Institute event, Marco Steinberg from the Helsinki Design Lab made the case for the power of a purposeful project to help create a new culture.

> It’s really hard to change organisations or to innovate on large challenges. But what you can do is deliver projects, which are by nature discrete. If done right they can help create a common culture of innovation, deliver real results.  

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37 Public Administration Select Committee, *Future of the Civil Service: Uncorrected oral evidence from 13 May 2013*, HC 74-I, Q1028. The quote is Francis Maude’s.
Such an approach is a practical way to create ownership, alignment and outputs that build momentum for reform. But it does not provide an argument for just getting on with specific actions at the expense of a clear vision for a reformed civil service.

3. Developing a corporate leadership coalition

Study of past reform efforts shows the importance of political involvement. ‘Change has only been sustained when there is firm and clear ministerial backing, otherwise the forces of inertia and prevarication prevail.’ What is required from the Prime Minister and senior ministers is direction and support to the officials who must shape the ideas and actions for civil service reform.

When the reform plan was launched we considered there was sufficient political support at that early stage – despite divergent views in cabinet. But we argued it was important that some elements of reforms engaged the active support of heavyweight secretaries of state to turn reform intent into action.

Twelve months on the reality seems to be a relative lack of visible prime ministerial interest in civil service reform. The absence of his public interest and engagement limits what can be achieved across the Civil Service by central leaders. Nonetheless, Francis Maude’s energetic pursuit of a core reform agenda has driven significantly more change than that of any of his rather short-lived predecessors.

But it’s not just political leadership that is required. Sir Jeremy Heywood, the Cabinet Secretary, has shown the impact his involvement has on areas like ‘What Works Centres’ and policy skills. Such leadership is needed on a wider reform front. And Sir Bob Kerslake, Head of the Civil Service, has rightly decided to take on personal leadership of the capability plan.

Others need to be actively involved to build the right coalition for change. Directors and directors general need to be active leaders of corporate action if they are to progress to the next level.

There is one more crucial leadership challenge for Sir Bob Kerslake and Sir Jeremy Heywood. In the current climate of relentless negativity about the Civil Service many senior civil servants crave more confident and visibly supportive leadership. They want advocates for bold reforms to a clear end – and someone to stick up for them when conventions prevent them from responding personally to unwarranted or inaccurate personal attacks.

New actions in the Cabinet Office’s one–year-on report go some way to address these points. The report emphasises the importance of ‘persistent commitment and sponsorship of ministers and permanent secretaries’. But it does not acknowledge that the existing programme has not engaged those leaders sufficiently so far.

43 Sir Michael Barber, Instruction to Deliver: Fighting to Reform Britain’s Public Services, May 2008, Methuen Publishing Limited.
They propose further integration of corporate functions and recognise this is a significant change – “‘tweaking’ of the current model is not enough’. Such change is ‘countercultural’ as Sir Bob Kerslake said when launching the report at the Institute ‘due to the federal structure of the Civil Service, but needed to be done’.

The Institute welcomes the commitment to stronger corporate functional leadership. Our work has highlighted the need for stronger central roles in areas like finance, human resources and information technology. We are therefore encouraged by the specific action to strengthen the corporate leadership of human resources and information technology, and the Treasury’s commitment to improve financial standards and the quality of management information. We will be looking closely to see how these intentions are implemented in practice.

**Action for corporate reform leaders:**

Consolidate the leadership triumvirate and broaden the coalition of secretaries of state and senior officials involved in corporate reforms. Ensure that this group commits to turning changes in their departments into a shared vision for the Civil Service after austerity.

Address department-centre tensions by revisiting the role and functions of corporate leaders. Ministers and officials must give unambiguous backing for any new operating model. The present direction of travel suggests that this is likely with a substantial revision of the accountability and responsibilities of central functions such as HR and finance.

4. Setting a positive but credible direction

Last year we said reform leaders needed to:

- Offer a positive expression of what the future Civil Service is going to be like after 10 years of staff cutbacks, savings... address the fundamental issue of what are the enduring functions of the Civil Service. At a time of austerity what must the Civil Service do? …[establish] what is better done elsewhere, or not at all?

When the reform plan was published it set out a high-level description of what the Civil Service should look like in the future. Corporate reform efforts have so far not created a more tangible vision that goes beyond the general sense of direction set out in the plan – and there is not yet a clear route to the future.

But this report has described a pattern of largely isolated departmental transformations, some guided by their own vision of the future – many not. Many departments are making cuts at a pace which may not be sustainable and are not accompanied by new operating

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46 Sir Bob Kerslake speech at Institute for Government 9 July 2013
models. It is therefore unlikely that changes underway across the Civil Service will add up to a post-austerity civil service that is fit for purpose.

Yet the corporate civil service reform effort does not yet seek to steer and support these transformation programmes within departments. As the head of the Civil Service put it last year, ‘What we do with civil service reform needs to complement [departmental change] and not cut across it.’ This was a pragmatic and reasonable position at the time, reflecting the reality of what has proved possible in past reform efforts.

However it now looks too high risk to stand back and let massive changes in departments run their own course in the hope everything will turn out all right in the end. And too many of the reform plan’s necessary actions are bumping up against the limits of current corporate operating models to sustain this position.

So it has now become essential to set a clearer direction, and map out a route to get there. Even before they set out further actions in their one-year-on report there were signs that reform leaders were beginning to address the need for a clearer direction. They offered clues that they had their sights set on fundamental change when they said:

We are too federal; we have too much going on in individual departments. Sir Bob Kerslake

...how we can strike a better balance between departmental control... and [make] it easier for departments to come together, pool budgets and bid for resources, on the basis that they are going to achieve certain outcomes. Sir Jeremy Heywood

Is the model where each department is a free-standing entity still sustainable? Or do we need a unified operating system? One set of high standards? And this is not just about sharing services – but about embracing a more corporate approach to talent management, capacity building and leadership of expert services. Francis Maude

Speaking at the Institute in June 2013, Lord Browne raised the stakes on the need for a really fundamental rethink of civil service operating models, saying:

The whole nature of departments needs to be reconsidered: unproductive frictional costs arise as one silo rubs up against another; the leadership of corporate functions like

50 Sir Bob Kerslake, speaking at the Institute for Government, 5 May 2012. Video retrieved 6 June 2013, http://www.youtube.com/watch?v=URuVb0C1J-Y&list=UUXjzMnsS8feRQO0FQZ/U0Sw&index=1&feature=plcp
51 Public Administration Select Committee, Future of the Civil Service: Uncorrected oral evidence from 18 April 2013, HC 664-x, Q825. The quote is Sir Bob Kerslake’s.
52 Ibid., Q904. The quote is Sir Jeremy Heywood’s.
If corporate reform efforts are to be credible and succeed, leaders need to be clear about their strategy for change. The strategy they choose has big implications.

Our research into departmental transformation revealed that departments that were undergoing more incremental change found it harder to motivate staff because there was no strong vision. But they had less uncertainty and the process was generally quicker.

The reverse was true of more transformative change. Those we spoke to had a positive story to tell. But even well-directed change on this scale was deeply disruptive and challenging, and was only possible with a leadership team working collectively.

Deeper transformational change – with implications for structures and potentially culture – requires more time for strategy and design. It is also likely to require a much broader coalition of support within and beyond the department.

The Cabinet Office’s one-year-on report acknowledges the inadequacy of existing actions in the plan and outlines a new action to ‘[develop] a longer-term vision for a reformed Civil Service, including changes to organisational structures and ways of working’.

The final point is crucial – working differently is what will change behaviour. And as Francis Maude acknowledged when he launched the one-year-on report at the Institute ‘the culture changes because behaviour changes’.

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Action for corporate reform leaders

Create or support spaces in which recent hints about the future shape of the Civil Service can be turned into a compelling vision with broad ministerial backing.

Accelerate thinking about the core purpose, functions, structures and operating models that will underpin a smaller but stronger Civil Service and begin to work through the implications of that for how you are leading current changes.

Take every opportunity to begin scoping out new ways of working that show that a less federal approach is credible and important.

Commission cross departmental teams of up-and-coming civil servants to identify savings that can be made by working differently across silos – re-inventing the Rayner scrutinies of the 1980s. Work closely with the Treasury and ministers to provide cover for this kind of forward thinking.

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56 Cabinet Office, Civil Service Reform Plan: One Year On Report, July 2013, p8
57 Francis Maude speech at Institute for Government 9 July 2013
5. Conclusions

The stakes remain high, not just for the Civil Service and the Coalition, but also for the public.

Spending cuts are far from over. Pressures on departments will continue to increase for at least the next four or five years. 2020 could yet prove to be another austerity election. 58

Our description of the scale and pace of change in the three departmental case studies earlier in the report illustrates the significant risks involved in reform. It is to be expected that there will be further high-profile failures of flagship government policies and programmes. As we said in our response to the Laidlaw report on the failed West Coast Mainline deal:

It [tells] the story of a department trying out an innovative new approach to the rail franchise process while at the same time facing a huge re-organisation and major cutbacks. …. [it may be] an early glimpse of what happens when parts get stretched too far doing too many things at the same time. 59

Downsizing at the present scale and pace inevitably also takes a toll on the capacity, energy and emotions of managers and senior leaders. Some who saw this phase through have already left with a sense of relief and sometimes glee. Some of those who remain describe how unpleasant the day-to-day reality of some senior roles has become. 60 Do those who remain have the appetite for one or even two more rounds of staff reductions and savings?

The NAO reports turnover in the senior civil service at 16.9% in 2011-12 with 20% of remaining civil servants thinking of leaving their department within 12 months. 61 The continued loss of talent will threaten the capability of the Civil Service and inevitably lead to more policy and delivery failures.

Although civil service engagement has held up remarkably well as at November 2012, 62 some ministers have tried to push change in departments by adopting an openly critical approach, especially in the first few months in their departments. Criticism made in public has been extremely difficult for civil service leaders to manage. It has undermined their authority and the credibility of any positive vision for change. 63

At the moment, for all the progress on some important actions and the merit of others, the corporate reform plan has simply not engaged the wider political and official leadership of the Civil Service.

It would be a high-risk strategy for civil service leaders to live with this disengagement and let departmental changes run their course, hoping that they will somehow add up to a coherent and capable civil service.

If the corporate ambition is for transformation, the elements required to deliver this are a long way from being sufficiently in place. Arguably it might be better to lower expectations

60 Reported by ex-Permanent Secretary, Leigh Lewis, at an event on ‘Civil Service Accountability’, at the Constitution Unit on 18 June 2013.
61 National Audit Office, Building Capability in the Senior Civil Service to Meet Today’s Challenges June 2013.
63 Page J., et al., Transforming Whitehall Departments, Institute for Government, November 2012
to a more modest set of reforms if it is not possible to create the leadership and coalition needed.

Civil Servants want confident, purposeful leaders – both officials and ministers – who provide direction, encouragement and support. They are looking for reasons to be cheerful about the prospect of the post-austerity Civil Service. Civil servants need positive reasons to change beyond the cuts agenda.

In their one-year-on report reform leaders have shown they understand the key barriers to successful reform, and are beginning to address the issues we say need urgent action. They need to create a broader leadership coalition, committed to a much clearer vision for the post-austerity civil service.

The alternative is in no one’s interest: a doom loop of failures; inadequate services; a dissatisfied public; ministerial frustration; deteriorating civil service morale; and a quiet, but potentially fatal, exodus of talent.

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64 Such views were expressed at a private roundtable at the Institute for Government in April 2013.