



House of Commons
Public Administration Select
Committee

Outside appointments to the Senior Civil Service

Written Evidence

This is a volume of submissions, relevant to the inquiry into Outside appointments to the Senior Civil Service, which have been reported to the House but not yet approved for publication in final form. Any public use of, or reference to, the contents should make clear that it is not yet an approved final record of the written evidence received by the Committee.

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Memorandum from the Public and Commercial Services Union (OUT 01)

Introduction

PCS welcomes the opportunity to make a written submission to the Public Administration Select Committee. PCS – a union representing over 300,000 members, the majority of whom work in government departments, agencies and public bodies - also welcomes the invitation to give oral evidence as the inquiry topics are issues that are of concern to our union.

Outside Appointments to the Senior Civil Service

Although the bulk of PCS members are concentrated in middle and lower civil service grades, we have some members in the Senior Civil Service (SCS) which means that we organise at all levels except for specialist professional grades. PCS negotiates on training and career development from workplace to national level, and has had particular success in setting up a network of union learning representatives and in providing learning through our Learning Centre.

PCS also supports the work that the Government has been doing towards developing a highly skilled civil service and, through the Council for Civil Service Unions (CCSU), sits on the Board of Government Skills.

We welcome the fact that the Select Committee is reviewing outside appointments to the SCS, as we believe that this is long overdue. Whilst external recruitment into the SCS is nothing new, there has, over the last decade or so, been a consistent growth in external recruitment to the SCS accompanied by an alarming use of external consultants. Proponents of this drive have argued that it was a necessary response to the increasing professionalisation of certain corporate activities in the service such as Human Resources, Information Technology and Finance. But more importantly, external recruitment would also raise the pace of making the SCS more diverse.

Despite the extensive investment that has gone into recruiting from outside, emerging evidence suggests an increasingly high turnover in the SCS. Whilst there are various reasons for this phenomenon, anecdotal evidence suggests that turnover is highest amongst women and ethnic minorities. Furthermore, as the 2007 Review Body on Senior Salaries report noted, external recruitment has led to a pay differential between internal and external recruits.

PCS believes that there needs to be a shift in terms of the perceptions attached to skills possessed by external recruits and to those of internal recruits. Whilst we acknowledge that certain SCS posts may have to be filled through external appointments, this should be done only where it is absolutely necessary, and for

the Civil Service to consider ways in which the massive untapped potential that exists amongst staff in lower and middle grades can be developed. As well as widening the skills pool available to the public sector, this would also help address the diversity gap at senior levels, since the majority of women, ethnic minorities and staff with disabilities employed by the Civil Service is currently concentrated in the middle and lower echelons.

March 2009

MEMORANDUM FROM PROSPECT

INTRODUCTION

1. Prospect is a trade union representing 102,000 scientific, technical, managerial and specialist staff in the Civil Service and related bodies and major companies. Our members are professionals, managers and specialists across a diverse range of areas, including agriculture, defence, energy, environment, heritage, justice and transport.

2. Prospect welcomed the opportunity created by the Normington Review to take a fresh look at Senior Civil Service (SCS) workforce and reward strategy. Both Prospect and our sister union FDA also welcomed the support of the Senior Salaries Review Body (SSRB) for urgent progress towards a bold reform package and for additional funding to implement the necessary changes. In the event our assessment is that whilst the Normington Review sets out some useful recommendations, it presents a partial perspective.

3. For example, the Normington Review defines the SCS largely in terms of skill and professionalism in policy and service delivery, project management and financial management. These are clearly core elements of the SCS, but there is no mention of the vital role played by staff with specialist skills and expertise – which the SCS currently lacks. We are also concerned that Normington’s approach predominantly seeks to define the SCS as a separate and distinct body. This in part reflects a partial view of leadership, when in reality this is actually undertaken at a series of levels throughout the Civil Service and across a wide range of functions. A close relationship is retained between those responsible for policy and its execution is key to efficient and effective government.

4. Our comments on the specific questions posed by the Select Committee are set out below.

Is the current level of external recruitment to the Senior Civil Service justified? Does it achieve the objectives set out for it?

5. This question presupposes a view about the level of recruitment to the SCS generally and of the reasons for it. We would challenge the assertion in the Normington Review that upward pressure on the size of the SCS has been inevitable. Such an argument cannot carry conviction without analytical evidence to support it. It would be helpful to have a breakdown of the size of the SCS by department and agency and some analysis to identify genuine upward pressure as a result of new initiatives.

Should there be ministerial involvement in appointing outsiders? If so, what mechanisms would need to be in place to safeguard against inappropriate political influence in the recruitment process?

6. Direct ministerial involvement in appointing external recruits would create challenges for impartiality and could confuse lines of accountability. There have already been examples of such confusion when ministerial advisers have apparently encroached on, or sought to influence, the role of civil servants. Having said this however, we do not agree that the size and structure of the SCS should be left to permanent secretaries, who are unlikely to create any impetus for change. There needs to be greater 'corporate' oversight and accountability of permanent secretary decisions. Normington's vision of a greater role for the Cabinet Office is useful in this regard but we do have doubts, based on experience, over the Cabinet Office's ability to exercise effective influence. Whilst an expanded role must be supported by an appropriate level of resourcing, action will be needed in parallel to mount a concerted challenge on deeply rooted SCS culture.

One issue of significant concern is that of pay differentials between those appointed from outside and existing civil servants. Is the practice of paying higher salaries to some external recruits justified?

7. Whilst we would not argue that there is never a case for specialists to be externally recruited, there is not a strong evidence base to support the value of doing so. The Government's own evidence to the SSRB noted that 'It has not been possible to produce a robust metric that would allow us to definitively measure the value for money of external hires compared to internal appointees'. The Government's evidence also notes the conclusion of David Bell's review that 'It is always risky for any organisation to bring in 'outsiders' to very senior posts, with about 50% of external hires made at Director level being unsuccessful'. Although the Normington Review recognises the problems caused by differences in treatment of external appointees and internal promotions, in Prospect's view it does not sufficiently convey the huge sense of frustration and resentment that these practices cause.

What are the implications of making external appointments for the culture of the civil service, including the effects on morale of civil servants and on shared values such as the public service ethos?

8. We would be concerned about over-reliance on external appointments leading to denudation of civil service in-house capability and expertise - including loss of corporate memory. Of course there should be appropriate weight on proper valuation of core policy and administrative skills and corporate leadership, but unless there is an accompanying aim to properly value specialists in government, this will reinforce the existing SCS dual culture of 'specialists' and 'generalists'. Normington's perspective ignores the value of senior specialist roles - both as functional leaders and in delivering key government objectives. For example, it is clear that government's capacity as an 'intelligent customer' has eroded and that there is insufficient technical expertise both among SCS policy and decision makers resulting in increased use of external consultants without either contextual knowledge or 'corporate memory'.

9. Furthermore, Normington's emphasis on performance pay and part of a new SCS reward strategy fails to acknowledge the difference between public and private sector cultures, though performance pay is increasingly discredited in the private sector too. The pay and workforce strategy for the SCS should flow from a commitment to public service rather than the high risks and big rewards of the private sector. We are opposed to any approach that seeks to replicate the practices of the private sector, and in particular we strongly object to any approach that focuses on a bonus culture at a time of growing public hostility to bonuses. Information gleaned in response to recent Parliamentary questions relating to civil service bonuses reinforces our concerns over lack of transparency and accountability. There is a lack of clarity, both at individual and departmental level, about the criteria for bonus payments. In addition, access to bonus payments appears to be inconsistent and there is often a clash between 'corporate' and individual objectives. We of course acknowledge that there are market pressures, particularly where there are pay pinch points, but remain strongly of the view that underlying principles need to inform SCS pay policies.

What can be learned from the experience of the devolved governments or other countries when it comes to making external appointments to the senior ranks of the civil service?

10. Whilst Prospect is not in a position to provide a detailed response to this question, we note with interest that the National Assembly for Wales (NAW) reported that it had made no bonus payments in the 2007-08 financial year. Yet, in our experience, the NAW is more effective and directly accountable to stakeholders than some Westminster-based departments.

April 2009

Memorandum from the Welsh Assembly Government

Questions

1. Is the current level of external recruitment to the Senior Civil Service justified? Does it achieve the objectives set out for it (e.g. filling skills shortages in the civil service, ventilation with new ideas and ways of working)?

Yes.

WAG has a rigorous process in place to ensure that vacancies are real and that they cannot be filled by other means i.e business redesign. The recruitment process for each vacancy is considered by the SCS Remuneration Committee which is chaired by one of the Non-Executive Directors and members are the Permanent Secretary, the Director General, People, Places and Corporate Services, the Director General for Public Services and Local Government Delivery and the other two Non-Executive Directors. The majority of SCS posts are advertised openly.

2. How effective are the existing arrangements for making and overseeing outside appointments to the Senior Civil Service?

Covered in part at Q1 above.

With regard to director level appointments and above, the panels are chaired by civil service commissioners and this ensures the Code is adhered to, thus adding credibility to the process.

3. What steps should be taken to ensure outside recruits, once appointed, are able to operate effectively within government?

All SCS appointees are given an induction pack and an induction plan is arranged for them when they start. The induction plan includes meetings with relevant colleagues and ministers. New SCS members are also allocated a mentor/buddy. All new SCS entrants also meet the Director General, People, Places and Corporate Services or Deputy Director, People, depending on level of appointment.

4. Should there be ministerial involvement in appointing outsiders? If so, what mechanisms would need to be in place to safeguard against inappropriate political influence in the recruitment process?

We always ensure that ministers are kept informed during the recruitment process and can input into the advertisement and person and job specifications. Each minister is briefed on long and short listed candidates and are given an opportunity to comment. We believe this is an appropriate level of involvement by ministers in the appointment process.

5. One issue of significant concern is that of pay differentials between those appointed from outside and existing civil servants. Is the practice of paying higher salaries to some external recruits justified?

This is a complex issue and one must bear in mind that a number of the SCS have been in post for some years and therefore their salaries and progression are based on legacy policies and historic market values. For new recruits we pay the advertised salary regardless of whether the successful candidate is internal or external, but take care over the advertised salary not to over-inflate the value. This is not always achievable and sometimes there is a necessity to pay the 'market rate' to attract high calibre external candidates. We have recently carried out some detailed analysis of SCS salaries. 99 SCS posts have been advertised externally since January 2004 and the appointments can be broken down as follows:

- 35 appointments from outside the Civil Service;
- 54 appointments from within the Civil Service (including those recruited from OGDs);
- 10 posts were not appointed to.

Of the 35 recruited from outside the Civil Service, 32 are still employed by WAG.

Salary information

Deputy Director level posts

	Highest Salary	Lowest Salary	Average Salary
Recruited Externally	£110,000	£60,000	£80,096
Recruited Internally	£80,750	£52,403	£63,928

Director level posts

	Highest Salary	Lowest Salary	Average Salary
Recruited Externally	£153,083	£85,000	£119,816
Recruited Internally	£121,714	£80,706	£99,546

Director General level posts

	Highest Salary	Lowest Salary	Average Salary

Recruited Externally	£150,000	£130,000	£137,500
Recruited Internally	£131,710	£130,000	£130,236

Whilst this information is not generally available to SCS members in WAG, no doubt if it were, a number of issues would be raised.

6. What evidence is there to demonstrate the difference made by senior outside appointees to the performance of their departments?

There is no evidence to support this assertion. We use a robust selection process which delivers the best person for the role. Performance data and other metrics show no differentiation from internal and external appointees.

7. What are the implications of making external appointments for the culture of the civil service, including effects on the morale of civil servants and on shared values such as the public service ethos?

Positives – as an organisation we benefit from the innovative ideas external appointees bring to the posts, a less cautious attitude to taking (calculated) risks and a willingness to question working practices.

We endeavour during the recruitment process to ensure that external candidates understand what it means to be a civil servant and the values of the Civil Service

Negative – a reduced morale for those who may feel overlooked and undervalued. Although again there is no evidence of this within WAG.

8. Is there the right mix of external appointees in terms of where they came from? Should there, for instance, be greater or fewer appointments from the private sector?

The mix is determined by ensuring fair and open competition with appointment on merit – an ethos and value we strongly support and advocate.

Generally there could be an argument that there should be more appointments from the private sector for the diversity they bring, but this group often has the additional difficulty to prove they are able to ‘hit the ground running’, especially at this level.

9. How could the effects of making outside appointments be most effectively monitored?

Options could include:

- monitoring retention of outside appointments and comparing to internal appointments;

- conducting an evaluation exercise across a sample of external appointments (across government and devolved administrations) to determine how candidates have integrated into the Civil Service and to canvass employing managers on how the appointment has added value to the organisations delivery;
- including an element in staff surveys to get a broader view of the impact of outside appointments on staff morale.

10. What can be learnt from the experience of the devolved governments or other countries when it comes to making external appointments to the senior ranks of the civil service?

Generally candidates appear excited about working within a devolved administration and the difference that can be made in a small country. The issues tend to be around salary, working partners and difficulties of relocating families at a time of economic uncertainty. Wales for some is not an attractive option as it does not provide the same mix and variety of future job opportunities as London and the South East.

April 2009

Memorandum from Ernst & Young (OUT 04)

1. Ernst & Young welcomes the opportunity to make a written submission to the Public Administration Select Committee. Ernst & Young is one of the world's largest professional services firms, with over 135,000 people serving our clients in more than 140 countries. In the UK we have over 9,000 staff in 20 locations providing nationwide coverage to our client base. Ernst & Young is a global leader in assurance, tax, transaction and advisory services and aim to have a positive impact on business and markets as well as on society as a whole. The UK Government is one of our most important clients and we have valued relationships with many departments and agencies.

Summary

A successful integration is one in which both the individual and the organisation are transformed for the better and are able to leverage each other's strengths to achieve mutually beneficial goals. Diane Downey, Assimilating New Leaders, 2001

2. Over the last year, Ernst & Young have interviewed a range of Permanent Secretaries, career civil servants and external recruits about their experiences of recruiting into the Senior Civil Service, particularly from the private sector. Our observations are based upon these interviews, desk-top research and our own experience of working with government organisations and their leaders over many years.

3. Our overall conclusion is that, despite the cost and risk of failure, there remain compelling business reasons for bringing in external talent who can inject new skills, ways of working and broaden networks. The challenge for the Civil Service is how and when to recruit more systematically as part of a wider resourcing strategy that allows for successful integration both for the individual and the organisation.

- **There is a risk of setting up new recruits to fail.** Expectations have not always been clear on arrival. Some new recruits have arrived without clarity over their priorities, how long they have to make an impact and without open feedback in the early months. This becomes an ongoing problem where external recruits lose confidence and can either become blockers or leave disenchanted with the organisation.
- **An over-reliance on external recruitment can be costly and risky.** The Corporate Leadership Council in the US reported that between 40-60% of external hires into major corporations will be unsuccessful and leave their job within 18 months—which does not even allow time to settle in and begin to make a lasting impact. For the Civil Service, recruitment costs are typically £40k per head in addition to the opportunity cost for those involved in the process.

- **Organisational fit matters.** Of our interviewees, those working in agencies had found the transfer from private sector to public sector easier than those who had moved into Whitehall departments. This was due to agencies having clear performance goals, generally being more arms length from political decision-making and having more autonomy. It is also possible to succeed in Whitehall but seems to be more dependent on former experiences and skills. There are examples of former local authority senior leaders and those from professional service firms moving successfully into Whitehall roles and there is a clear sense of them having benefited from their experience of complex, bureaucratic and political organisations.
- **It is critical to match the right people to the right jobs and culture.** While important, too much weight has been given to technical skills. The Civil Service should select people on their technical skills, organisational fit and personal qualities—particularly adaptability and an ability to listen and learn. A lack of confidence within the Civil Service has led it, at times, to be in awe of external recruits with impressive looking CVs and job titles and to be insufficiently critical and challenging in referencing and in its assessment of fit and wider capabilities.
- **Improvements need to be made to the HR processes.** There are good examples to be found but, too often, sourcing has lacked rigour and induction has been poor both on basic orientation and on “how things get done”.

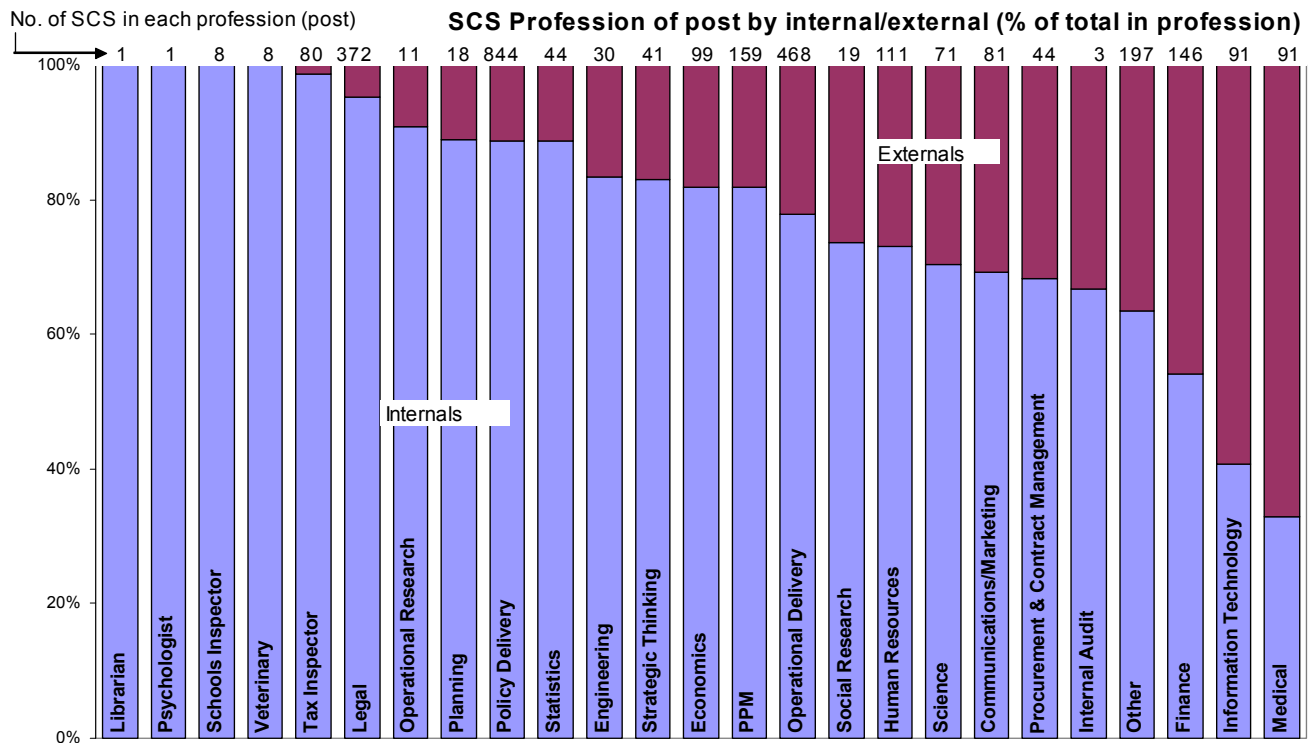
4. At the end of this response we summarise our main recommendations but first we turn to the specific questions you raise in the consultation.

Question 1

Is the current level of external recruitment to the Senior Civil Service justified? Does it achieve the objectives set out for it (e.g. filling skills shortages in the Civil Service, ventilation with new ideas and ways of working)?

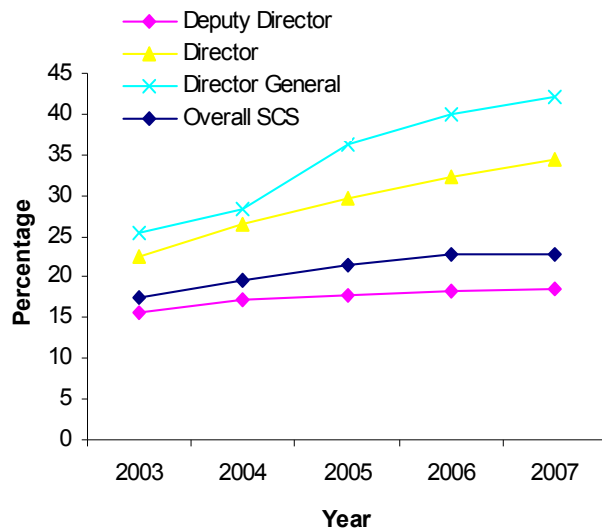
Response

5. External recruitment is still a necessity for the Civil Service but there is currently too much tactical recruitment for individual roles concentrated at senior levels. Despite the desire to bring in new ideas and ways of working there is more evidence of filling skill shortages largely in corporate service functions. External recruitment tends to be concentrated in certain professions such as medical, IT, finance, audit, and procurement. In contrast 60% of all internal SCS are in policy delivery, operational delivery or legal professions (see chart below from Cabinet Office, SCS database 2008).



6. We agree with Sir David Normington’s recommendation that there should be an overarching workforce strategy which should:

- **Have clear plans for each of the professions.** The corporate service functions have worked with departments to raise capability including bringing in external recruits but the Civil Service would also benefit from plans and a clearer strategy for resourcing policy and operational delivery—the core roles for SCS. The plans need to be explicit on the current state, the organisational skills required and the likely sourcing balance between internal and external over the next five years.
- **Identify from which sectors and for which roles external recruitment is likely to provide the best fit.** For example, with the growth in partnering with a broader range of service providers, private sector experience could assist greatly in filling commissioning and commercial roles. We have seen how private sector hires can bring both the right skills and experience, and the right culture and mindset to these areas. (Also, see our observations on recruitment from the private sector in response to question 8 below)
- **Focus on recruitment at Deputy Director level.** External recruitment directly into board level posts from outside the sector is unusual in the private sector and is more likely to increase the risk of failure. Yet, the Civil Service continues to fill over a third of Director and Director General posts from the private sector. It would be less risky and less expensive if external recruitment is encouraged more at Deputy Director level. The chart below shows the growth in the proportion of external recruits filling the most senior roles.



The proportion of Director Generals who are external has increased from 25% in 2003 to 42% in 2007
 Source: Cabinet Office, 2008, *The SCS database*

Question 2

How effective are the existing arrangements for making and overseeing outside appointments to the Senior Civil Service?

Response

7. Sourcing and selection are critical in making successful appointments into the Civil Service. In interviewing over 20 existing or ex-senior civil servants, we found that:

- **Sourcing needs to be more rigorous:** new recruits into the Civil Service were generally ready to move and found their roles in a number of ways. There are examples of former non-executive directors of government departments filling permanent executive positions; others were approached to apply through open competition by government board members; and others were approached by search firms. There were few examples of candidates simply responding to an advertisement.
- **Selection needs to pay more attention to fit:** most found the recruitment process straightforward although heavily reliant on formal interviews. If anything, some said the process was less rigorous and had fewer stages than those for senior positions outside the public sector where there is more emphasis on ensuring the right fit for both the organisation and the individual and potentially many meetings with senior colleagues.

8. Our recommendations are to build on existing good practice and to be more systematic particularly in sourcing. This is particularly important as there is a concern that the suitable pool of external talent is drying up. The Civil Service should therefore consider:

- Increasing expectations on board members to network and identify potential talent;
- Retain information within departments and professions on potential recruits similar to the approach taken by professional search firms. Private sector organizations that hire many senior professionals often find that having search capabilities in-house is more cost-effective than relying on external firms;
- Improve knowledge of where the search firms differentiate from one another. There is the opportunity to do this through the new Cabinet Office framework agreement which is currently being tendered;
- How to provide opportunities for potential recruits, particularly those not from the public sector, to be involved in government work either as NEDS or in an advisory capacity.

9. We also have recommendations on selection practice. Most important is the criteria used for making appointments. There continue to be benefits in using the Professional Skills for Government framework to ensure that there is an objective standard for testing skills and leadership capabilities but our interviews revealed a consensus that it was necessary to look beyond this. The most successful external recruits are likely to be those who combined:

- A high level of technical skill or sector knowledge;
- Strong leadership and team-building skills;
- An understanding of the environment they are entering with its unique political governance and rhythm;
- Personal qualities including adaptability, an ability to focus over the long term and balancing an appreciation of public sector values and skills with different ways of working.

10. It should be the responsibility of the selection panel to get to the heart of this with their candidates and to ensure that the processes, including referencing, fully test motivations alongside skills and experience.

11. Our comments on overseeing appointments are limited to the observation that, from the point of the view of the candidates, the process becomes less transparent, more delayed and uncertain at the end of the process where approvals are sought for the proposed appointment. This contrasts starkly to best practice where this would be treated as a critical step in the process, when the candidate needs to be courted and brought on board.

Question 3

What steps should be taken to ensure outside recruits, once appointed, are able to operate effectively within government?

Response

12. Our research provides helpful insight across all steps in the on-boarding and integration process.

Induction and on-boarding

13. Successful on-boarding arrangements are essential for learning, building effective relationships and meeting performance expectations. Induction is at best patchy for new recruits. The on-boarding arrangements also matter for internal candidates promoted into senior roles but those from the private sector need much more systematic support.

14. Those we interviewed had been appointed before the introduction of the SCS base camp—which is a concept we very much welcome—and there are likely to have been other changes within departments too. Nonetheless, we have identified two key shortcomings:

- a failure to provide basic induction for SCS recruits who are often locked outside the traditional departmental induction processes as it is thought unnecessary or unsuitable for them;
- the lack of regular contact with their line manager again contrasts with the experience of other recruits below SCS level. This can leave the new recruit feeling isolated without established peer networks and lacking ongoing feedback.

15. In order to overcome these problems, we observed that the better examples of induction have included:

- A 100-day transition plan agreed with the recruit before they arrive;
- Clarity and co-ordination over the responsibilities of the line manager, HR, the mentor, Head of Profession and personal assistant;
- Participation in departments' own induction procedures so that the new arrival can get to grips with the basics such as office systems and a wider cultural absorption than that provided by purely SCS events;
- Clarity over terms and conditions which are very different between public and private sector—we heard comments from some who said that had they fully understood what they were signing up to then they would not have joined;
- Mentoring. This was universally seen as very important for new recruits. Those we interviewed who were mentored highly valued this to ensure they did not trip

up on arrival and learned more quickly how to get things done and make a difference.

16. There are also some wider requirements around role expectations and creating the conditions for new ways of working.

Clarifying expectations

17. For new recruits to stand a chance of success, the recruiting department needs to:

- Agree role, objectives and 2 to 3 key priorities;
- Set expectations on ways of working. In particular, being clear about the balance being sought between bringing in new technical skills and bringing in new ways of working and broader cultural change;
- Recognise that it will typically take at least 18 months to make a demonstrable difference to the organisation and possibly three years to embed this and leave a sustainable legacy;
- Provide honest and ongoing feedback rather than leaving the new recruit to judge themselves on impact both in terms of delivery and organisational fit;
- Finally, the individual and the Civil Service should be clear about career expectations. Is the individual being recruited for a specific skill set and/or set of circumstances such as a turnaround or one-off activity or is the new recruit interested in and likely to bring more general leadership skills? More than one interviewee commented on how difficult it was to find another role in government or to make a clean exit.

Creating the conditions for new ways of working

18. As well as bringing in skills, a new recruit particularly from the private sector is often asked to bring new ways of working while, at the same time, adapting and fitting into the existing structures and systems. If a new recruit is truly to operate effectively and to change the status quo, they will require:

- Their appointment to be part of a wider change programme embracing organisational structures, systems and culture;
- HR and Commercial to demonstrate a willingness to create agile processes which bring in, reward and incentivise high performance;
- Strong teams. No individual can succeed by themselves. We were struck by how many interviewees saw as essential the ability to identify and appoint quickly an able deputy, often a civil servant, whom they knew and trusted to help them get things done;
- Senior sponsorship. While we have commented on the challenge of regular contact between the new recruit and their board member, it was nonetheless very

powerful for the new recruit to know they had permission visible to all to make changes and challenge the status quo. While this needed to be accompanied by an understanding of how far one could push without alienating oneself, senior sponsorship is critical in traditionally hierarchical organisations like the Civil Service.

Question 4

Should there be ministerial involvement in appointing outsiders? If so, what mechanisms would need to be in place to safeguard against inappropriate political influence in the recruitment process?

Response

19. The Code carefully sets out ministerial involvement and appears to strike the right balance between involving ministers while ensuring the Civil Service takes the decisions on most appointments.

20. One observation we would make is that any sense of ministerial involvement in external hires could make them more vulnerable than internal civil servants to the arrival of a new administration who may view the external hire as too closely associated with the outgoing administration unlike internal civil servants who will normally have experienced working for other administrations and will be more used to the impartiality of working in the Civil Service.

Question 5

One issue of significant concern is that of pay differentials between those appointed from outside and existing civil servants. Is the practice of paying higher salaries to some external recruits justified?

Response

21. Evidence provided to the Senior Salary Review Body in December 2008 showed that in 2007-08, the median starting salary of external recruits was between 15% and 54% greater than the median salary of internal promotees to the same payband.

22. There is a case for paying higher salaries to some external recruits for the following reasons:

- There should be a risk premium for external recruits given that the chances and consequences of failure are significant at between 40-60%—although taking action on other points raised here could reduce that risk;

- Existing civil servants entering the Senior Civil Service are likely to benefit from reserved rights on pension such as a final salary pension retirement age of 60. New recruits will be working to a career average pension age of 65. It is reasonable to increase base pay to compensate for this shortfall;
 - In many cases the Civil Service is paying for a skills shortage or to inject new ways of working and must expect to pay a premium where it does not have these skills internally.
23. Circumstances where the Civil Service needs to ensure that it does not pay over the odds include:
- ensuring that candidates understand that the total reward package will look different to that in the private sector by computing more explicitly the cash benefit of the total reward package and ensuring that this is not undersold;
 - attracting candidates who are motivated by more than remuneration;
 - putting people on permanent contracts when using fixed term contracts and paying performance premia will achieve better return on investment.

Question 6

What evidence is there to demonstrate the difference made by senior outside appointees to the performance of their departments?

Response

24. There is evidence that external recruits have had a positive impact in the following circumstances:
- **where there is a clear and explicit strategy** or reason for recruiting into particular roles. The approach in the Finance Function is the most obvious example where the Head of Profession worked with departments to bring in financially qualified Finance Directors either from elsewhere in the public sector or in the private sector. Whilst there are cases where some individuals have not been entirely successful, overall it seems clear that the external hires have made a strategic difference to finance professionalism and service in government;
 - **where there is a clear requirement for new skills** or sector experience that can be found better from other sectors such as in commercial or commissioning roles, then these have proved their worth;
 - **where the personal fit is right.** Even where there is a skills requirement, it is important that the person has the right personal qualities and is adaptable to working within the Civil Service. However good the strategy and planning might be, round pegs in round holes are critical.

Question 7

What are the implications of making external appointments for the culture of the Civil Service, including effects on the morale of civil servants and on shared values such as the public service ethos?

Response

25. It is possible to overstate the impact of external appointments on shared values such as the public service ethos. It is true that most of those whom we interviewed who joined the Senior Civil Service from outside were more motivated by the specific role than by the notion of working in the public sector generally. Typical comments were “The initial attraction was the status and role. It equated to working as FD in a large FTSE 100 company”, “I saw the attraction of a big job” and “I could see the potential for the initial role leading to other opportunities”.

26. It is also true that our reading of the SCS Staff Survey in 2006 suggests that external recruits have less affinity with their department or the Civil Service than those who have worked a long time in the organization (see below):

Section 6- Overall Perceptions of your Department and the Civil Service									
Please note: Results are not shown for results of fewer than 10 respondents.									
Question	Overall	Length of Service - SCS				Length of Service - Civil Service			
		Less than 1 year	Between 1 & 3 years	Between 3 & 5 years	Over 5 years	Less than 1 year	Between 1 & 3 years	Between 3 & 5 years	Over 5 years
Number of respondents:	2985	362	696	567	1300	107	209	167	2443
49. I am committed to seeing my Department succeed	98	99	98	98	97	100	99	98	98
50. I am willing to put in a great deal of effort beyond what is normally expected to help my Department succeed	91	96	93	91	89	100	97	96	90
51. I am proud to work for the Civil Service	81	82	81	84	78	72	75	83	81
52. I feel a strong sense of belonging to the Department	70	68	67	74	70	60	55	67	72
53. I feel a strong sense of belonging to the Civil Service	67	65	63	68	69	42	44	61	70
54. I feel a strong sense of belonging to the Senior Civil Service	52	44	48	54	56	45	41	50	54
55. I would recommend the Civil Service as a good place to work	68	72	70	73	63	57	65	69	68

27. Both of these may suggest that new recruits do not feel they belong to the Civil Service or more broadly the public sector. Whilst this does not mean that Civil Service values are eroded, we consider that it reinforces the importance only to bring in external talent where it is genuinely able to add value above and beyond what an internal candidate could provide.

Question 8

Is there the right mix of external appointees in terms of where they came from? Should there, for instance, be greater or fewer appointments from the private sector?

Response

28. It is more important to get the right person for the right role than to be concerned about overall numbers. Within the context of the Civil Service, too often search firms are told that someone is needed from the private sector without being clear why. There should be much more consideration given both to the skills required and the organization's requirement. For example, is transformational change required and is this more likely to be achieved from a private sector recruit? Is there a need for a particular sector experience or roles where there are internal skill shortages? Examples of where private sector recruits are likely to bring in skills and add higher value include:

- **Commercial and commissioning services.** Government is looking to a much broader range of service providers and to bring new commissioning models into the public sector such as in the NHS and Offender Management. Private sector recruits can bring considerable knowledge of the supplier market, an understanding of risk sharing and the skills required for strategic partnering and contracting.
- **Corporate services.** Private sector recruits are more likely to have an impact if the government department is looking for transformational change. One DG F&C arrived to find that the job for the first two years was getting the basics right before it was possible to move into influencing and shaping spending decisions. More positively, the DG HR Head of Profession has looked to recruit specific skills to match the requirements of the various departments at the time. Those departments going through transformational change have benefited from the organizational development experience of private sector recruits while others have looked for HR generalists who have operated in large scale organizations.
- **Delivering culture change.** In one department, the Permanent Secretary told us that he had deliberately brought in two external DGs to shake up the department one of whom went on to replace him as Permanent Secretary.
- **Policy delivery.** Most of those we interviewed from the private sector were full of admiration for the policy delivery skills of existing civil servants and thought that the internal pipeline was strong for senior policy roles. We believe there is a case for strengthening the role of the Civil Service Policy Delivery Head of Profession and being more explicit and systematic where the balance should be between internal and external recruitment. While those we interviewed are right to value the traditional skills of policy civil servants in getting things done in Whitehall, there are potentially more roles that could be opened up as external recruits bring strategy development, sector and stakeholder knowledge, delivery experience, and marketing and others skills to the benefit of the organization.

Question 9

How could the effects of making outside appointments be most effectively monitored?

Response

29. The absence of a clear workforce strategy has made it difficult to monitor outside appointments. Implementation of Sir David Normington's recommendation will make it possible for Cabinet Office and Heads of Profession to set standards and expectations both for internal and external recruits. The capability reviews provide good supporting evidence of the impact of functions which have recruited externally too.

Question 10

What can be learnt from the experience of the devolved governments or other countries when it comes to making external appointments to the senior ranks of the Civil Service?

Response

30. While we have not yet carried out an international study, we found the 2003 Canadian Centre for Management Development report on *Making Transitions Work: Integrating External Executives into the Federal Public Service* a useful piece of research which raised very similar issues to those we identified in the UK from our own work.

Ernst & Young Overall Recommendations

31. We have recommendations both for those looking to join the Senior Civil Service from outside and for changes the Civil Service should look to make itself. We recognise that many of these actions are ones that the Civil Service is committed to making and we particularly support Sir David Normington's conclusion that a workforce strategy should be developed for the SCS.

Tips for success for the new recruit who should:

- **Before committing to join**, meet other Board colleagues, negotiate your key deliverables and be clear about the terms and conditions including restrictions on future work;
- **Have a good number two**. Some of our interviewees had identified an internal Director or Deputy Director who knew the Civil Service and how to operate within the department and across Whitehall;

- **Push for honest feedback.** Encourage those you work with to give constructive feedback to help fit in. This does not come naturally to many SCS but is key to success.
- **Get a mentor.** All those we asked who had a mentor found it invaluable both to access networks and to learn about the unwritten rules of the Civil Service.
- **Don't try to run before you can walk.** Being action-oriented is good but external recruits should not succumb to organisational or self-generated pressure to do too much too soon. Early credibility will come through strong technical advice and the right behaviours. Hard and sustainable delivery can follow later.

The Civil Service should:

- Develop a workforce strategy which fits round pegs into round holes. The strategy will need to :
 - Segment the professions, including policy and operations, identify the balance between external and internal resourcing and between levels. Increasing recruitment now at Deputy Director level will help increase the talent pool for more senior roles over the next five years;
 - Be flexible enough to accommodate the range of roles and cultures in departments and agencies;
 - Be clear where in the marketplace the right skills are to be found whether from the private sector or elsewhere in the public sector.
- Get the basics right. Invest in improving HR systems and processes such as search, induction, development and deployment.
- Ensure there are clear expectations between the new recruit and the Civil Service on priorities, timescales, and career opportunities.

32. We would be very happy to discuss these points further with the Committee if that would be helpful, and we look forward to seeing the outcome of your work.

April 2009

Memorandum from the Civil Service Commissioners (OUT 05)

INTRODUCTION

1. As part of its scrutiny programme, the Committee has launched an inquiry into outside appointments to senior levels of the Civil Service. The Committee wishes to examine the effects of making such appointments on the nature, ethos and performance of the Civil Service.
2. The Civil Service Commissioners welcome this inquiry. The Government's White Paper "Modernising Government", published in 1999, initiated a reform programme aimed at developing a Civil Service for the 21st Century. It called for a substantial increase in recruitment through open competition, to bring in new talent and to increase diversity. Since then, external appointments to the senior ranks of the Civil Service have been substantial. It is therefore timely that the effects of that programme were examined.
3. In this response, we set down, for the sake of clarity, the role of the Commissioners in external recruitment before offering some insights related to the questions raised by the Committee in their consultation paper.
4. This written evidence supplements that given by the First Civil Service Commissioner, Janet Paraskeva, at her appearance before the Committee on 5 March.

BACKGROUND

5. The Commissioners' role in relation to outside appointments to the Home Civil Service and Diplomatic Service is essentially regulatory. As required by the Civil Service and Diplomatic Service Orders in Council, it is to give an assurance that appointments into it are made through the application of the principle of appointment on merit on the basis of fair and open competition.
6. This principle and the role of the Commissioners in upholding it are earthed in the Northcote-Trevelyan Report of 1854. They were devised as a means of bringing to an end the system of patronage which had been identified as one of the main reasons for the then Service's endemic inefficiency and public disrepute. However we believe that the principle remains as important today—not just because it has always been there, but because it continues to provide a robust and flexible framework for recruitment at a time of change.
7. The recent round of departmental Capability Reviews has given emphasis to the need for the Civil Service to continue to develop its leadership capacity. If, then, the Service is to be equipped to meet the new demands being placed upon it, it must

be able to guarantee that its members have been recruited for their skills and ability to do the job—that is on merit and merit alone—rather than as a consequence of the people applicants happen to know and the political and/or personal prejudices they may happen to share with them. Equally important is the concept of fair treatment and open access. Assurance that selection is by fair and open competition and not because an individual is known to a select group—however good he or she might be—is as necessary to protect the rights of potential candidates as it is in providing the best candidate for the job.

THE COMMISSIONERS' ROLE IN RELATION TO SCS APPOINTMENTS

8. For the majority of posts up to and including SCS pay band 1 level, departments and agencies are free to conduct open competitions¹ without direct Commissioner involvement. In doing so, the Orders in Council require them to adhere to the Commissioners Recruitment Principles (which replaced the Recruitment Code with effect from 1 April 2009). Recruitment at these levels is also subject to an audit regime which the Commissioners undertake on an annual basis.

9. The Commissioners are directly involved when a vacancy within the top pay bands of the Civil Service—SCS pay band 2, SCS pay band 3 and Permanent Secretary (a total of around 600 posts)—is subject to open competition. We may also chair the recruitment boards for some other posts by agreement. It is for government departments to decide whether or not to go to open competition at SCS pay band 2 level. At SCS pay band 3 and Permanent Secretary level (top 200 posts) the decision is taken by the Senior Leadership Committee on which the First Commissioner sits. In doing so, it is guided by a 'Top 200 Protocol' agreed in July 2007 between the Commissioners and the Senior Leadership Committee. This provides that:

- appointments will generally be subject to competition, unless there is an exceptional case of immediate business need or a lateral move is desirable;
- appointments will go to open competition, unless the business requirements are such that there is little prospect of recruiting someone from outside the Civil Service.

10. The recruiting department decides the characteristics of each competition and the terms and conditions on offer, including the level of remuneration to be awarded to the successful candidate, seeking advice and, if necessary, approval from the Cabinet Office. The Commissioners oversee the process of selection by chairing the recruitment panel. In that capacity we approve the final versions of the job and person specifications; the advertisement and publicity strategy; the assessment processes to be used; and, ultimately, the appointment to be made.

¹ An 'open' competition is one that is externally advertised and open to all-comers, including existing civil servants

11. Commissioners record in their annual reports the number of appointments to the SCS which require their approval. The key statistics in recent years are:

Year	Appointments from Commissioner-chaired open competitions at SCS Payband 2 and above	Sources of successful candidates		
		Civil Service	Wider Public Sector	Private Sector
2007/8	105	43 (41%)	23 (22%)	39 (37%)
2006/7	90	36 (40%)	21 (23%)	33 (37%)
2005/6	111	42 (38%)	30 (27%)	39 (35%)
2004/5	91	38 (42%)	17 (19%)	36 (39%)
2003/4	89	43 (48%)	19 (21%)	27 (30%)
2002/3	97	29 (30%)	26 (27%)	42 (43%)

12. Taking these six years as a whole, it will be noted that candidates from the private sector were successful in 37% of the competitions and that candidates from the Civil Service or wider public sector were successful in 63% of the competitions.

13. Under the terms of the Top 200 protocol, Commissioners also now chair internal competitions² at SCS pay band 3 and Permanent Secretary level. In

² An 'internal' competition is one that is internally advertised and can only be filled by existing civil servants

accepting this broader remit, we saw it as a logical extension to our role in relation to open competitions. As we have previously highlighted to the Committee, we hope that in time the Government might come to see value in the independent regulation of promotion at all levels.

14. Civil Service Commissioners play no part in ministerial appointments to boards of public bodies which are regulated by the Commissioner for Public Appointments, nor in the many thousands of public sector appointments including, for example, executive appointments to other non-departmental public bodies, which fall outside of both the Commissioner for Public Appointments' and the Civil Service Commissioners' regulatory regimes.

THE APPROACH TO RECRUITMENT

Q2 How effective are the existing arrangements for making and overseeing outside appointments to the Senior Civil Service?

Q4 Should there be ministerial involvement in appointing outsiders? If so, what mechanisms would need to be in place to safeguard against inappropriate political influence in the recruitment process?

15. When chairing a competition, the primary role of the Commissioner is to ensure that the process applied is consistent with the principle of appointment on merit on the basis of fair and open competition. Departments are responsible for deciding the characteristics of any particular competition.

16. However we have sought to be influential in ensuring that the senior recruitment processes are rigorous and enable appointment decisions to be made on the basis of extensive evidence of suitability, and that good practice is shared. For instance in recent years we have pressed for:

- competitions to be fully pre-planned at the outset;
- careful consideration to be given at the outset to the preparation of the job and person specifications since they are used as the basis for the selection criteria;
- opportunities for candidates to be extensively briefed to ensure there is a comprehensive understanding of the job to be done;
- testing other than interview to be incorporated into the selection process where appropriate. For instance candidates may be tested for their presentation skills or media handling skills where relevant;
- interviewing time to be extended, which might include more than one opportunity for

candidates to be interviewed by the panel, in the light of research that the validity of recruitment decisions can be improved by the addition of extended, structured interviewing.

17. We have also recently published a new Guide to the approach of the Commissioners when chairing competitions. The Guide describes the outcomes required by the Recruitment Principles at each stage of a competition and the Commissioner's and the recruiting department's respective roles in securing them.

18. Our impression is that departments value our interventions and, increasingly, are developing more sophisticated senior recruitment processes and allowing time from the outset for them to be properly applied. There remain, though, instances where recruitment exercises are rushed with insufficient thought being given to the characteristics of the competition at the outset. As departments increasingly recognise the value of involving their HR Directors in senior appointments, we hope that they will resist the temptation to rush these critical competitions. Apart from the direct costs of mounting an open competition, which are not inconsiderable, there are potentially the much greater costs to an organisation of making a wrong appointment at these senior levels.

19. Commissioners recognise that ministers will have an interest in appointments to certain senior posts. However that interest has to be accommodated within a system which selects on merit, is free from personal or political bias and ensures that appointments can last into future Administrations or, indeed, simply a change of minister of the same political complexion.

20. Our Recruitment Principles (which replaced the Commissioners' Recruitment Code on 1 April 2009) make it clearer than ever before that for those appointments where ministers have an interest, departments should ensure that they are:

- consulted at the outset to agree the terms on which the post is advertised, the job and person specifications and the criteria for selection, including the composition of the selection panel;
- kept in touch with the progress of the competition throughout, included being provided with information about the expertise, experience and skills of the candidates;
- given the opportunity to have any further views they may have on the balance of expertise, experience and skills required for the job conveyed to the selection panel;
- given the opportunity to brief the Commissioner chairing the panel, who may invite the minister to brief the selection panel and/or each of the shortlisted candidates.

21. We believe this approach works well in practice and is generally welcomed by ministers. It continues to provide assurance about the integrity of the appointment process. On the one hand,

it maintains the principle of an impartial and permanent Civil Service with appointments being made on the basis of a recommendation by a panel chaired by a Civil Service Commissioner to assess and decide merit between candidates taking all the evidence into account; on the other, it accommodates the interest of ministers in the senior appointments being made in a way that protects them from accusations of improper influence.

22. Ultimately, a minister can decline to make any appointment if he or she is not persuaded about the suitability of the candidate ranked first in the panel's order of merit. However, our experience is that this has happened only very rarely.

THE POLICY OF OPEN RECRUITMENT

Q1 Is the current level of external recruitment to the Senior Civil Service justified? Does it achieve the objectives set out for it (e.g. filling skills shortages in the Civil Service, ventilation with new ideas and ways of working)?

Q8 Is there the right mix of external appointees in terms of where they came from? Should there, for instance, be greater or fewer appointments from the private sector?

23. From the beginning, the role of the Commissioners, while based in regulation, has been about ensuring an efficient and effective Civil Service respected by the public. The Commissioners have always valued open competition as a means of securing the best available people for the Civil Service while, at the same time, benchmarking internal talent.

24. It is for that reason that we supported the introduction of the current Top 200 Protocol with its presumption in favour of open competition when the most senior posts fell vacant. We saw this as a means of ensuring that the best people were being appointed to the most senior posts in the Civil Service, pending the development of a more sophisticated internal senior talent management system.

25. Nevertheless, we have always recognised that open competition might not be the right approach in every case. For that reason we encourage a proper analysis of each upcoming vacancy at the outset as to whether the nature of the post and the context in which it is set is such that it should be filled internally, or whether an external competition is indeed the appropriate course. That is the judgement which SLC has to make in respect of the Top 200, and which departments continue to make at lower level.

THE EFFECTIVENESS OF EXTERNAL APPOINTEES

Q3 What steps should be taken to ensure outside recruits, once appointed, are able to operate effectively within government?

Q6 What evidence is there to demonstrate the difference made by senior outside appointees to the performance of their departments?

Q9 How could the effects of making outside appointments be most effectively monitored?

26. We have long encouraged careful induction of new appointees with appropriate ‘buddying’ arrangements put in place. And our sense is that departments increasingly recognise the costs—direct and indirect—involved in recruiting from outside and the need to take all reasonable steps to ensure that the appointee is successfully introduced to the working culture.

27. The Cabinet Office is now beginning to track the performance of appointees to the SCS. However we have yet to see any evidence that feed back systems are sufficiently robust to inform the development of improved recruitment processes or of the success of the overall policy. The recent report of the Group chaired by Sir David Normington on the ‘Senior Civil Service Workforce and Reward Strategy’ recommends more analysis; we would support this. We hope that any analysis will, though, recognise that an external appointee who is in post for a relatively short period is not necessarily a sign of failure. Some external candidates go on in short order to secure another Civil Service appointment, while others leave having achieved the objectives which were set for the appointment. We need to bear in mind that increasingly people view their Civil Service appointment as a step in their long-term career profile.

28. Ultimately, these are issues for departments, and the Cabinet Office. Capability Reviews will provide the ultimate test.

PAY CONSIDERATIONS

Q5 One issue of significant concern is that of pay differentials between those appointed from outside and existing civil servants. Is the practice of paying higher salaries to some external recruits justified?

29. Whenever a post is being advertised, it is for the department concerned, in consultation with the Cabinet Office, to decide what it should offer. For our part, we recognise that departments need to set the compensation package taking account of the market being tapped and the availability of people with the skills demanded. This will inevitably lead to different rates being offered for appointments requiring different skills even within the same SCS pay band. We also accept that this can lead to the offer to an internal candidate being pitched lower than to someone with particular expertise from outside.

30. In accordance with the principle of ‘openness’, however, our concern is that all potential applicants are clear about the benefits package that might be available to them, including any

scope for flexibility depending on their background, skills and experience. This, then, provides the framework within which the competition can be run and for candidates, eventually, to be placed in merit order. Offers of appointments can then subsequently be made within the advertised salary range and in a way that also recognises the link between the successful candidate's particular attributes and the pay which they justify.

31. In our 2006-7 annual report we mentioned that there had been a number of occasions where salaries awarded to successful candidates did not match those advertised. We expressed particular concern about the payment of salaries considerably in excess of those quoted since this challenged the principle of openness: had the job been advertised at the higher rate it may well have attracted a stronger field. Underpayments do not cause us the same concern though clearly they could lead to some potential corporate management issues for departments. At the very least, such cases may be an indication that the job has not been properly thought through prior to advertisement. In our 2007-8 annual report we reported that the picture was more mixed and less extreme.

32. When commenting in this area we recognise the need for a degree of caution. Salary is only one element of the compensation package. Sometimes the scope for variable pay and for flexing all the compensation elements within the total value of the package to better suit the circumstances of appointees might lead to an outcome apparently at odds with the advertised salary.

33. Overall, our experience is that current practice in the way compensation packages are described varies between departments, and that there is also some uncertainty about what factors to take into account in deciding how to pitch an offer to the successful candidate especially when it is an existing civil servant. We believe that additional guidance from the Cabinet Office on these matters would be welcomed. It should include information on how the compensation package at these senior levels is best determined in the first instance, particularly where specialist skills are sought. It should also give advice on how the package on offer might be best described to allow for it subsequently to be flexed in relation to the successful candidate.

THE IMPACT ON CIVIL SERVICE VALUES

Q7 What are the implications of making external appointments for the culture of the Civil Service, including effects on the morale of civil servants and on shared values such as the public service ethos?

34. With our responsibility for helping departments promote the Civil Service Code we regard it important that new appointees understand the values of the Civil Service. In relation to recruitment we require departments to ensure that all applicants are made aware of the Civil Service Code. For those competitions we chair, we will often test candidates at interview on their understanding of the Civil Service values and ethos.

35. We have commented on many occasions that departments should build on this in their induction arrangements; indeed this was one of the recommendations in the 'Best Practice Checklist' published jointly by Permanent Secretaries and Civil Service Commissioners in 2007. We shall be probing the extent to which departments have applied the Checklist as part of our forthcoming audit of work to promote and uphold the Civil Service Code.

36. Cabinet Office and departments will, we understand, also be using the regular staff surveys which now take place as a means of securing more information about the extent to which Civil Service values are understood by all staff.

PRACTICE OVERSEAS

Q10 What can be learnt from the experience of the devolved governments or other countries when it comes to making external appointments to the senior ranks of the Civil Service?

37. As the Civil Service in Scotland and Wales (and certain elements of the Civil Service in Northern Ireland) is part of the Home Civil Service, appointments are subject to the same regulatory regime as applies in England. The Commissioners' Recruitment Principles and the Top 200 Protocol apply equally for Civil Service appointments in the Scottish Government and the Welsh Assembly Government, and Civil Service Commissioners chair competitions in Edinburgh and Cardiff.

38. Appointments to the Northern Ireland Civil Service are subject to a separate Order in Council with their own Northern Ireland Civil Service Commissioners. However the regulatory regime is similar to the one that operates in the Home Civil Service, and the Commissioners there also play an active role in chairing competitions at senior level.

39. Our understanding is that in terms of regulation of appointments into the Civil Service, Westminster-style democracies operate similar principles as the UK. Even the US—which has a large number of political appointees—operates a merit system for its permanent officials.

April 2009

Memorandum from the Civil Service Capability Group, Cabinet Office (OUT 06)

External SCS

As at 30 September 2008 the size of the SCS is 4,220 members.

External Profile

- The proportion of SCS that joined from outside the Civil Service has stabilised at 23%. This comes after a year on year increase between 2003 and 2006.
- For those in post at 1 April 2008, the median length of time in the SCS for externals was 3 years compared to 5.3 years for internals.
- The median age of external SCS is 50 years compared to 49 years for internals.
- The median salary of external SCS is higher than those of internals for all paybands. Overall the median salary for externals is £89,800 compared to £74,500 for internals.
- Around a third of externals are in medical, information technology or finance posts. The proportion of internal SCS in these professions is only 7%.

Table 1: SCS by Source, April 2003 to April 2008 (percentages)

Source	Headcount					
	2003	2004	2005	2006	2007	2008
External	18	20	21	23	23	23
Internal	82	80	79	77	77	77
Total	100	100	100	100	100	100

Source: SCS Database, Cabinet Office

Inflows

- In the year to 1 April 2008 there were 533 new SCS entrants; 157 (29%) of these were external entrants, a decrease of 9 percentage points on the previous year.
- Of those 157 external new entrants, 127 were recruited through open competition, the other 30 include secondments and short-term staff.
- Since 2004, about 200 SCS new entrants each year have been recruited through open competition (187 in year to April 2008). This includes those recruited from within the Civil Service and external recruits.

Table 2: SCS entrants by source

	2004		2005		2006		2007		2008	
	Number	%	Number	%	Number	%	Number	%	Number	%
Internal entrants	337	64%	309	65%	404	70%	326	62%	376	71%
External entrants	191	36%	169	35%	172	30%	196	38%	157	29%
Total	528	100%	478	100%	576	100%	522	100%	533	100%

Source:SCS Database, Cabinet Office

Outflows

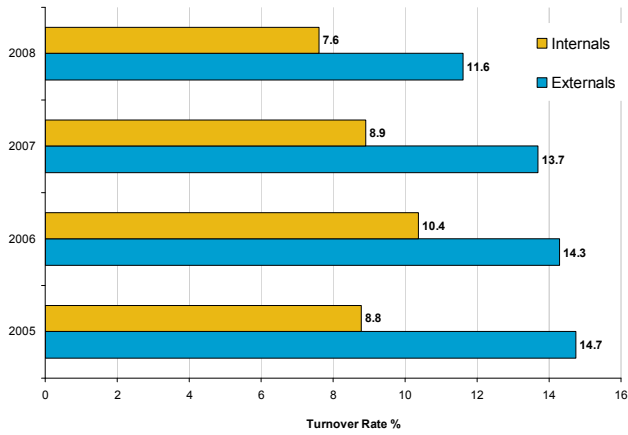
- In the year to April 2008 there were 358 leavers from the SCS, the lowest figure since 2004. Just under a third (31%) of these leavers were recruited to the SCS from outside the Civil Service, the same as in 2007.
- Turnover rates for external SCS have been consistently higher than internals over the last four years. For 2007/08 the turnover rate for externals was 11.8% compared to 7.8% for internals.
- Of external SCS who left during the year ending 1 April 2008, 51% resigned. For internal SCS who left during the same period, the most common leaving reason was retirement (33%).

Table 3: SCS Leavers by Source, 2005 to 2008 (percentages)

Source	Headcount			
	2005	2006	2007	2008
External leavers	31	28	31	31
Internal leavers	69	72	69	69
Total	100	100	100	100

Source: SCS Database, Cabinet Office

Chart 1: SCS Turnover rates by Source



Diversity

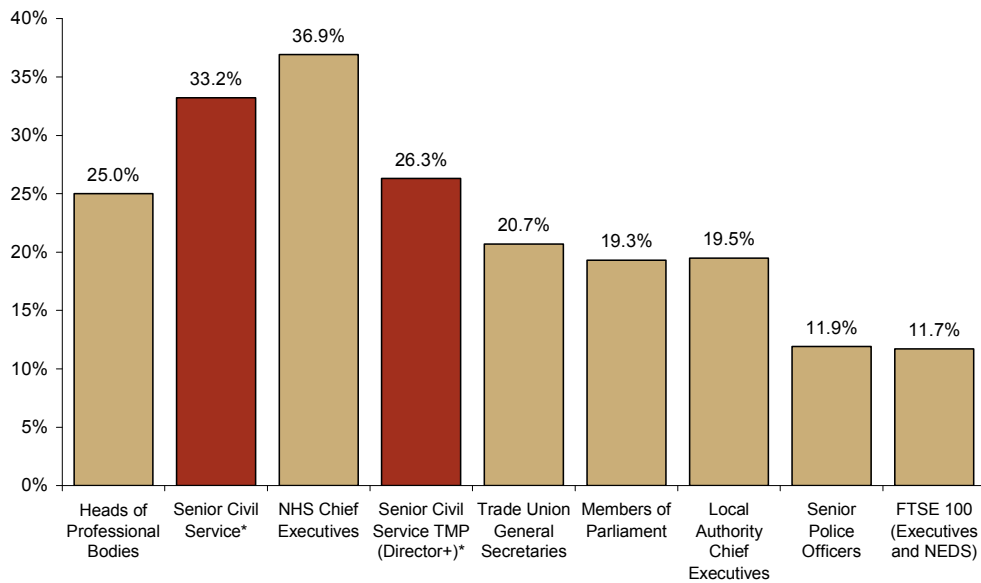
1. There are targets on addressing under-representation in the SCS.

Overall SCS diversity

The targets to be achieved by 2013, with a stretch target to achieve them by 2011, are;

- 39% women in the SCS – 33.2% (1401) as at 30 September 2008. Up from 32.6% (1374) in April 2008.
- 34% women in top management posts³ - 26.3% (248) as at 30 September 2008. Up from 25.4% (245) in April 2008
- 5% minority ethnic SCS staff² - 3.7% (142) as at 30 September 2008. Up from 3.6% in April 2008.
- 5% disabled SCS staff² - 3.1% (117) as at 30 September 2008 Unchanged from 3.1% (118) in April 2008.

Chart 2: How the representation of Women in the SCS compares to leaders in other sectors³



¹ Directors and above

² As a percentage of those with a known ethnicity/disability status only.

³ Sources: Sex and Power: who runs Britain 2008, EOC e.g. GMC, Law Society; The Female FTSE Index; and

House of Commons weekly information bulletin July 2008

Diversity by Source and Stock

- 32.1% of external SCS are women, compared to 33.5% of internal SCS (Sep 2008).
- 25.4% of external SCS in Top Management Posts are women, compared to 26.7% of internal SCS in TMPs (Sep 2008).
- 5.4% of external SCS are from black and minority ethnic backgrounds², compared to 3.3% of internal SCS² (Sep 2008).
- 2.7% of external SCS have declared a disability², compared to 3.2% of internal SCS² (Sep 2008).

May 2009

Memorandum from Sir David Normington KCB (OUT 09)

During my Appearance at the Committee on 12 May, in response to questions from Paul Rowen, I undertook to write to the Committee with more detailed information about the proportions of external recruits to the Home Office since I moved here in January 06.

When I moved to the Home Office I did take active steps to strengthen the team through external recruits and, indeed, in the 18 months to October 2007, 32% of the appointments at the key Director roles were external appointments. Since then I have tried to restore balance, developing some of the internal talent from within the Home Office or recruiting from other parts of the Civil Service. Over the whole period from 2006 to 2009 29% of Directors and Director Generals have been externally recruited and the proportion of current Home Office Senior Civil Servants who were external recruits currently stands at 23%.

I have defined external recruits as recruits to permanent and fixed term appointments. This definition excludes contractors and consultants working in permanent posts and it also excludes people with a background predominantly outside the civil service and who joined another civil service department before moving to the Home Office.

I hope this is helpful to the Committee.

June 2009