This is a volume of submissions, relevant to the inquiry into Good Governance and Civil Service Reform, which have been reported to the House for publication.
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Written evidence submitted by Matthew Cocks (GG 01)

Summary

• Reform efforts should focus on enabling the Civil Service to excel in its core areas of work, namely policy advice to Ministers and the delivery of agreed programmes
• There should be a radical reduction and simplification of other, non-core Civil Service processes
• The best people to come up with workable reform ideas are Civil Servants themselves. These ideas should be collected through a series of powerful but non-hierarchical Action Committees – one in each Department – reporting to the Permanent Secretary and a Minister charged with overseeing the simplification process
• Good governance can best be measured by looking at the outcomes of the Civil Service’s policymaking and programme delivery activities.

The focus for Civil Service reform

1. I suggest that the two core Civil Service functions are:
   • policy advice to Ministers, and
   • delivery of agreed programmes.

2. Policy thinking in the Civil Service plays a vital part in ensuring the effectiveness of Government action. The Civil Service’s involvement is equally essential in delivering agreed programmes.

3. However, other non-core processes, low pay-off activities and cumbersome internal interactions could be radically reduced or even abolished in order to allow the Civil Service to focus on these core tasks. It is a common perception in the public sector, including the central Civil Service, that there is too much paperwork and internal bureaucracy. Some of the areas which could profitably be examined are recruitment and promotion procedures, annual staff reporting and pay reward structures, business and contingency planning, reporting against targets, and the process of drafting, amending and seeking approval for internal and external documents.

Involving the Civil Service itself

4. The best people to identify ideas for reform of such processes are Civil Servants themselves, especially those who have joined relatively recently. It is often newcomers to an organisation who can most easily identify areas which could be improved. The Civil Service includes a wide range of individuals with different experiences and approaches. Many of them would like to initiate change but they need to be empowered to do so.

5. One approach would be for their ideas to be collected through a series of powerful but non-hierarchical Action Committees – one in each Department – who would report jointly direct to the Permanent Secretary and a Minister charged with overseeing the simplification process. The membership of such Committees should be limited to a relatively small number of volunteers, covering as much of the Department's work as possible, with a skilled chair.
The Committee would in turn seek suggestions from across the Department. Each Committee would be given a deadline by which to present a list of recommendations jointly to the departmental Permanent Secretary and the responsible departmental Minister. The most workable and effective suggestions would then be put into practice, again within a tight deadline.

6. The Committees would not simply disappear at that stage but would remain in existence for long enough to evaluate the effects of implementing their suggestions.

Key measures of good governance

7. The problem with creating a global list of good governance measures is that it risks being so general that it is of limited use in assessing the performance of the Department concerned.

8. A better approach could be to look for outcome measures for good governance. To return to the two core tasks of the Civil Service, policymaking and programme delivery, the outcomes of good governance could be measured by:
   - the quality of policy advice to Ministers, as perceived by peer review and Ministers themselves, and
   - the effectiveness of programmes, as measured both by agreed targets and by the experience of the beneficiaries of those programmes.

9. Measuring the quality of policy advice should include the extent to which it takes into the modern realities of policymaking. These include looking beyond traditional policy approaches, such as proposing new legislation and new publicly-funded programmes, to non-legislative and low cost alternatives. There is already a line of thinking on this within Whitehall, encouraged by the Better Regulation Executive and Regulatory Policy Committee, which includes challenging the need for regulation and looking at alternatives. This is also very much in line with the idea of less central bureaucracy and greater local control.

10. There are of course many other targets and measures which could be added under the heading of good governance – but many of these are in place already, and many would fall into the trap of creating yet more internal processes without adding significant value. I believe instead that the focus should be on best practice in relation to the key Civil Service outputs I have described, and that this will in turn help focus internal reform efforts.

January 2011
Written evidence submitted by Regulatory Policy Institute (GG 02)

The Better Government Programme, a free-standing entity within the Regulatory Policy Institute, focuses on the machinery of government and regulation and on improvements to policy and regulatory processes. In 2009, a BGP commission produced a series of recommendations on improving trust in institutions and processes. This submission, which does not necessarily represent the corporate view of the RPI, draws on that analysis.

Summary

- Governance and accountability changes in a ‘post-bureaucratic age’ should be approached by reappraising conventions about who makes decisions and how they are made; and reviewing presumptions about access to data (with the dominant interest shifting to the end-user, not the holder) and decision makers; (1.1-2;)
- A salient issue in consideration of Whitehall management – the nature, desirability, quality and genuine accountability of political governance – should not be overlooked (3/4.1; 6.1).
- Governance changes should include protocols setting out the reality of cooperative decision making; a move to the setting of objectives, policy frameworks and budgets by boards with oversight of executors; assumption of accountability from top to bottom; reward based on delivery rather than service to Ministers; and stricter evidence based decision making requirements (5.2-4).
- Accountability changes should seek to improve transparency and user-friendliness in consultation and access to and use of public sector material. Whitehall should follow examples set by regulators and local government (5.5-9).

1. What is meant by the term ‘post-bureaucratic age’ and what are its implications for good governance, for Whitehall departments and for the wider Civil Service?

1.1 The term, stemming from David Cameron’s May 2009 Open University speech on reforming government, has been freely interpreted but appears to embody a number of mechanical and conceptual assumptions:

- That the centralised state is too large both constitutionally – power should cascade to the most local point at which it can effectively be exercised – and in terms of fitness for purpose.

- That Whitehall is not always right – a wider range of inputs to policy making is desirable and, in an era of dispersed access to information, both possible and expected by the public. This concept, known by some as Open Source Government, requires a more
transparent public sector, with improved and more user-friendly access to and use of material held by public authorities.

- The Conservatives’ pre-Election policy paper, Regulation in the post-Bureaucratic Age, talked of “a post-bureaucratic approach to regulation that makes use of new technologies and insights from social psychology and behavioural economics to achieve our policy goals in a less burdensome and intrusive way.” (Summarised by some as “Nudge”).

- That a rebalancing is needed between the unelected state and the people (expressed through greater ‘people power’ and a reappropriation by Ministers of control over elements of decision making from, for example, economic regulators).

1.2 The implications for Whitehall governance are potentially wide-ranging:

- A need to reappraise conventions about decision making. Should we move to mere oversight of dispersed decision making, with Whitehall largely responsible only for setting policy structures and budgets? Should concepts of accountability be brought into line with expectations flowing from the way we communicate and access information today?

- And to review presumptions about access to data (with the dominant interest shifting to end-users, not holders) and to decision makers.

2. Can the traditional “Whitehall” model of Civil Service governance and accountability continue to function effectively in the post-bureaucratic age?

2.1 The current model can continue to function effectively by some measures, but at the expense of eroding trust. Irrespective of the extent to which decision-making is devolved from the centre, a more modern approach to governance and accountability is needed.

3. In what way do Civil Service departments need to adapt to a post-bureaucratic age?

4. What should be the aim of Civil Service reform at a time of significant change and reducing departmental budgets?

3/4.1 What must be addressed?

- A perception that Whitehall culture is still inward-facing, with the lingering view that “Servant of the State” should predominate over “Public Servant”. Whitehall has improved in this respect, but it is still in fair part reluctant to explain how it works, to disclose evidence and to embrace today’s expectations of access to and use of information.

- Officials do seek to reason with Ministers where evidence may not fully justify a decision; but Whitehall is seen as to some extent in cahoots with Ministers, governing behind closed doors and elegantly managing consultation and the presentation of evidence (for
example, poor Impact Assessments produced to justify rather than inform decisions\(^3\) to assist governments in driving through their programmes, with a natural conflict between duty to Ministers and compliance with the Civil Service Code. Arguably too much of the best talent is devoted to maintaining the governing party in power rather than in formulating and delivering policy.

- Nowhere in governments’ constitutional and public administrative reform agendas have we seen a questioning of the role of politicians, except (in seeking to remove some policy functions from sector regulators) to demand more power. A salient issue in consideration of Whitehall management – the nature, desirability, quality and genuine accountability of political governance – should not be overlooked. There are two reasons for this: while Permanent Secretaries have operational responsibility for their Departments, the nature of adversarial party politics, coupled with Whitehall’s reluctance to educate the media (and the media’s lack of interest) in the mechanics of departmental management, has resulted in a widespread view (fuelled by the political culture of claiming credit for any success within the system) that attribution of all Whitehall activity, whether policy or administrative, falls to Ministers; and, as mentioned above, the concern that officials’ duties of integrity, honesty and objectivity regularly conflict with considerations of political expediency.

5. **How can such reform be realised and sustained?**

5.1 We propose solutions under two broad headings: improving decision-making; and improving user-friendliness

**A transparent approach to power and accountability**

5.2 There is a need for a clear definition of governance to take account of the reality of decision making and management and of public expectations of the way the process should be run and accounted for:

- We have proposed clearly defining roles and responsibilities through published protocols (similar to Service Level Agreements and termed the ‘public service bargain’ by PASC) under which policy making would be recognised as an iterative process between Ministers and advisers and policy management would be attributed between Ministers, officials and other advisers (for example, there is no reason why Ministers and officials should not jointly participate during the Standing Committee stage of Bills in order to improve the quality of responses to amendments and questions). Included in this would be the assumption that responsibility for errors should be attributable where they are caused, and not always to the top of departments\(^2\).

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\(^1\) The Chairman of the Regulatory Policy Committee has stated that “The extent of the problem is, at best, as bad as it was. Too many proposals come to us without an adequate evidence base.” [http://www.ft.com/cms/s/0/831e4658-1c21-11e0-9b56-00144feab49a.html#axzz1Ac0AMuRV](http://www.ft.com/cms/s/0/831e4658-1c21-11e0-9b56-00144feab49a.html#axzz1Ac0AMuRV)

\(^2\) The Conservatives ([It’s Your Money - A New Plan for Disciplined Spending in Government, 2009](http://www.ft.com/cms/s/0/831e4658-1c21-11e0-9b56-00144feab49a.html#axzz1Ac0AMuRV)) proposed including a fiduciary responsibility to taxpayers in the employment agreements of all senior officials, with disciplinary implications if it is breached.
Because of the impossibility of maintaining *de facto* accountability separation between policy and operational areas, our submission to PASC’s *Smaller Government: What do Ministers do?* inquiry proposed a significant change in the structure of Whitehall governance. At present, there is no consistency between departmental boards. Traditionally, they are headed by the Permanent Secretary and include directorate heads and three or four non-executives, with responsibility for delivery and operational management, but some are chaired by the Secretary of State and bring together Ministers, senior officials and outside experts. Some Departments have a single tier board structure; others add an Executive Board focusing only on organisational issues. Some have an explicit duty to report to the Secretary of State; others do not. Given the desirability of formally acknowledging the reality of policy making as a partnership between Ministers and officials and of limiting some of the less attractive aspects of politicised policy making and management, we have proposed that

- all boards should be chaired by Secretaries of State, include senior officials and non-executives but be strengthened by a number of executive sector specialists, appointed by the Secretary of State after open competition, who could take the place of some junior Ministers;

- boards should have an augmented role of setting policy objectives, parameters and budgets; of giving directions to officials, who would be responsible for detailed policy making and implementation and would ultimately report to the Board; and, supported by a scrutiny cabinet, of oversight of execution.3

- Board members would be confirmed by and fully accountable to Parliament (meaning that even the unelected would be empowered to answer for the Department in either House). They would also represent the Government to the media and in public fora.

- Departmental Select Committees and the PAC would be able to censure Board members, including recommending dismissal (in practice a more effective power than direct democratic accountability since electors can only dismiss poorly performing MPs).

- Executive Committees as currently constituted would continue to manage internal operational matters and report to the Board.

Coupled with protocol-set responsibilities, this innovation would more clearly define the line between governance and execution. By spreading responsibility for setting and

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3 This contrasts with the current position, set out in the Ministerial Code, that "Policy will be decided by Ministers alone, with advice from officials. Boards will give advice and support on the operational implications and effectiveness of policy proposals, focusing on getting policy translated into results."
accounting for policy objectives, it could reduce some of the stress between party political and “Good Government” objectives and inhibit the practice of seeking political culprits for all failings. It would replace political rewardees with proven policy or delivery specialists. There would be less need for regular reshuffling to reward MPs, so the Board members replacing junior Ministers could offer better continuity. And by moving from junior ministerial appointment largely from a small pool of MPs to the system long accepted in the US, France, Germany and elsewhere of seeking the best available policy leadership talent, it would reduce the patronage influence of the Executive over the legislature.

- The NAO should be given the duty to audit the decisions underpinning resource allocation in order to constrain Ministers from making pork barrel decisions\(^4\).

- There is a need to review the position of accounting officers such that they are no longer held personally responsible for problems that may have arisen a decade before they took over or for problems arising from a policy structure they would probably never have designed. Conversely, it may be felt that gross negligence in the exercise of public office should be made a statutory offence, as it effectively is in local government\(^5\).

- As we have observed, the top jobs are given to those best at helping their Ministers get through the political week. Reward should be more closely geared to delivery rather than seniority and Whitehall could learn from the way local authorities used Comprehensive Area Assessment results to base career prospects on identification of responsibility for success and failure. That may lead to a greater focus on vertical advancement, building expertise narrowly but in depth, rather than on the current zig-zag career path that is widespread. There is evidence that an improvement in technical resourcing and skills could pay greater dividends. A former Whitehall efficiency adviser who sat on our Trust Commission commented that “it has been calculated that the rate of return on investment in high quality DWP fraud IT cross-checking could be equivalent to that of North Sea oil.”

**Transparency and user-friendliness**

Less secrecy

5.3 The most salient question arising from the 2008 Damian Green case was not whether the sanctity of the Palace of Westminster had been breached but why an MP had to resort to a covert arrangement with an official in order to put into the public domain information that should always have been there. Nor should it be necessary to have to go to court to force

\(^4\) The Conservatives by analogy endorsed the principle of this in proposing that the Audit Commission (or presumably its successor body) should report on the transparency of local government finance settlements in order to avoid “covert party political interference” – *Returning power to Local Communities*, February 2009, 1.1

\(^5\) This was considered by the Committee on Standards in Public Life, which recommended an offence of Gross Misuse of Public Office - [http://www.archive.official-documents.co.uk/document/parlment/nolan3/misuse-1.htm](http://www.archive.official-documents.co.uk/document/parlment/nolan3/misuse-1.htm)
disclosure of advice to Ministers. The current FoI process should therefore be reversed to one of (subject to defined exceptions) passive access⁶ and the Ministerial and/or Civil Service Codes should include a requirement to publish the full evidence base underpinning decisions.

Clearer use of evidence

5.4 Demonstrating that evidence has driven decisions, and has not been manipulated to justify them, is an important element in good governance:

- Impact Assessment should become a statutory requirement (as it is for some regulators), which would allow it to be legally challenged, and the NAO’s oversight of IA should extend to include proportionality tests, under which Ministers have to attest that they have fairly balanced the evidence on costs and benefits without currently requiring them to explain how they have done so. This should result in Ministers being more careful and more open even if officials do not seek a Letter of Direction.

- Consistent with our view that policy making should be recognised as a partnership between Ministers and their advisers and that responsibility for poor judgement or execution should fall where it is due, Ministers and Permanent Secretaries should jointly have to certify that decisions have been fairly based on the available evidence. This would give officials the opportunity to express concern if they feel that decisions are likely to be made in disregard of evidence but should also make them pay greater attention to the robustness of their evidence collection and analytical methodologies. It may make Ministers take greater care in imposing decisions, but they should not be held responsible for decisions honestly and innocently made on the basis of flawed evidence. Over WMD, for example, the governance issues centred not just in whether a decision was made in the face of inconclusive evidence but also on whether Whitehall was pressurised into exaggerating the presentation of evidence in order to suit a political agenda. Under our proposal, the Cabinet Secretary could have refused to sign the certificate - and that might have led to a very different vote in Parliament.

- Accounting Officers are currently required to report to NAO cases where advice that a course of action would be wasteful is overruled without evidence. The Ministerial Code could include the currently implicit expectation that Ministers must explain such departures and Letters of Direction should be published without delay.

Wiki consultation?

5.5 The perception that the system is switched to “send” rather than “receive” increasingly jars when bloggers and YouTubers build their community through encouraging the hope that contributions by readers and viewers will influence others. Whitehall has been reluctant to embrace concepts of engagement such as regulators’ practice of consulting upon and publishing “approach documents”; use of Test Panels; and the use of blogs to turn consultation into a multilateral tool and introduce an element of involvement and connection

⁶ This extends the Coalition Agreement pledge to provide a “Right to Data”.

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with a significantly disenchanted generation where present methods of engagement on policy planning have failed. Similarly, the system could at low cost run giant tracking surveys or seek large-scale responses to policy questions by inviting people to register with its one stop shop site (see 5.8 below) as panellists who could vote on propositions and view developing results in real time.

Learning from regulators
5.6 Clarity and certainty are further elements in user-friendliness. Sector regulators try to be punctilious about setting out and observing timetables for policy processes. Whitehall does not submit to such discipline and has given no good reason why it is so different from regulators, creating impressions of a lack of consideration for those affected by the system’s decisions and of inefficiency. Several regulators also strive to operate on a “legitimate expectations” basis under which policy-making aims at delivering long-term certainty, but Government has done little to persuade outsiders that policy will be set with a view to, say, a five year horizon of stability.

Improving e-engagement
5.7 Whitehall has made great strides in improving online compliance (VAT, TV licensing, Tell Us Once etc), but barriers to engagement are still high, with little consistency between departmental websites, limited automatic notification facilities, slow online publication and difficulties in finding out who does what in the system. Commentators have referred to a Whitehall policy of reducing “avoidable contact” with outsiders. The inability quickly and easily to identify and contact relevant officials and be made aware of new requirements, consultations, statistics, and reports creates on the one hand frustration, uncertainty, and a perception of inwardness and inefficiency; and on the other unnecessary demand for expensive monitoring services and pressure on switchboard and information lines. There is a need to review sites to reduce navigation inconsistencies; post material when it is published and offer automatic notification of everything produced by Departments; follow the European Commission’s example by putting their internal directories on line, with access to organograms showing contacts and responsibilities down to lower management levels and indicate the appropriate level at which to approach the system in particular circumstances; and improve or replace search engines that invariably produce unusable results.

5.8 There have been attempts to introduce One Stop Shop information sites for Whitehall (most notably DirectGov and the Office of Public Sector Information) but awareness of them is low (one survey showing that the bulk of DirectGov visitors are other officials). They should be clearly signposted and promoted using mass membership bodies to publicise site links to their members.

7 This is a Coalition Agreement pledge, as yet unfulfilled.
Open source Government?

5.9 The Cabinet Office ran a Show Us A Better Way competition to invite ideas for websites that would use Government information for public benefit (eg location of recycling facilities, schools and postboxes and information on how public money is spent). The Minister responsible said that “This is about taking service design out of Whitehall and to the people who use it. By trusting the public and throwing it open to them to put forward their ideas, the solutions are of real, practical use. Ultimately, this is about building something from the bottom up rather than having Whitehall dictate from the centre.” The success of initiatives such as this depends on the cooperation of the media because without wide dissemination perceptions that the system does not listen will not change, but the competition should become a permanent scheme. Even better, there should be a well publicised assumption that approaches to exploit public sector information, including taking over sites, for public benefit, should be encouraged.

5.10 While Whitehall has established public feedback sites for the NHS, police, childcare and comparative local authority performance, with the aim of creating a TripAdvisor for public services, no similar opportunity exists for the public to judge Whitehall.

6. Is it possible to establish a set of key principles of good governance?

6.1 PASC’s list must include the political element in policy making/delivery and departmental management - governance must not stop at the Minister’s door.

January 2011
Written evidence submitted by CIPD (GG 03)

Background

1 The CIPD’s primary purpose is to improve the standard of people management and development across the economy and help our individual members do a better job for themselves and their organisations. The Public Policy Team at the CIPD promotes an agenda for productive workplaces to boost economic performance and improve the quality of working life.

2 As Europe’s leading professional body for those involved in the management and development of people, we are ideally placed to contribute to the development of public policy across the spectrum of workplace and employment issues.

3 We are able to draw on the experience and knowledge of our 135,000 members and our wide range of research to provide a pragmatic stance on public policy that is based on solid evidence and the real world.

4 Our membership base is wide, with 60% of our members working in private sector services and manufacturing, 33% working in the public sector and 7% in the not-for-profit sector. In addition, 76% of the FTSE 100 companies have CIPD members at director level.

Question 1: What is meant by the term ‘post-bureaucratic age’ and what are its implications for good governance, for Whitehall departments and for the wider civil service?

5 The most useful definition is that intended by those who use the term. In a Guardian article in May 2009, David Cameron said:

The argument that has applied for well over a century – that in every area of life we need people at the centre to make sense of the world for us and make decisions on our behalf – simply falls down.... This is what we mean by the Post-Bureaucratic Age...sceptical about big state power; committed to social responsibility and non-state collective action. The effects of this redistribution of power will be felt throughout our politics, with people in control of the things that matter to them, a country where the political system is open and trustworthy, and power redistributed from the political elite to the man and woman in the street.

6 On this analysis, the state neither needs nor is able to exercise authority in the same way as in the past. People have the information they need to make their own decisions and are less willing to be told what to do. Nevertheless, as long as taxpayers fund and deliver public services – and whether delivered directly or at arms’ length – the Government has to accept ultimate responsibility for the service provided. So ministers will continue to need some machinery for allocating resources, monitoring what is happening on the ground and responding to queries from MPs – the basis on which the ‘Whitehall model’ was built. It seems wholly unrealistic to contemplate a ‘withering away’ of the state.
However, the ‘post-bureaucratic’ model does have implications for departments – both for the way in which they are managed and for their relationships with local authorities and other public bodies. These include the following:

- A post-bureaucratic Whitehall must plainly display greater skills in managing people and managing change. This is implicit in the move away from a ‘bureaucratic’ state based on the application of rules, towards greater local autonomy and responsiveness. CIPD research into the public sector underlines the need for significant further investment in leadership and people management skills (see the Building Productive Public Sector Workplaces series). Although most civil servants identify strongly with their work, they do not often believe it is well managed. This will in turn require greater professionalisation of the HR function across Whitehall (see Question 5).

- There are strong arguments for distancing delivery of public services as far as possible from the political process by, for example, placing responsibility in the hands of non-departmental bodies and other agencies that can be judged by results. An effective management process, including clarity of purpose and the ability to maintain focus on that purpose, cannot be achieved in an organisation that is subject to frequent political intervention. This was the thinking that underlay the creation of ‘Next Steps’ agencies in the 1980s and succeeded in producing significant improvements in the quality of management and service delivery.

- The post-bureaucratic model implies that ideas should not be handed down from above but come from the front-line experience of those in closest touch with service users. This is the basis of the ‘systems’ approach that borrows from ‘lean’ thinking and focuses on reviewing processes to eliminate duplication and waste. Moves to engage front-line staff more directly in the reform process will contribute significantly to increasing their engagement with their work and releasing the kind of ‘discretionary behaviour’ that high-performing organisations require.

**Question 2: Can the traditional ‘Whitehall’ model of civil service governance and accountability continue to function effectively in the post-bureaucratic age?**

The system of Whitehall governance is currently undergoing continuing change. The increasing influence of departmental boards, the development of the capability review process and the injection of private sector experience should all tend to enhance the accountability of the civil service. To the extent that responsibility for the efficient delivery of specific services is devolved to local level, ministers might expect local authorities and agencies to answer to service users. But ministers must clearly continue to take overall responsibility for the outcomes of the political process, and answer to Parliament on wider issues relating to delivery of public services.

A principal role of government departments has historically been to offer advice to ministers on policy: a major strength is departments’ ability to build on experience and give objective, evidence-based advice. One major gap in the standard policy process, however, is the absence of systematic arrangements for evaluating the quality of that advice and the outcomes of decisions made. Some form of routinely undertaken post-implementation review could
contribute significantly to improving the accountability of all aspects of the policy-making process. Better and more open communication between ministers, political advisers and officials would also help to improve the quality of decisions.

A major purpose of the governance system is to improve the management of risk. However, effective risk management is also dependent on having an organisational culture based on a shared understanding of the nature of key risks and a willingness to discuss how they can be best avoided.

In the end it is the culture of an organisation that influences behaviour, and it is behaviour that determines outcomes. Departmental boards can take strategic decisions but will be much less directly involved in implementing them. This reinforces the need for effective leadership and management at all levels of the organisation.

**Question 3: In what ways do civil service departments need to adapt to a post-bureaucratic age, and in particular to the current Coalition Government’s decentralisation agenda?**

The implications of a ‘post-bureaucratic age’ for civil service departments will depend largely on decisions made by ministers about how their responsibility for ensuring a properly functioning and responsive system for delivering public services should be discharged. Any assumption that the third sector will take on responsibility for delivering particular services must depend on some combination of public funding and individuals’ willingness to donate voluntary time and energy. In practice, any such shift is bound to take a very considerable length of time.

In practical terms, moving towards the ‘big society’ will in the short term mean transferring more power and responsibility from Whitehall to local government. This will presumably reduce the number of civil servants required, but at the expense of an increase in the number of staff employed by local government, or contracted to deliver local services. Local autonomy is not in itself a recipe for reducing numbers of public servants but could indeed have the reverse effect by removing some economies of scale.

**Question 4: What should the aim of civil service reform be at a time of significant change and reducing administrative budgets?**

Efficiency savings alone will not produce economies of the order required by the current fiscal crisis. The need for departments to produce substantial savings inevitably means that they will be under pressure to achieve economies by removing managers who have no direct responsibility for delivering front-line services. However, this should not be allowed to distract attention from the need for better management if reforms are to be effective.

**Whether or not Whitehall needs fewer managers, the evidence suggests it certainly needs better managers.** Improving the quality of people management and leadership across Whitehall should be a key aim of reform as it will not only deliver ‘more for less’ but ‘better
for less’. Proposals for reform should consider an analysis of what is wrong with the status quo. CIPD research over a number of years suggests the following key areas of weakness across central government:

- political context means senior leadership focus is upwards, not downwards
- poor line management, including specifically poor performance management
- low levels of staff engagement
- weak change management capability.

The implications of these findings are high people costs, associated with poor absence, conflict and performance management. We recommend that the Government reviews how Whitehall managers are developed to ensure that resources are being used effectively and that managers are equipped to manage change and support public service transformation.

**Question 5: How can such reform be realised and sustained?**

16 The search for better management of the civil service goes back to the Fulton report of 1968 and beyond. Although much has changed in the intervening years, several of the Fulton committee’s recommendations remain relevant today, including the need to improve management skills, increase contact between civil servants and the rest of the community and improve people management processes.

17 Here are some possible ways that the standards of civil service leadership and management can be raised in practice. These are all areas that should be routinely monitored by management boards and through capability reviews:

- By further professionalisation of the HR function – the people management agenda should have a higher profile in public sector management. HR departments should place more emphasis on strategic issues, including change management and OD. Leadership development should also have a higher priority. The CIPD is working with major government departments to professionalise the function through raising its professional capability and identifying the behaviours that are critical to performance. We seek to support HR practitioners by helping them build a capability framework that takes full account of both current and future needs.
- By building up change management, including organisation development (OD), skills in Whitehall – historically departments have tended to rely heavily on outside support in this area (at cost). Other parts of the public sector appear to have invested more heavily in internal OD skills, and Whitehall needs to catch up.
- By including in the performance appraisal of all civil servants a judgement of their people management skills, and giving performance in this area more weight in relation to decisions about suitability for promotion – line managers should be trained to practise a ‘coaching’ style. There is a clear negative relationship between the adoption of effective management practices and the amount of stress experienced by employees.
Question 6: Is it possible to establish a set of key principles of good governance?

18 Not in any absolute sense. The revised Turnbull Code on corporate governance issued in October 2005 did not attempt such a list but focused on the processes of internal control and the way in which risks are managed. The selection of items for inclusion will depend on what are identified as key risks and these are likely to vary between one organisation and another and over time.

19 The list of key principles in the call for evidence is an unsatisfactory mix of inputs, outputs and cultural elements. **It is curious that ‘citizens’ experience of public services’ is relegated to the bottom of the list, whereas most people would consider it fundamental to a judgement about an organisation’s effectiveness.**

Question 7: Are those set out in the call for evidence the right elements for such principles? Can there be fewer or should others be included?

20 The **outstanding omission from the list is any specific reference to the quality of leadership and people management, which must be central to corporate governance.** Similarly there is no reference to employee engagement; to the mutual trust needed between ministers, senior managers and other staff; or to the clarity with which the core purpose of the organisation is communicated to staff.

21 The Cabinet Office has recently begun to conduct surveys of levels of employee engagement across the civil service, out of recognition that high employee engagement will drive performance. **Management boards should pay more attention to these measures of engagement to gauge departments’ overall state of health and fitness for purpose.**

22 It is notable, however, that none of the questions included in the Cabinet Office survey focuses explicitly on trust in senior management, or on the credibility of senior management messages, both of which feature in national surveys of employee attitudes undertaken by the CIPD and others. This omission should be remedied.

23 The Turnbull Code includes the following among the questions that boards of directors are encouraged to consider when assessing the effectiveness of the risk categories: ‘Does senior management demonstrate ... the necessary commitment to ... fostering a climate of a trust within the company?’ The reference in the list to ‘transparency and openness’ is helpful but does not go far enough. **CIPD research shows that levels of trust in senior management among employees in central government have historically been very low in comparison both with the private sector and with other parts of the public sector and this is likely to be a serious obstacle to effective reform and delivery of reform.**

24 **A shared sense of purpose is essential to any effective organisation.** Experience across both private and public sectors suggests that an in-house organisation development (OD) capability can be instrumental in helping to build and maintain such a shared sense of
purpose. As mentioned above, this is something that other areas of the public sector have already recognised.

**Question 9: How could they be made useful for the measurement and assessment of good governance?**

25 The findings of employee surveys can be used to measure levels of commitment and enthusiasm across Whitehall, which research evidence suggests will correlate strongly with levels of business performance. The MacLeod report on employee engagement includes extensive case study evidence supporting a close link between employee engagement and business performance.

26 The questions in the ‘engagement’ section of the Cabinet Office questionnaire referring to pride in the organisation, advocacy, attachment and inspiration are clear and useful. The questions about leadership and senior management could usefully be supplemented by an additional question along the lines of the following: ‘I trust the senior managers in my organisation.’

**Conclusions**

27 The combination of poor line management capability and low levels of trust make fertile ground for resistance to change. The focus of civil service reform needs to be on lifting levels of leadership and management. Relying on governance systems to identify areas of weakness is not enough: achieving effective delegation, reducing costs and restructuring services will all require improving management skills.

January 2011
The ‘Post-Bureaucratic Age’: Some Analytic Challenges

Christopher Hood¹ and Martin Lodge²

Summary

1. The term ‘post-bureaucratic age’ is no less ambiguous than the word ‘bureaucracy’ itself. The term encompasses at least four possible recipes for organizing government and public services delivery, not a single one.

2. Effective policies for developing ‘post-bureaucratic’ forms of government and service delivery methods of government or public service delivery can depend on the development of various kinds of institutional infrastructure, can lead to a blurring of subsidiarity and service abandonment if transitions are not effectively managed, and other unexpected outcomes can occur when such policies get caught up in cultural conflicts.

3. Principles of ‘good governance’ should start from basics such as the rule of law, fairness and efficiency rather than the use of particular technologies or administrative techniques, and such principles should be selected because of their substantive performance rather than by ease of measurability.

The Term ‘Post-Bureaucratic Age’: Strong Emotive Overtones, Elusive Connotations

1. The adjective ‘post-bureaucratic’ does not have a single, well-understood, canonical meaning. The terms ‘bureaucracy’ and ‘bureaucratic’ are used to mean several different things – one respected author,³ for instance, describes bureaucracy as ‘a term of strong emotive overtones and elusive connotations’ - and the same necessarily applies to the term ‘post-bureaucracy.’

2. The term ‘bureaucracy’ is said to have been coined by Vincent de Gournay in the eighteenth century to denote rule by officials,⁴ but the term has also been used to denote other things, including a particular type of organization, a part of an organization, administrative efficiency or inefficiency (to mention only a few). If ‘post-bureaucracy’ is some antonym of ‘bureaucracy,’ its connotations can be expected to be equally elusive. If fact they may be more so, because given the generally negative connotations of the word ‘bureaucracy’, many interest groups and service providers have a rhetorical interest in attaching the term ‘post-bureaucratic’ to their own particular agendas, products or services.

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⁴ Adding another type of rule to Aristotle’s classic three-part distinction of rule by a single person, rule by a small group and rule by many people
3. At least the following four policy approaches have been or could be described as ‘post-bureaucratic’:

(i) The pursuit of the ‘subsidiarity principle’ (entrenched in the constitutions of some European countries, enunciated by the famous 1891 Papal Encyclical *Rerum Novarum* and developed in numerous subsequent encyclicals) which broadly holds that government should only perform those functions that exceed the capacity of individuals or private groups acting independently, and that public services should be as local as possible. Where the subsidiarity principle is entrenched in law or policy, local, independent or private providers can challenge the right of central, government or public organizations to provide particular services, such as education or social care.

(ii) The abandonment of certain services or activities by state organizations, such as rationing, censorship, vaccination, flood defences, seasonal weather forecasts, without arranging for alternative forms of provision.

(iii) The conduct of government or public services (whether by public organizations or other providers) with maximum public participation, for example over budget setting.

(iv) Organizing government or public services in ways that put as little emphasis as possible on the specific legal powers of the state (that is, powers to compel, forbid, permit and punish that are not available to private parties using contract or tort law) or on direct action by state organizations, preferring instead to use policy instruments that are not specific to government, such as price incentives or the use of information or exhortation. An example is recruitment of soldiers on the open labour market rather than by conscription.

4. As far as we can tell, the term is being used in current policy debate in the UK in all of these four senses, but they are not the same thing and they have rather different implications for government organization and competency.

**Policies for ‘Post-Bureaucratization’ and their Consequences**

5. At least three points that can be drawn from the literature relating to the four types of ‘post-bureaucratic’ policies described in paragraph 3 above. They concern the sort of legal and administrative infrastructure that is needed for such policies to succeed, the importance of effective management of transitions from one pattern of provision to another, and the unexpected effects that can result when such policies are introduced in an atmosphere of cultural conflict.

6. **Infrastructure.** Ironically perhaps, moving effectively to ‘post-bureaucratic’ methods of provision may itself require the existence of legal and administrative infrastructure. For example, before the unification of Germany in 1990, public services in the former GDR (such as hospitals, welfare organizations, schools, clubs) were provided by a centrally run and funded party organization. After German reunification, a policy embracing the subsidiarity

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principle proceeded first by moving formal authority for the provision of such services from central government to local authorities, and then to move the delivery role from state to non-state organizations such as churches. But that dramatic shift of delivery responsibility did not just happen. It depended on at least three types of institutional infrastructure, namely (i) a clear template for such provision in the form of established West German law and practice; (ii) a focus on training and transfer of people with the relevant experience; (iii) the reimposition of the church tax in the former GDR.

7. **Transitions.** However well-intentioned, policies intended to shift patterns of service provision from one set of organizations to another can unintentionally produce a blurring between subsidiarity and service abandonment if the transition is not carefully managed. A well-known example is the progressive development of the ‘care in the community’ principle in the UK from the 1950s to the 1990s, in the form of a policy of treatment and care for physically and mentally disabled people in their own homes or half-way houses rather than in residential or long-stay institutions. That policy reflected a mixture of desires to cash-limit public expenditure on social care, to develop a mixed economy of social care and to redefine the continuing care of elderly and disabled people as the responsibility of local authorities rather than the NHS. The policy was controversial because of perceived underlaps between local authorities and the NHS and a few heavily-publicized cases of attacks by mentally ill people not in institutional care. Even after an overall regulatory framework had been developed in the form of the 1990 National Health and Community Care Act, the operation of the policy continued to be controversial, with widespread claims of under-funding, poor collaboration between health and social services authorities on the ground, and patients slipping through the net to end up homeless on the street. That experience provides a pointer to some of the challenges faced by such policies for ‘post-bureaucratization.’

8. **Other unexpected policy outcomes.** The outcome of policies designed to foster ‘post-bureaucratic’ arrangements can be shaped by cultural and other types of conflicts. Perhaps the best-known example of a policy embracing the maximum community participation principle ((iii) in paragraph 3 above) is the ‘Great Society’ programme pursued under Presidents Kennedy and Johnson in the USA in the 1960s, and specifically the policies pursued by the Office of Economic Opportunity, which aimed to foster and encourage local community initiatives and projects (such as free schools) and which embraced the principle of ‘maximum feasible participation’ by the affected stakeholders and communities (indeed, that principle was formally written into the 1964 OEO Act). The programme was however launched into a cultural environment of radical activism and militant groups challenging the orthodox institutions of elected government, and unintentionally served as a fillip for such anti-state challenges before Congress eventually managed to shut off the funds and wind up

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the programme. That example indicates that such policies, however well-intended and high-minded they may be (as certainly applied in that case), can have unanticipated and unintended consequences if they fall foul of cultural conflicts.

‘Good Governance’ and the Evaluation of Post-Bureaucratic Age Policies

9. Principles of good governance can in principle be applied to individual conduct, the operation of individual organizations or to systems of government more generally, and it needs to be made clear which of those levels any given list of good governance principles applies to. But it seems important to start with the basics such as the rule of law, fairness and efficiency rather than the use of particular technologies or administrative techniques. Accordingly, criteria for evaluating the quality of policies aimed at ‘post-bureaucratization’ in some or all of the senses identified in paragraph 3 above should at least include the following:

- **the rule of law**: bureaucracy has been defined by some as a form of organization designed to promote the rule of law, but of course there are many cases of state organizations that fall short of promoting the rule of law. The question of whether it fosters, maintains or undermines the rule of law should be a key criterion for evaluating policies of ‘post-bureaucratic’ governance.

- **honesty and integrity**: some critics of traditional bureaucracy have asserted that it puts too much weight on honest rather than effective government, but even if there is some room for debate about that trade-off, another important criterion for evaluating any policy of ‘post-bureaucratic’ government must be the degree of honesty and integrity that it produces

- **equity and accessibility**: the principle of equitable treatment, particularly of those with a good claim to be considered vulnerable, is another key criterion for evaluating ‘post-bureaucratic age’ governance policies, and the debate over the Care in the Community experience noted in paragraph 7 above indicates its importance.

- **economy**: prudent use of public resources is a well-established principle for the evaluation of public services, embracing both efficacy (do the resources invested

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7 For a graphic and controversial account, see Moynihan, D P (1969) *Maximum Feasible Misunderstanding: Community Action in the War on Poverty*, New York, Free Press


9 For example, Niskanen, W (1971) *Bureaucracy and Representative Government*, Chicago, Aldine Atherton

10 A relevant example of a framework drawn from many years’ experience of responding to complaints about injustice and poor administration is the UK Parliamentary Commissioner’s ‘principles of good administration’, namely accuracy, consumer focus, openness and accountability, fairness and proportionality, effective remediation of mistakes and errors, and continuous improvement. See Annual Report of the Parliamentary and Health Service Ombudsman 2007-08, HC 1040 2007-8, p.14,
deliver the intended effects, rather than no effects or reverse effects?) and efficiency (do the resources invested deliver those effects at least cost relative to benefits?)

- **resilience**: the provision of services that are robust, in the sense of ensuring continuity and adaptation to new or adverse conditions without breakdown, is a further key principle for evaluating the quality of governance and public services, and fragile or intermittent services can also pose threats to equity and rule of law.

10. The principles set out in paragraph 6 above seem to us to be key elements for evaluating the implementation of ‘post-bureaucratic age’ initiatives. It is not obvious that measurability ought to be the primary criterion in selecting principles of good governance. The important thing is to identify the right principles on which debate and evaluation ought to centre, rather than simply those that are easily measurable, because the latter route too easily leads into a classic measurement trap. We readily accept that these principles are likely to conflict with one another, presenting difficult trade-offs. The key weakness of most lists of ‘good governance’ desiderata is that they fail to acknowledge trade-offs among a set of principles each of which appears unexceptionable on its own, let alone giving any guidance as to how such trade-offs should be made. In any representative democracy the responsibility for making those trade-offs ought to lie with elected representatives rather than with non-elected service providers. If those trade-offs are made by the latter, policies aimed at weakening rule by officials of one kind or another – the original meaning of the term ‘bureaucracy’, as noted above – may unintentionally serve to strengthen or extend such rule. That strikes us as the key governance challenge for the putative ‘post-bureaucratic age’.

January 2011

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Written evidence submitted by Martin Stanley (GG 05)

Summary

• The Prime Minister’s July 2010 speech heralded ‘the post-bureaucratic age’, requiring radical reform of the way in which the country is run, and involving significant redistribution of power away from Ministers and Whitehall. Francis Maude, the same day, said that this would require “the Civil Service of 2020 [to] be more efficient and effective”.

• But neither the Prime Minister nor Mr Maude promised fundamental civil service reform, nor does the Government appear to have considered the need for such reform.

• This is unfortunate, as both this Government and its immediate predecessor appear to feel that the Haldane model of government (in which civil servants have an indivisible relationship with their departmental ministers) no longer meets their, or the country’s, needs. This view is shared by a number of think tanks and others.

• I am therefore very pleased that the Select Committee has begun to ask the questions listed in its call for evidence, including questions about the implications of our entering the ‘post-bureaucratic age’. But the issues are very complex and their implications are very far-reaching. There in due course needs to be a well-resourced wide-ranging review of the issues raised by the Committee, as well as others.

• The purpose of this note, therefore, is to encourage the Committee to recommend a thorough and transparent exercise aimed at identifying the nature of the Civil Service, and the relationship between Parliament, Ministers and officials, that would best meet the needs of the UK in the 21st century.

Detail

1. The current role of the Civil Service was established by the 1918 Haldane Report which said that the relationship between civil servants and Ministers should be one of mutual interdependence, with Ministers providing authority and officials providing expertise. This model encapsulates the notion that civil servants have an indivisible relationship with their departmental ministers, quite different to many other models of government around the world, which are often based on separation of powers.

2. The Armstrong Memorandum and the Osmotherly Rules have more recently mandated that the Civil Service has no constitutional personality or responsibility separate from the duly constituted Government of the day, and that officials may not divulge to Parliament or elsewhere the advice given to Ministers by officials, information about interdepartmental exchanges on policy issues, and the level at which decisions were taken.

3. There is clearly considerable concern, in political circles and elsewhere, that the Haldane/Armstrong/Osmotherly model is no longer fit for purpose. The previous government certainly seems to have found the conventions irksome – hence the alleged growth of ‘sofa government’ – and there are signs that the present government, in its laudable haste to make rapid change and rapid savings, feels rather the same way. Outside government, a number of bodies have lobbied for change. The 2006 IPPR Report "Whitehall’s Black Box" was very interesting, as have been reports from Demos, the Institute for Government, the Better Government Initiative and the Better Government Programme.
4. It is therefore rather odd and somewhat frustrating that recent governments have simply not engaged in the discussion. Many Ministers have talked about ‘Civil Service Reform’ but they and their published documents have focused only on efficiency and effectiveness, or – more recently – delivery. None of them have examined the fundamental relationship between Parliament, Ministers and civil servants.

5. This is double unfortunate because every successful change manager knows that you cannot change one feature of an organisation unless you simultaneously change, or at least consider changing, other aspects. There is an obvious relationship between staff numbers, skills, experience and remuneration, but all these are in turn need to be adjusted in line with the organisation’s culture (attitudes to innovation, delegation, etc.), the effectiveness of its internal and external communications, and the organisation’s structure. It makes no sense at all to embark on an initiative to encourage innovation, say, or cut numbers, without considering a wide range of other organisational features. It is therefore no surprise that so many narrowly focused ‘reform’ initiatives have achieved so little change.

Recommendation

7. There are some very important questions which include, but perhaps go some way beyond, those asked by the Committee, such as:

- Will the country in future be best served by a constitutional settlement similar to that recommended by Haldane et al, or by a quite different settlement as has been recommended by various external reports?
- How should departmental officials best be organised and remunerated?
- What is the right balance between cost and service quality – in terms of both the service provided by ‘Whitehall’ to Ministers and the service provided by the wider (and much larger) Civil Service to the public?
- How much freedom should officials have to innovate and respond to local needs?
- Do we still need a single ‘Civil Service’ as distinct from a number of singular departmental administrations?
- Or, looking the other way, do we still need a single Civil Service comprising only 10% of, and quite separate from, the rest of the public service?

8. I suggest that a thorough, well-resourced and transparent examination of these issues is well overdue, and ought to be welcomed by the present Government, which appears to be genuinely interested in improving the effectiveness of the public sector as a whole. I hope that the Committee will recommend that such a review is begun.

January 2011
Written evidence submitted by IFG (GG 06)

Summary

1. The Institute for Government’s research on civil service reform suggests that:
   a. The scale of reform – and downsizing – facing the civil service is bigger than anything seen since the Second World War
   b. The civil service faces a critical challenge: how to deliver ‘better for less’. Yet, there is limited experience of undertaking large scale transformation in Whitehall.
   c. Two longstanding issues for Whitehall also need to be addressed: a lack of strategic capacity at the centre of government and difficulty in co-ordinating policy and delivery across departments
   d. Current governance arrangements vary greatly in their effectiveness between departments. In particular, departmental boards suffer from not having a well defined role and should be focused on performance and financial management
   e. Looking ahead, governance will need to adapt to reflect shifting forms of accountability and different roles for the civil service as the vision for the Big Society is realised.

Introduction

2. The Institute for Government is an independent charity helping to improve government effectiveness. We work with all the main political parties in Westminster and with senior civil servants in Whitehall, providing evidence-based advice that draws on best practice from around the world.

3. Civil service reform and good governance is a core part of the Institute’s work. The Institute has published several reports which are directly relevant, including:
   a. *Shaping Up: A Whitehall for the Future*¹
   b. *Smaller and Better? Whitehall after the cuts*²
   c. *The state of commissioning: preparing Whitehall for outcomes-based commissioning*³
   d. *Six steps to making Whitehall boards work*⁴

This submission draws on and summarises all of this work.

² McCrae et al: *Smaller and Better? Whitehall After the Cuts* (http://www.instituteforgovernment.org.uk/pdfs/smaller_and_better_whitehall_after_the_cuts.pdf)
⁴ Quinlan et al: *Six steps to making Whitehall boards work*
Scale of civil service reform

4. Civil service reform has been an almost constant theme since at least the 1980s when Margaret Thatcher argued that Whitehall was overstaffed, inefficient and badly managed. The ambition set out by the incoming Conservative government over the period 1980 to 1984 was to cut civil service numbers by a little over 10%. However, the scale of reform facing the civil service at this moment is potentially far greater. The current period combines a strong political commitment to change at the same time as the largest reduction in public spending in the UK since at least the Second World War.

5. The Government has made it clear that its first priority is to deal with the deficit, and has already taken steps to reduce government spending. Taken together, the June Emergency Budget and the Spending Review will result in an overall cut in public spending of £81bn over the next four years. Unprotected departments have an average overall settlement reduction of 20%, and all departments have committed to at least a one third reduction of their administrative spending. Though there are obviously variations in approach by department, this will broadly result in annual administrative spending reductions of 6-8% for the next four years. The government is looking to do ‘better’, and in some cases very different things, ‘for less’, which will undoubtedly lead to reductions in the number of civil servants in Whitehall departments and their arm’s length bodies.

6. However, this Government’s plans for Whitehall go well beyond spending cuts and headcount reductions. The Prime Minister has spoken of his desire to “turn government on its head”. There have already been major reforms to public services as part of the move towards a ‘Post-Bureaucratic Age’ and the Big Society. These will have major implications for the future functions, structures and accountability mechanisms across the civil service.

7. Given this context, the civil service faces at least four major issues: addressing existing challenges, improving current governance arrangements, managing the transformation process and reshaping itself for new roles in the future. We address each of these in turn below.

Existing challenges in the civil service

8. In Shaping Up, we identified three key challenges facing the civil service:

   a. A lack of strategic capacity at the ‘centre’ (Cabinet Office, HM Treasury and No. 10) to create and maintain a whole of government strategy that sets out priorities for an entire parliamentary term

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5 The aim was to reduce civil service headcount from 707,000 in 1980 to 630,000 in 1984. This was to be achieved by reducing the workforce cost by 2.5% each year.
6 Please see McCrae et al: Smaller and Better? Whitehall After the Cuts (http://www.instituteforgovernment.org.uk/pdfs/smaller_and_better_whitehall_after_the_cuts.pdf)
7 Chancellor’s Spending Review Statement, 20th October 2010
b. Mechanisms for co-ordinating policy and delivery between departments are still dominated by siloed thinking, making it difficult to manage cross-cutting policy issues.

c. Governance within departments remains variable across the civil service.

9. Our research found that, in an international context, the UK’s model of government emphasises both a strong Prime Minister and strong departments with wide-ranging autonomy to spend budgets, recruit employees and manage delivery systems. The downside to this model of strong line ministries is that the central institutions possess few tools beyond the brute force of political edict to make sure that a fragmented government adds up to more than the sum of its parts. Indeed, central government departments are under pressure to change as politicians aim for a smaller, more strategic Whitehall. The Cabinet Office, in particular, needs to clarify its value-adding role. We suggested it might be more effective as a ‘department of strategy and capability’ with a remit to work collaboratively with Cabinet and departments to set out a strategic framework of high-level goals to guide the work of government and build the capability necessary to realise ministers’ top priorities.

10. Delivering joined-up government is difficult because Whitehall is not a unitary entity but a federation of departments. It is designed predominantly along departmental lines for the purposes of budget allocation, accountability and career development. Cross-cutting issues such as social exclusion or childhood can all fall through the gaps. We recommended that government should address this problem by: making changes to appraisal and line management arrangements to create stronger incentives to collaborate; facilitating the sharing of information and other resources; and appointing a small number of Secretaries of State who are directly responsible for the most important cross-cutting issues, sitting outside departments but with their own pooled budgets (though the overall number of ministers should not increase).

11. These issues remain critical as part of any civil service reform. The specific challenge of improving governance arrangements in Whitehall is addressed in more detail below.

Current governance arrangements and challenges

12. Good governance is important to ensure that the civil service functions effectively, particularly during periods of major reform. Over the last 24 months, we have run a stream of work analysing the functions, structures and performance of Whitehall boards. In earlier research, we explored board effectiveness, looking at capability reviews and staff survey results (asking staff whether they feel their department is well run). Results of this analysis showed that the quality of leadership varies widely across Whitehall. At one end of the spectrum, less than 30% of staff at DCMS think the department is well run, compared to two-thirds at HM Treasury.9 Averaged across all departments, less than half of staff feel their department is well managed. The quality of departmental leadership, as measured by staff surveys, is a crucial proxy for the effectiveness of departmental boards.

While these numbers encompass a spectrum of leadership positions, they are a poor reflection on the most senior levels of government and emphasise the importance of improving governance at the top of departments.

13. Our research suggests that in addition to highly variable performance, the very role of boards remains ill-defined across Whitehall. We found that the best boards focus heavily on performance management and meet regularly with ministers to shape joint strategy but there are several common barriers to board effectiveness, including poor engagement with ministers, lack of challenge in board discussions, ineffective use of non-executive directors (NEDs) and accountability arrangements. We made a number of recommendations, most importantly:

   a. Creating a joint strategy board to be chaired by the Secretary of State
   b. Strengthening the role of NEDs
   c. Empowering finance directors
   d. Establishing a comprehensive evaluation and development programme for boards.

14. The importance of board performance has been recognised by the new government, and plans to reform departmental boards are currently underway. Shortly after the general election, the Cabinet Office outlined the Coalition’s vision for governance reform, publishing an enhanced protocol for departmental boards. The protocol represents the first true shake-up of Whitehall boards, and is buttressed by strong political support from Francis Maude and David Cameron. The protocol will introduce several significant changes including:

   a. Installing Secretaries of State as Chairman of their department’s board
   b. Altering the composition of boards to include junior ministers
   c. Reducing the number of officials
   d. Creating the new position of lead non-executive director for each board.

15. However, whilst the current plans are a step in the right direction, there is a great deal more that needs to be addressed. Based on the results of our interviews with board members, and taking into account all aspects of the Cabinet Office’s new boards’ protocol, we think the following steps should be taken:

   a. Address the lack of clarity surrounding role and responsibility in some boards
   b. Ensure Secretaries of State take their new role as Chair seriously and perform well
   c. Make all aspects (within reason) of board business and performance transparent
   d. Require annual evaluations of board performance, including regular external review
e. Make lead NEDs central in the appraisal of board members, as well as the recruitment process.

Managing transformation

16. Given the scale of change and downsizing required, virtually all departments will be undergoing major change programmes. Simply relying on natural wastage and recruitment freezes is unlikely to achieve the slimming down required in most departments. Moreover, this would not achieve the transformation in Whitehall that the Government is seeking. However, with almost universally rising budgets for departments since 1999, there is very limited experience in the UK civil service of successfully undertaking transformations on anything like a comparable scale to what is now required.

17. The most successful example we have identified where outcomes have been measured is the transformation within the Department for Work and Pensions between 2004 and 2007. According to the National Audit Office report the department achieved: £1.446bn efficiency savings (£1.068bn cash releasing), a headcount reduction of 31,100, relocation of over 4,000 posts from London and the South East two years early and redeployment of 10,000 staff to customer facing roles.\(^{10}\) Moreover, productivity was found to have increased by about 15% between 2004/05 and 2007/08.\(^{11}\) Whilst this suggests that major improvements are possible in the civil service whilst reorganising and slimming down, even this is on a smaller scale than is likely to be required over the coming years.

18. We are currently working with the Ministry of Justice to evaluate its change programme ‘Transforming Justice’, which was initiated in February 2009.\(^{12}\) It is too early to have produced easily measurable results, but our research gives a qualitative insight into the challenges of leading major change programmes can. The Institute’s evaluation shows that leadership and building capability are vital components in ensuring progress at all stages of transformation. The Ministry of Justice addressed this through having a dedicated and accountable lead for change at board level and the formation of a cohesive ‘change coalition’ of influential senior staff from across previously disparate business groups. Staff from across the departments were empowered to drive change themselves, with 1,000 staff signed up as advocates of Transforming Justice.

19. Our evaluation is ongoing and can provide insights for those planning further transformation in the Ministry of Justice and across Whitehall. We intend to share our findings as we complete interim stages of the research.

Looking forward

20. Moves towards a Post-Bureaucratic Age and the Big Society imply the need for a civil service which is more strategic, enabling and transparent, as public service provision becomes more diverse and closer to the citizen. This will have major implications for

\(^{10}\) NAO: Performance of the Department for Work and Pensions 2008-09
governance both in terms of shifting roles for the civil service and more complex accountability structures.

21. One of the most important shifts in the role of the civil service will be the significant acceleration from delivering services to commissioning them with payments by results based on achieving a defined set of outcomes.\textsuperscript{13} Whitehall will, if it achieves this successfully, shift its skills base from one that prescribes treatment to one which sets outcomes and structures markets. Whitehall must have a workforce that is rewarded, incentivised and expert in its knowledge so that it can develop a complete understanding of users, communities, external delivery chains and local markets in the delivery of services. It needs to face much more out of Whitehall and be ready to reflect up the experiences of those users and markets to shape the Government’s approach to commissioning and funding. To ensure ongoing good governance of markets in the provision of public services, the same rules that apply to the publishing of Government data and statistics should apply to organisations commissioned to deliver public services.

22. Civil servants and front line services will need to respond to an increasingly complex web of accountability, even as top down performance management reduces. The government’s reform plans include changes to accountability arrangements, such as the introduction of elected police commissioners and publication of spending information, which encourage accountability to flow outwards to citizens and communities rather than upwards to Whitehall. In some cases, such as the expansion of academy schools, reforms are creating a more direct relationship between ministers and front line services. Despite these changes the government remains committed to ministerial accountability to Parliament, which provides the overwhelming majority of funding for public services. Meeting the principle of accountability to Parliament without compromising the operational independence of decentralised services or constricting new sources of accountability will be a challenge. Ministers, civil servants and parliamentarians will need clarity about who is accountable, for what, and to whom; as well as about who is responsible for stepping in if things go wrong, and in what circumstances.

23. The Institute looks forward to supporting PASC with this inquiry in any way we can.

January 2011

\textsuperscript{13} See Moss, I: The State of Commissioning: Preparing Whitehall for Outcomes Based Commissioning (http://www.instituteforgovernment.org.uk/pdfs/the_state_of_commissioning.pdf)
Written evidence submitted by Network for the Post-Bureaucratic Age (GG 07)

Executive Summary:

- The post bureaucratic age is characterised by empowerment and an erosion of the state monopoly on information and capability—in the main driven by technological advancement.
- This implies a considerable re-think for the Civil Service to serve public interest in the best possible way. Good governance will increasingly be enacted through a networked Civil Service engaged in a more profound and continuous sense with key stakeholders, the public and third parties.
- Transparency forms a cornerstone of the post bureaucratic age, enabling and encouraging participation.
- The fiscal crisis means there is no more money for public services. Improvements must come through reform, not added investment.

1. What is meant by the term, “post bureaucratic age” and what are its implications for good governance, for Whitehall Departments and for the wider civil service?

Since its election in May last year, the coalition government has championed the idea of a post bureaucratic age centring on the principle of popular empowerment through technological advancement. We are, David Cameron asserts ‘living in an age where technology can put information that was previously held by a few into the hands of almost everyone.’¹ We believe this powerful principle of empowerment is the central pillar of what is meant by the post bureaucratic age. The triumvirate of data, information and communication are the means by which post bureaucratic governance is driven but at its heart is the shift from a government monopoly of information and power to a more networked and engaged model for government.

The implications of this for good governance are profound. In the past the UK has operated a political and policy making system based upon a centralised, industrial-era model, which assumes the mass-production of public services, and the individual consumer’s right to complain—whether through an election, ombudsman or a constituency surgery. This is accountability of sorts, but represents an out-dated era when it was impossible (in practical terms) for everyone to have a say in government, to feed their ideas for how policy should be formulated. There is now potential for a dynamic consultation process engaging society in a constant democratic process and soliciting continuous feedback in both directions. Using technology, and leveraging the power of the networks it sustains, the relationship between the individuals, organisations and the state can be transformed.

Such changes to governance in the UK, however, need not only sustained political will but also a Civil Service prepared to initiate and maintain radical reform. Both Whitehall...

Departments and the wider civil service need to be leaders in technological and procedural innovation facilitating a much more developed consultation and collaboration framework. There needs to be a two-fold shift in how the service will operate in a post-bureaucratic world. A reduction in Departments’ focus on exclusive powers and domains and adoption of a networked model of policy formation incorporating greater crossdepartmental co-operation and devolving greater input to civil society, with a simultaneous increase in the strategic role of the central departments of the service in setting the frameworks for a holistic approach to policy implementation. At the Conference for the Post Bureaucratic Age on the 22 February 2010 this was identified as a key facet of the post-bureaucratic age—that there is no ‘inside government’ and ‘outside government’—everyone helps to govern. In his address to the conference Bill Eggers highlighted that building and managing these networks should become a core competency of government. In terms of process, this implies a more collaborative approach making much greater use of consultation and a fundamental focus on transparency.

2. Can the traditional ‘Whitehall’ model of civil service governance and accountability continue to function effectively in the post-bureaucratic age?

No. The traditional Whitehall model of government is predicated on the principle of elective democracy and ‘government knows best’. Legitimacy and democracy are maintained because Ministers are answerable to Parliament, and the House of Commons is elected by the people. In this system decisions are taken by Ministers (and if necessary by the whole Cabinet) and implemented by a politically neutral and expert civil service.

The centralisation and exclusivity that characterises this model is at odds with politics in a post-bureaucratic age. The modern Civil Service has to both accept that it is not the sole source of expertise for policy implementation and that it has a new role; to engage public expertise throughout the policy making process deriving a dual source of democratic legitimacy from elected ministers and from continuous engagement with the public. Indeed, there will be many areas in which government will primarily be the platform via which the public can connect with each other—facilitating collaborative and decentralised approaches to policy.

As an example of best practice ‘Health Forum Canada’ is a stand out case. From 1994–1997 the forum was chaired by Prime Minister Chretien and included the Health Minister as well as representatives from provincial ministries, policy analysts and experts, community activists, doctors and groups of Canadian citizens. The forum interacted via multiple means—through internet discussion groups, telephone surveys, conferences and deliberative events and through ongoing polling and demonstrates the scope modern governments and civil

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3 The Conference brought together an array of first-class speakers and panellists, including David Cameron, Martha Lane Fox, the government’s digital inclusion champion, together with entrepreneurs and innovators from business, media, public services, campaigning, and government to explore current trends in social, political and technological change, and what this means for a new government.

4 In essence a continuation of the ‘Haldane Model’ devised from the 1918 report of the same name.
services have to engage as many stakeholders as possible in a democratic policy making process that goes beyond simple elective democracy. The end result was a report to the Prime Minister entitled “Canada Health Action: Building on the Legacy”, that helped set the direction of health policy in the country.

3. In what ways do civil service departments need to adapt to a post bureaucratic age, and in particular to the current Coalition Government’s decentralisation agenda?

The following comprise a suggested action plan for how the Civil Service could best adapt to existing in a post bureaucratic age.

- The coalition’s transparency agenda should be a main priority for the Civil Service: The government’s guidelines for data release should be rigorously applied—that there should be a presumption that data will be released and an opt-out only in exceptional circumstances and furthermore that all data should ultimately be open format—in a standardised, re-usable, machine-readable form without restrictions on re-use or re-purposing. Open data forms a cornerstone of the post bureaucratic age, permitting a far greater level of accountability than has been possible in the past and facilitating the networked approach of policy formulation and added value services. By continuing to push this as a primary policy initiative the Civil Service can also begin to build the attitudinal change that sees as standard an open and networked approach to public service provision rather than an elite and hierarchical model.

Moreover, in a post bureaucratic world transparency is synonymous with participation—they form two sides of the same coin. By rapidly extending its data and information release the Civil Service can effectively stimulate public and stakeholder participation that will form the cornerstone of its operation in a post bureaucratic world.

Wheredoesmymoneygo.org provides an example of the potential for both increased accountability and the added value third parties’ participation can bring through utilising freely available government data. By aggregating government spending figures and presenting them in an easily understandable format the scope for democratic accountability is vastly increased and third parties can use the information to better target their services and develop greater value in the public sphere.

Wikileaks has shown that this information may often emerge anyway; the civil service should make a virtue of a necessity and use transparency as a powerful tool for engagement.

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5 Taken from Accenture, 2008. An International Comparison of the UK’s Public Administration.
7 Found on http://data.gov.uk/
• Complete transparency in policy formulation: This should be a medium term goal of the modern Civil Service—to open up the black box of policy formulation by an aggressive push to make transparent the inner workings of Whitehall. In a post bureaucratic age, public decision making should be entirely transparent allowing proper accountability and the opportunity for effective third party collaboration. Data release, even in perfect form is only part of this and the Civil Service should make it a priority to release as much additional information of policy making practice as possible. This forms the information and communication aspects of the post bureaucratic triumvirate. The Departmental Business Plans and organograms represent an effective start but greater emphasis should be placed on giving meaning to datasets, ensuring information is jargon free and in particular directly related to a policy stream. A list of departmental priorities would also be useful.

Opening up the black box of policy formation and rationalising procedures will form an important enabling factor in the coalition government’s decentralising agenda—allowing effective devolution of responsibilities and ultimately opening up a market for public service provision (see later).

• Embrace new technology: A 2008 study by Accenture found that ‘the United Kingdom has not implemented electronic products and services that facilitate e-information, e-consultation and e-decision-making to the same extent as the United States, Sweden, France, Australia, New Zealand and Canada have.’

The post bureaucratic age is built on a platform of rapid technology adoption. Though improvements have been made in e-information—in particular we recognise the transparency section of number10.gov.uk and data.gov.uk—significant benefits could be gained from an adoption of improved e-consultation processes as well as collaborative online spaces for innovative e-decision making. Any consultation process should be methodologically sound, broad reach and long-term. We feel the Civil Service has in particular failed to meet post bureaucratic expectations on this measure.

• Reduce regulation and micro-management: We applaud the changes to regulation policy outlined in the Coalition Agreement but would recommend that the Civil Service go further and use the re-structuring of the regulation regime to frame and drive forward deeper structural changes to the Civil Service itself. De-regulation in the Civil Service should accompany a sustained move away from micro-management and a strategic re-positioning of the Civil Service not as a centralising monolith, hoarding power, but as a networked facilitator of public service. This will not only free up space for innovative development of collaborative policy delivery but will also form a key underpinning to the Coalition’s decentralising agenda.

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8 Accenture, 2008. An International Comparison of the UK’s Public Administration
10 Coalition Agreement, May 2010
Procurement and commissioning policy needs to be radically overhauled: Taking just one example, a report from the Network for the Post Bureaucratic Age highlights that the British government currently spends somewhere between £16 billion and £23 billion on IT every year\(^1\). Firstly, this astonishing lack of clarity over expenditure is symptomatic of appalling failures in IT strategy, procurement, and process. Secondly, this sort of expenditure cannot be allowed to continue, especially during a time of spending cuts in frontline services. The annual cost dwarfs some government departments. It is three times the amount we spend on the army, more than the Department for Transport. By strongly pursuing a completely transparent procurement process and ensuring genuinely open competition the Civil Service can dramatically improve effectiveness and decrease costs. At the moment, the government contracts with a handful of large companies to provide certain services. Small businesses, which may be more efficient, are locked out by the opacity of the tendering process. If, however, the full details of all government contracts were published online, entrepreneurs could examine them item-by-item to see whether they could undercut the established contractors. The potential for savings is enormous. If the government shaved just 5% from the cost of its procurement contracts, £7 billion would be saved every year.

Change motivational structures: A post-bureaucratic civil service should seek to maximise how responsive it is. The current motivational structures-running as they do to the rhythms of general elections and the focus on top-down process rather than results create a culture where exactly the opposite is true. An Accenture report\(^2\) highlights in particular the negative impact of the significant time lag between performance and performance assessment imposed by the election cycle as well as the association between high performing public services and a relentless outcome and value-focus. By re-orientating the Civil Service to be results driven and under continuous scrutiny from the consumers of those results-the public-a radical change in outlook can be achieved with no additional cost. The same Accenture report notes that high performing organisations are always exceptionally aware of changes in their environments, and able to translate insight into action. Through implementing a thorough and sustained dialogue with third parties and the Civil Service will be transformed.

Re-structure: The culmination of all these adjustments will be significant structural reforms. By changing how the Civil Service interacts with both the public and third parties, through transparency, accountability and a networked approach, by changing its focus to results and continuous assessment, and by changing its methods of procurement and commissioning to be more focused and modern the Civil Service will be reformed as a powerful agent of genuine public interest; combining both the

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\(^1\) Figures taken from the Network for the Post Bureaucratic Age, Better for Less: How to make Government IT deliver savings. Sep 2010
best of the traditional Civil Services expertise and experience with a more collaborative and public-centric post bureaucratic focus.

4. **What should the aim of civil service reform be at a time of significant change and reducing administrative budgets?**

The Treasury is insisting that the budgets to run the Whitehall departments and their arm’s length bodies themselves fall by a third or more over the coming four years. This economic reality will form a crucial context to any attempts at reform for maybe a decade to come. However, it is worth heeding the conclusions reached by Bernard Jenkin and PASC on the ‘bonfire of the Quangos’. That “This was a fantastic opportunity to help build the Big Society and save money at the same time, but (that) it has been botched.”

We believe that the change to the Civil Service as part of a post bureaucratic world can be a part of the solution to the need for government savings, not an extra burden. However, this requires action now. The Civil Service has got to realize that ‘more of the same’ cannot work in the current economic climate. More importantly, ‘less of the same will not work either’. Instead of simply cutting across board, or indeed cutting on the basis of a centralised bureaucratic model of Civil Service, cuts should be integrated into a fundamental restructuring and re-orientation.

The new civil service should retain at its heart its commitment to public service. Indeed it should extend this in a post bureaucratic age by dramatically stepping up its dialogue with the public. However, it should also be smaller and more strategic. It should be highly focused on its core capabilities, and adopt decentralising and outsourcing strategies to improve efficiencies in noncore activities. More radically, data release and a networked approach should form the basis for a fundamental shift in the remit of the Civil Service-taking on an agenda-setting role, but increasingly reaching out to third parties to build collaborative public projects that leverage the considerable innovative strength of the private sector in a new market for public services.

5. **How can such reform be realised and sustained?**

To provide sustainable reform a new, results focused culture needs to be driven through the Civil Service, with reform at its heart. The key principles of good governance in a post

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13 Public Administration Committee, Smaller Government: Shrinking the Quango State, 2011
bureaucratic age below must be incorporated into current civil service best practice to form the benchmark for any future reform or policy formulation.

More revolutionary key stakeholders and the public should be invited into the reform process and engaged in a genuine sense. They should be included early; the dialogues should capture as wide a portion of the population and key stakeholders as possible, and should form an ongoing and involved role in the formation of reform policy. By this means the Civil Service will not only signal its shift into a post bureaucratic age but external pressure and publicity will provide a key driving factor for reform.

Key to this is transparency. Transparency and participation go hand in hand and by continuing to pursue a strong transparency agenda the civil service can drive forward its transition towards a networked model of governance leveraging the collective power of public expertise and third party stakeholders.

6. **Is it possible to establish a set of key principles of good governance?**

Yes. But these must be more than guidelines. They have to be developed into a comprehensive, quantifiable checklist against which further action can be measured—utilising the restructuring frameworks seen in the private sector. These have to be seen as a results-focused set of key principles, not process driven and need to be vigorously applied across all reforms and future policy.

7. **Are these the right elements for such principles? Can there be fewer or should others be included?**

We would highlight the following points:

- **Accountability**
  - Accountability to ministers, Parliament and the public
  - Propriety and ethics
  - Transparency and openness

This forms a crucial enabling environment for any post bureaucratic governance to occur. However, transparency and accountability alone will not create a paradigm shift. It must be accompanied by a fundamental culture shift amongst policy makers and a willingness of civil servants to shoulder responsibility to engage and listen to society outside Whitehall.

- **External relationships and customer focus**
  - Relationship to civil society and local communities
  - Citizens’ experience of public services

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17 For more information see Accenture, Government: State of Panic, in the October 2010 edition of Outlook.
This is crucial to achieve the empowerment that is such a foundation of the post bureaucratic age. An Accenture report in 2008\textsuperscript{18} noted that the UK fell short of other comparable countries on achieving a citizen centred approach and, while placing great importance on citizen, user and stakeholder Consultations, does not consult to the extent that countries such as Canada, Australia and Finland do. Nor does consultation take place in as systematic a manner as it does in the countries cited above. How the Civil Service reacts to its changing relationship with the public, local authorities and third parties will be crucial to the success of any reforms.

We would also add one further principle:

- **Networked and open**
  - Dialogue and consensus, not authority, hierarchy and demand
  - Open-bounded networks
  - Decentralised and inclusive

Drawing from the work of Charles Heckscher\textsuperscript{19} on post bureaucratic organisation we strongly advocate the fundamental shift of Civil Service from an outdated, centralising and exclusive Haldane Model to one that is networked and porous, leveraging collaborative work to drive forward innovative solutions to public service challenges.

8. **How can they be most clearly and usefully expressed / how could they be made useful for the measurement and assessment of good governance?**

The principles for good governance should be leveraged as a genuine tool for reform, creating a quantifiable check list against which new policy and Civil Service reform can be measured. We suggest traffic light system with all reforms and policy aiming to fulfil all aspects of the principles stated above. An incentive structure should be created which places priority on how far policies are congruent with these principles to help enshrine them in Civil Service culture and ensure they take their rightful place as pillars of a new, modern civil service.

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\textsuperscript{18} Accenture, 2008. An International Comparison of the UK’s Public Administration

\textsuperscript{19} Heckscher C. (Editor), Donnellon A. (Editor), 1994, The Post-Bureaucratic Organization: New Perspectives on Organizational Change, Sage Publications
CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed. As the world’s only professional accountancy body to specialise in public services, CIPFA’s portfolio of qualifications are the foundation for a career in public finance.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.
1 Executive Summary

- *The Good Governance Standard for Public Services* (included with this submission) was developed by an Independent Commission, chaired by Sir Alan Langlands, established by CIPFA and the Office for Public Management (OPM) with support from the Joseph Rowntree Foundation. It provides a core set of principles for good governance in public service organisations.

- CIPFA supports the elements set out in the Committee’s paper as the right ones but believes that greater emphasis is required on an organisation’s purpose; the values associated with good governance; and clarity of roles and responsibilities.

- We believe that the key principles need to be integrated into a civil service framework for good governance. Ideally this should apply to all public bodies. Government already has a number of codes which could be referred to in order to shape a more overarching governance framework.

- Public bodies should be encouraged to test their structures and arrangements against a framework of good governance and to report publicly on an annual basis on the extent to which they are living up to the framework and on their planned actions for the future.

- An effective governance framework should encourage leaders to focus more systematically upon the sustainability of their organisations and the wider and longer term implications and impacts of their actions and activities.

2 Introduction

2.1 The recent economic downturn has demonstrated the need for governance structures and processes to be able to support a rapid response by organisations in the public sector to the change in their circumstances. At the same time they must be able to adhere to the principles of good governance which focus on the purpose of the organisation and the needs of citizens and service users, as well as compliance with the regulatory regime in which they operate.

2.2 CIPFA is aware that the Cabinet Office and HMT are currently working on a new corporate governance code of practice for central government departments which will cover arrangements for effective working by boards and will address issues concerning their responsibilities and arrangements for their support. It is clearly essential that this project and the work of the Public Administration Committee on good governance and the reform of the Civil Service complement each other.

2.3 CIPFA has a particularly strong tradition in championing effective governance in the public services. We believe that it is important to promote a local self regulatory approach to governance. However, it is important for this to take place within a
consistent and carefully developed overarching framework. CIPFA has carried out significant work in leading a debate and influencing practice on governance arrangements for the public services, through the development of frameworks and guidance. We draw on that experience in responding to a number of the Committee’s questions.

Is it possible to establish a set of key principles of good governance?

In CIPFA’s view, The Good Governance Standard for Public Services (included with this submission), drawn up by an Independent Commission established by CIPFA and the Office for Public Management (OPM) with support from the Joseph Rowntree Foundation, provides an appropriate set of core principles for good governance. The Standard builds on the Nolan principles for the conduct of individuals in public life by setting out six core principles of good governance for public service organisations. It shows how these should be applied if organisations are to live up to the Standard. It also provides a basis for the public to challenge sub-standard governance. The Standard has been widely used across the public services as a framework on which to base sector specific codes.

Are these the right elements for such principles? Can there be fewer of should others be included?

CIPFA supports the elements set out in the Committee’s paper as the right ones -they cover most of the provisions included in the Good Governance Standard for Public Services. However, we have the following suggestions.

Focusing on the organisation’s purpose and how it will ensure that users receive a high quality service

In CIPFA’s view, focusing on the organisation’s purpose and how it will ensure that users receive a high quality service are essential components of the Committee’s second principle on performance. An emphasis on performance together with clarity of purpose and objectives are key parts of a governance framework. Organisations need to be clear about what they are trying to achieve if they are to operate effectively. Ideally, organisations should be able to focus their success in terms of intended outcomes for citizens and service users whilst demonstrating value for money. However, some objectives/outcomes may not be completely explicit or easily measurable. They may be influenced by other Government departments, other organisations in the public sector and external factors. They may only be achievable in the longer term. Considering success in terms of outputs whilst maintaining a focus on longer term outcomes may provide one way to demonstrate performance and accountability.

The values of good governance

A key principle that CIPFA believes should be included concerns the promotion of values for the organisation and demonstrating the values of good governance through
behaviour (principle 3 from the Good Governance Standard for Public Services). Although the Committee has included propriety and ethics under the heading accountability, in our view this merits a separate principle of its own. Establishing and understanding a ‘culture’ of good governance including shared values is a major issue. The ethos of good governance should be demonstrated by behaviour and it is essential that a good governance culture is lead and exemplified by those at the top of the organisation. Once a culture of shared values has been successfully established it is important that processes are embedded to support it.

Transparency and openness

2.8 In CIPFA’s view, transparency and openness in relation to decision making merits being a separate point. The importance of the Civil Service’s role in providing good quality information, advice and support can then be drawn out more clearly. We believe a further point should be added in relation to ensuring that an effective risk management system is in operation in organisations.

Skills and structure

2.9 A key point to address here is the importance of clarity regarding the roles of ‘executives’ and ‘non-executives’ and how the two groupings work together. The role of the Accounting Officer is clearly very important but is probably not widely understood by stakeholders.

Accountability and external relationships

2.10 CIPFA believes that it would be preferable to group these two areas together. The sixth principle of the Good Governance Standard for Public Services refers to engaging stakeholders and making accountability real. In our view, this emphasises the importance of formal and informal accountability relationships and of accountability to the public in a logical manner.

How can they be most clearly and usefully expressed?

2.11 In CIPFA’s view, key principles should be incorporated in an overarching framework for good governance. We are including with our submission a copy of Delivering Good Governance in Local Government: Framework as an example of how this approach has been successfully adopted in local government. The Framework was developed by CIPFA in association with SOLACE and with support from key local government organisations and was published with a guidance note (also included). The Framework adapts the core principles contained in the Good Governance Standard for Public Services for local government purposes and emphasises the importance of maintaining good governance throughout all authorities’ activities.

How could they be made useful for the measurement and assessment of good governance?
2.12 It is essential that governance arrangements are not regarded merely as bureaucracy but foster sound decision making in a public sector organisation with effective processes to support it. At the same time, they should not become onerous and effectively an industry in themselves.

2.13 In CIPFA’s view, public bodies should be encouraged to test their governance structures against a framework of good governance (referred to in paragraph 2.11 above) and to report publicly on an annual basis on the extent to which they are living up to the framework and on their planned actions for the future. In local government, for example, authorities prepare and publish an annual governance statement in accordance with Delivering Good Governance in Local Government setting out how they have monitored the effectiveness of their governance arrangements in the year and on any subsequent planned changes.

2.14 An effective governance framework should encourage leaders to focus more systematically upon the sustainability of their organisations and the wider and longer term implications and impacts of their actions and activities.

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Summary

- The traditional bureaucratic model of organisation is no longer fit for purpose to cope with the challenges of rapid change, severe budget reductions and heightened citizens’ expectations.

- Moving to a “post-bureaucratic” model will necessitate less hierarchical management structures within organisations and between central Whitehall departments and other public bodies.

- One of the most important requirements and mechanisms for adaptation will be the use and publication of public value outcomes and cost-effectiveness measures.

- The aim of civil service reform at this time of significant change and reducing budgets should be a deliberate and planned transformation of the public sector and the public sector organisations within it to the new organisational model envisaged.

- Reform should aim to balance the need of maintaining the continuity of delivery of current day-to-day services with the transformation of the mechanisms of delivery.

- The skills required to lead an organisation undergoing incremental change are very different from those of a transformation leader.

- Accordingly, in most cases a transformation leader will need to be brought in from outside the organisation and quite possibly from outside the public sector, where the experience and expertise is more immediately accessible.

1. Introduction

1.1 This paper is submitted by NewBridge Partners Limited, an organisation with over 20 years’ experience of leading organisations (private and public) through periods of critical change - offering transformation executives, specialist resources and battle-tested methodologies to enable organisations to transform themselves cost-effectively.

1.2 This paper deals with the following aspects of the Committee’s Inquiry:

- How should the civil service adapt to a “post-bureaucratic age”?
- What should the aim of civil service reform be at a time of significant change and reducing administrative budgets?
- How can such reform be realised?
- How could the proposed principles be made useful for the measurement and assessment of good governance?
2. How should the civil service adapt to a “post-bureaucratic age”?

2.1 The bureaucratic form of organisation is a strict hierarchical structure and is perceived almost as a machine to produce routine products or services in an environment that does not change in any unexpected manner. Most management theorists today accept the view that there is no single best form of organisation for all contexts, but that the traditional bureaucratic form is best suited to environments where there is little relevant external change and where there is little need for much worker autonomy and discretion. However, today’s civil service is facing dramatic change and the government is placing strong emphasis on services being made more responsive to citizens, which in turn requires empowerment of front-line workers. This implies that tomorrow’s civil service will need to go beyond the traditional bureaucratic model.

2.2 However, the challenges of shifting from a bureaucratic to a ‘post-bureaucratic’ form of organisation should not be underestimated, especially for a very large organisation that has successfully managed the business of government for a long period.

2.3 The immediate requirement would therefore be for all members of staff involved to recognise the nature of this shift and of the increased freedoms and responsibilities this will confer. Great care needs to be exercised to provide sufficient training, induction and support to workers in particular to ensure that they can cope with these increased powers. Managers will need to evolve towards a more supportive and coaching style of management while at the same time developing overall ‘control’ systems and measures that quickly alert them to unexpected or unsatisfactory outcomes. Additionally, managers will need to see themselves as having greater entrepreneurial and leadership responsibility than before; and they in turn will require the navigational framework of broad outcome and cost-effectiveness measures to help clarify challenging choices and decisions (see below).

2.4 Whitehall Departments will increasingly see themselves as the central policy actors of a network of organisations charged with the delivery of public value outcomes and cost-effectiveness. The relationships between these departments and the wider Civil Service and other public bodies would be expected also to become more collegiate and more in the spirit of ‘partners’ working towards shared objectives than hierarchically-based subordinate organisations. This will help in particular to address the need for more ‘horizontal/joined up/whole of government’ approaches, as opposed to the previous tendency towards ‘vertical management’. All these shifts are probably already taking place to different degrees in different parts of the whole organisation, but the full shift will require careful orchestration and will undoubtedly throw up new challenges.

2.5 One of the most important requirements and mechanisms for adaptation will be the use and publication of public value outcomes and cost-effectiveness measures. These will help different organisational units within and across different sectors (public, private, voluntary) communicate with each other and work together towards clearly stated and shared public value outcome and cost-effectiveness objectives and measures.
2.6 The ultimate rationale for the decentralisation agenda is that this should enable the best overall performance in terms of public value outcomes and cost-effectiveness. Most organisational theorists would agree with this view but the challenge of successful transition is significant and there is the constant danger that any individual setback could ‘derail’ the overall drive. Public value outcome and cost-effectiveness measures would help both monitor and inform the progress of the decentralisation agenda.

3. What should the aim of civil service reform be at a time of significant change and reducing administrative budgets?

3.1 The aim of civil service reform at this time of significant change and reducing budgets should be a deliberate and planned transformation of the public sector and the public sector organisations within it to the new organisational model envisaged.

3.2 Simply reducing administrative budgets without such deliberate transformations would inevitably lead to a reduction in the quality of public services and/or service levels. However, by using the necessity of severe cost reduction as a spur for transformation, there should be the potential to deliver relatively better outcomes and cost-effectiveness than otherwise.

3.3 The opportunity to deliver these relatively better outcomes and greater cost-effectiveness is a consequence in part of the proposed shift from the bureaucratic to the post-bureaucratic organisational model. Several commentators have criticised the so-called ‘waste’ of the current system, which is claimed to emanate from, in effect, the bureaucratic model. The theory is that, by adopting the post-bureaucratic model, many of the sources of wasted effort would be eliminated and the managers and workers within the organisations would be freed up to be more productive in terms of producing the services and service levels desired by the citizen.

3.4 The plethora of micro-management targets that were in use until at least 2008 is an illustration of the kind of micro-management control measures associated with the bureaucratic model resulting in wasted effort. Whether or not such control measures are inextricably linked to the bureaucratic model is a moot point. However, simply discarding the micro-management measures does not in itself transform the organisation to a post-bureaucratic model. Rather the post-bureaucratic model relies more heavily on other controls such as: overall public value outcomes and cost-effectiveness measures; recruitment, selection, training and career advancement that reinforces a public sector ethos; and the new organisational working culture of a post-bureaucratic model.

3.5 Most importantly, the civil service approach to reform should aim to balance the need of maintaining the continuity of delivery of current day-to-day services with the transformation of the mechanisms of delivery. This balance is difficult to achieve in practice, and typically requires a deliberately planned twin focus with designated leadership on the two separate objectives.

4. How can such reform be realised and sustained?
4.1 It is essential that the transformation envisaged is recognised as a deliberate transformation with a clear vision at the end of it, and not the random and chaotic outcome of budget cuts. The Cabinet Office should accordingly publish a white paper providing a guiding framework for public sector organisations to consider and use, as they think fit, to transform themselves as appropriate towards the post-bureaucratic model to the degree that they think appropriate in their unique circumstances.

4.2 The framework should in particular clarify the overall vision for the public sector as a whole so that each public sector organisation can more quickly develop its own unique vision. In addition, the framework should clarify the corporate models that might be employed; access to special funding for exceptional transformation costs; and a public value outcomes and cost-effectiveness perspective that can be used to help guide and monitor performance and progress.

4.3 Armed with such a framework, the senior management of each public sector organisation would be in a better position to anticipate the transformation process, the transformation leadership challenge, and the designation of an appropriately experienced transformation leader from any available source. Designated transformation leaders will be essential to the realisation of most major organisational reforms and transformations.

4.4 Some current leaders of public sector organisations may feel that they already have the necessary experience and skill to transform their organisations while simultaneously running the day-to-day operations. Some may feel tempted to appoint one of their managers to the role. However, the skills required to lead an organisation undergoing incremental change are generally very different from those of a transformation leader. Accordingly, in most, though not all, cases the transformation leader will need to be brought in from outside the organisation and quite possibly from outside the public sector, where the experience and expertise is more immediately accessible.

5. How could the proposed principles be made useful for the measurement and assessment of good governance?

5.1 In terms of measures, the key measure that needs to be added to the performance element is 'public value outcomes and cost-effectiveness'. This measure should be in addition to any 'value for money' measure.

5.2 The public value outcomes and cost-effectiveness perspective will be particularly important to sustaining such reform for it can be used to clarify and communicate both the vision and the strategy and the subsequent performance and progress in terms of both effectiveness and efficiency.

January 2011
About ACCA
ACCA is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people around the world who seek a rewarding career in accountancy, finance and management.

ACCA has 140,000 members and 404,000 students in 170 countries, and works to help them to develop successful careers in accounting and business, with the skills required by employers. We work through a network of over 80 offices and centres and more than 8,000 Approved Employers worldwide, who provide high standards of employee learning and development. Through our public interest remit, we promote appropriate regulation of accounting and conduct relevant research to ensure accountancy continues to grow in reputation and influence.

The expertise of our senior members and in-house technical experts allows ACCA to provide informed opinion on a range of financial, governance, regulatory, public sector and business areas, including: taxation (business and personal); small business; pensions; education; and corporate governance and corporate social responsibility.
Executive summary

1. The Association of Chartered Certified Accountants (ACCA) welcomes the opportunity to respond to the call for evidence by the Public Administration Parliamentary Select Committee for its Inquiry on good governance and civil service reform. We have not attempted to address all of the questions posed, but have set out below our response to questions 1 and 4 onwards.

- In our view “post bureaucratic age” is a term used to describe a mixed bag of reforms including: increased devolution; the reduction of red tape and regulation; and the reduction in top down initiatives such as centralised performance targets introduced under the previous administration.
- We believe that the challenges faced today are unprecedented. Concerns about the government deficit, rising public expectations about the quality of public services and long-lasting improvements being sought in accountability and transparency of public funds mean that civil service reform is inevitable for achieving the savings necessary to affect economic recovery.
- We consider that the aim of civil service reform is to achieve effective and efficient decision-making and value for money for the services it delivers. However, reform should not compromise either accountability or good governance. Overall reform should be underpinned by robust cost-benefit analysis and sound governance arrangements.
- In our view and now more than ever, the expertise and skills of finance professionals will be pivotal in supporting civil servants as they undergo change to create efficiencies, control budgets and implement robust governance arrangements.
- We strongly believe that it is crucial that reform and government spending plans are clear, and that ‘panic’ short-term decisions do not jeopardise the creation of sustainable civil service which is fit for present and future generations.¹
- In our 2008 publication ‘Corporate Governance and Risk Management’ we set out broad principles as a framework for developing specific governance and risk management policies for different sectors. These principles form a starting point for informing policies that could be adapted for the civil service and more broadly public services as a whole.² We believe that you can have a strong set of good governance principles and arrangements which are risk-based and proportionate.
- ACCA has recently adopted a modern definition of governance for public services and the Independent Commission’s Good Governance Standard for public services as set out below. We believe that this could provide a framework for good governance in Whitehall and the civil service more widely.

¹ ACCA, A blueprint for sustainable recovery, 2010
² Moxey P, Corporate Governance and Risk Management Agenda, 2008
Question 1: What is meant by the term “post bureaucratic age” and what are the implications for good governance, for Whitehall departments and the wider civil service?

2. In our view “post bureaucratic age” is a term used to describe a mixed bag of reforms including: increased devolution; the reduction of red tape and regulation; and the reduction in top down initiatives such as centralised performance targets introduced under the previous administration. It also reflects cultural change from a rights based culture to one which reflects individuals taking responsibility for their actions. With the advent of the Big Society, an increase in shared services, a focus on efficiencies and other management reforms it will be imperative for Whitehall and the civil service more widely to have a governance regime which ensures accountability, transparency and value for money for the services it delivers.

3. It is important civil service reform does not undermine accountability to ministers, Parliament and the public. We have said in our recent submission to the Communities and Local Government Parliamentary Select Committee Inquiry on local government audit and inspection that the abolition of the Audit Commission coupled with the abolition of the ethical standards regime for local government places governance and accountability of public services at risk. Although not directly related to the civil service there may be similar risks involved because of poorly thought through reform.

Question 4: What should the aim of civil service reform be at a time of significant change and reducing the administrative budget?

4. In our view the challenges faced today are unprecedented. Concerns about the government deficit, rising public expectations about the quality of public services and long-lasting improvements being sought in accountability and transparency of public funds mean that civil service reform is inevitable for achieving the savings necessary to affect economic recovery. We believe that the aim of civil service reform should be achieve effective and efficient decision-making and value for money for the services it delivers. However, reform should not compromise either accountability or good governance.

5. Now more than ever, the expertise and skills of finance professionals will be pivotal in supporting civil servants as they undergo change to create efficiencies and control budgets. At a time of reduced administrative budgets government departments’ capability to manage their financial resources effectively is crucial to whether they can meet this challenge. We have said in our publication ‘Setting high professional standards for public services around the world’ that government departments with the most effective financial management functions and governance arrangements will be those that help to build a robust financial culture across government departments and promote a wide understanding of financial management with non-financial professionals.³ Research conducted in the UK across central government departments has shown that the biggest barrier to continuous financial management improvement is the lack of awareness and financial acumen of non-finance staff.⁴

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³ ACCA, Setting high professional standards for public services around the world, 2010, p10
⁴ NAO, managing financial resources to deliver better public services, 2008
6. Yet while ACCA recognises this transformation is necessary, severe spending cuts will pose new challenges and skills requirements for civil servants. In relation to finance professionals, most have worked in a period of significant growth, but few will have encountered service delivery under significant spending cuts. It is critical that the civil service continues to build financial, governance and risk management skills and capacity across Whitehall to meet this experience gap.

7. Also, we believe for the civil service to be held to account, information needs to be understandable, accessible, clear and timely. Whatever the governance model adopted there will be some level of training required and finance professionals have an important role to play in this.

**Question 5: How can such reform be realised and sustained?**

5. We believe that it is crucial that reform and government spending plans are clear, and that 'panic' short-term decisions do not jeopardise the creation of sustainable civil service which is fit for present and future generations. Overall, civil service reform should be underpinned by robust cost-benefit analysis and sound governance arrangements.

6. Ministers and civil servants should also be alert to the ‘tipping point’ where budget reductions go too far and adversely affect policy outcomes. A key concern is that the downsizing of some central government departments may not be compatible with a continued need to implement new policy, develop new initiatives, and be seen to be doing new things. The dilemma is that government departments will need to demonstrate that they are responding to new ministerial requirements for which they haven’t the capacity or resource to fulfil.

7. Even in times of significant growth the emphasis across the civil service and public services more widely was on efficiency. We believe that this was sometimes at the expense of achieving effective outcomes. Our concern is that ‘effectiveness’ may be crowded out by the need to generate efficiency savings. Therefore, we would suggest that reforms should be introduced so that service effectiveness is not diluted.

8. In relation to sustaining and realising reform we believe that strong governance arrangements are necessary together with risk management arrangements. We are supportive of the work of the Treasury’s ‘Finance Profession’s Programme’ (GfP) which has helped to strengthen financial management capacity across Whitehall and believe that a continued focus on this area will help government departments to put the right decision-making and governance structures in place, alongside the financial information and skills to operate them.

9. In addition, in a short period of time we have seen a more prominent role for the finance professional, with the vast majority of government departments now having a qualified director of finance on the departmental Board. In our view this has been an important

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5 ACCA, *A blueprint for sustainable recovery*, 2010
development as it places financial management at centre stage as a key part of the decision-making process. It sets the ‘tone from the top’, focusing on financial performance at a senior management level.

**Question 6: Is it possible to establish a set of key principles of good governance?**

10. Yes, we believe that you can establish a strong set of good governance principles. There is a wealth of literature to support this. There are many definitions and models of good governance which have been mainly adapted from the private sector. ACCA has recently adopted a modern definition of governance for the public sector which originated from the Audit Commission.

‘Ensuring the organisation is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.’

11. We chose this definition because it was simple and can be easily understood by a broad spectrum of stakeholders. It also reinforces the key principles of good governance and relevant to the civil service. We have also adopted the ‘Good Governance Standard’ developed by the Independent Commission on Good Governance in 2005. We have found this a very useful guide for public sector organisations seeking to improve their governance arrangements. The standard can help everyone concerned with the governance of public services not only to understand and apply common principles of good governance, but also to assess the strengths and weaknesses of current governance practice and how to improve it.

**Question 7: Are the principles set out in the call for evidence the right elements for such principles? Can there be fewer or should others be included?**

12. The governance principles set out in the Committee’s paper cover most of the elements considered necessary for good governance, but in our view the Independent Commission’s Good Governance Standard goes one step further by mapping out six core principles of good governance together with providing a useful evaluation framework. The Core principles are highlighted below.

The good governance model for public services

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6 Audit Commission, *Promoting high ethical standards of governance and accountability*, 2009
7 Independent Commission, *Good Governance in Public Services*, 2005
8 Ibid
13. The seven Nolan principles underpin the *Good Governance Standard* and it is supported by detailed criteria. For example, focusing on the organisation’s purpose and outcomes requires organisations to consider: how clear it is about purpose; how it ensures high quality services; and how it ensures value for money. Similarly, performing effectively in clearly defined functions and roles considers being clear about the functions of the governing body, the responsibilities of non-executives to executives; and the relationships with different stakeholders i.e. the public.

14. This model has been widely adopted and tailored across a number of public sector and third sector organisations including, local government, universities and police authorities. In our view this model of governance could be easily adapted and promoted across the civil service. This would result in a common set of governance principles which will have resonance with the whole of the public sector.

**Question 8: How can they be most clearly and usefully expressed?**

15. See the governance model outlined in question 7.

**Question 9: How could they be made useful for the measurement and assessment of good governance?**

16. The *Good Governance Standard* set out above lends itself to self-assessment and evaluation of governance arrangements. As well as setting out a key set of principles it has a number of questions which can be used as a basis for measurement and assessment. A
significant benefit is that performance across departments and indeed sector can be compared. For example, the Leadership Foundation for Higher Education (LFHE) successfully used the good governance standard to strengthen governance arrangements across a number of universities as set out in its publication ‘What is an effective governing board in higher education’.  

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http://www.lfhe.ac.uk/governance/reviewinggovernance/schofield-effgb.pdf
1. The current focus on ‘good governance’ and civil service reform is driven by the need to ‘do more with less’. The scale of the financial cutbacks combined with increasing public expectations are likely to place great pressure on the civil service (and public sector more broadly) in the short to medium term. In this context the PASC’s inquiry into *Good Governance and Civil Service Reform* provides an opportunity to make a constructive and evidence-based contribution to the debate.

2. The notion of a ‘post-bureaucratic state’ (PBS) is a nebulous concept that attempts to capture a shift in both (a) the role and structure of the state and (b) the relationship between individuals and the state. In relation to the former element the PBS seeks to draw upon a range of service providers in order to inject innovation, flexibility and competition into the public sphere. This not only draws upon the changing capacities of information communication technologies (ICT) but also seeks to expand on the number of public-private partnerships in order to move away from a monolithic and one-size-fits-all bureaucracy. In relation to the position and role of the individual vis-à-vis the state the PBS rests upon the notion of an active citizen rather than viewing individuals as passive recipients of public services.

3. The PBS therefore embraces large elements of the managerialist paradigm of public service reform that has influenced the re-engineering of the state in the UK (and abroad) since the early 1980s. It resonates with the notion of a ‘smarter state’ (a phrase favoured by those on the left of the political spectrum) but possibly puts more emphasis on individual behaviour, the potentialities of ICT and the radical redefinition of the public sphere.1

4. The PBS is anchored to a hub-model of government in which a very small policymaking and commissioning core essentially oversees – ‘steers but does not row’ – the implementation of public policies by a range of providers. This explains Francis Maude’s description of the ‘Civil Service of 2020’ as smaller, more strategic; modern and flexible; high performing; less hierarchical and more innovative and able to deliver more efficiently and effectively itself and through others.

5. The implications for the civil service are significant as moving to and managing a hub-model of government requires a quite different set of skills to those traditionally cherished within the civil service. This includes operational capacity, human resource management skills, a sophisticated political radar, the capacity to seize opportunities and think beyond conventional policy silos and possibly even leadership experience honed beyond the UK and beyond the public sector.

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1 The Committee might like to review the work undertaken by the IPPR and PWC on the notion of the ‘smarter state’.
6. The challenges of moving towards the PBS are therefore significant but so too are the potential rewards. Moreover, many of these challenges are longstanding in relation to the civil service and will therefore represent both continuity and change.

7. The coalition government’s first major reform programme does not, however, suggest that it has a secure grasp of the challenges of ‘governing at a distance’. The reform of quangos has generally been undertaken in a manner that has defied the usually elements of ‘good governance’. Therefore the construction and articulation of a set of key principles which underpin and explain the government’s understanding and implementation of ‘good governance’ reforms vis-à-vis the civil service would provide a valuable reference point.

8. The remainder of the memorandum responds to each of the four headings (Accountability, Performance, Skills and Structure, External Relationships) that structure the committee’s draft set of principles (Issues and Questions Paper) in turn.

9. The issue of accountability (Heading 1) is vital because a more complex and flexible system for the design and delivery of public services is likely to stretch the convention of ministerial responsibility (possibly to breaking point). This is not a new issue and there is a wealth of research and literature on how the shift from government to governance has affected traditional mechanisms of accountability. Although it is a highly unfashionable point to make and is one that swims against the general tide of public opinion it is important for the committee to acknowledge that too much accountability can be as problematic as too little. The key issue is proportionality.

10. Proportionality in the sense that politicians must be able to make decisions and overly demanding or complex accountability requirements can suffocate the capacity and morale of any organization (thereby undermining performance and further straining public confidence in the capacity of democratic politics to deliver).²

11. The measurement of performance (Heading 2) is obviously a key component of any contract-based system and yet measuring and assessing performance in the public sector is notoriously difficult. There is also a tendency, as the work of Christopher Hood has shown, for performance targets to encourage and incentivise irrational behaviour and militate against joined-up government. The key element in relation to performance rests on the issue of inclusion and sensible risk-taking (i.e. innovation). The civil service (and ministers) remain notoriously risk-averse and yet my sense is that the public hankers after politicians (and officials) that are willing to implement innovative policies or draw-upon different models of management.

12. The issues of skills and structure (Heading 3) remain critical issues and the element of the draft set of principles where the institutional gaps appear most obvious. In terms of skills the Civil Service College/National School of Government (NSG) arguably

² See Flinders, M. forthcoming 2011. ‘Daring to be a Daniel’, Administration & Society
failed to provide the dynamic, fresh and evidence-based training that the modern civil service requires. The future of the NSG remains unclear and it is likely that private training consortia will be contracted to deliver and lead many new courses. This presents a great opportunity for innovation and learning but there must also be some capacity for internal learning, particularly in relation to best practice and ‘good governance’ reforms beyond the UK.

13. The skills-structure linkage really lies in the weakness of the Machinery of Government capacity of the Cabinet Office. The ability of the Cabinet Office to look across government and monitor the changing nature of the British state and what works (and what does not) has been gradually hollowed-out over recent decades. The paradox being that the centre of British government became weaker at exactly the point when it implemented a hub-model of government that demands a stronger core.

14. More broadly the Cabinet Office could be more open to harnessing external advice and support and utilising the pools of expertise that exist within specialist institutes or university departments. Several elements of the current confusion surrounding the public bodies agenda might possibly have been avoided through a broader and more consultative reform process.

15. Finally, the theme of external relationships and customer focus has to be very carefully managed (Heading 4). One unfortunate element of the public service reform agenda in recent years has been a tendency for ministers to encourage members the public to expect and demand the same levels of service than they would expect from the private sector. This risks raising public expectations to a level that the public sector has never been expected or resourced to deliver. The management of public expectations and particularly not creating an ‘expectations gap’ between what is promised and what is delivered, forms a key component of external relationships.

January 2011
Written evidence submitted by PMI (GG12)

Introduction

1. The Project Management Institute (PMI) welcomes the opportunity to respond to the Public Administration Select Committee (the Committee)’s call for evidence on good governance and civil service reform. As the world’s leading not-for-profit membership association for the project management profession, PMI believes that a consideration of the importance of project management to good governance and civil service reform should be at the heart of this inquiry.

2. PMI’s global experience has shown that effective project management in organisations and governments can help improve service delivery, minimise costs, streamline transitions and manage risks. At a time of large scale, fast-paced reform in all parts of the civil service, it is imperative that transitions are managed in a controlled, effective manner. We believe that the key to success in this regard is for the government to foster a culture of best in class project management whilst undergoing reform, and to also ensure that PPM principles are instilled throughout the civil service hierarchy.

3. In our submission we explain why project management is vital to good governance, is a necessity in any civil service reform programme, and is a fundamental component of a reformed civil service. We also cite some examples of how project and programme management (PPM) skills, products and services could be deployed in and by the UK public sector to help ensure that transition to the ‘post-bureaucratic age’ is handled smoothly. Please find below the answers to some of the consultation questions.

Answers to questions

What is meant by the term “post-bureaucratic age” and what are its implications for good governance, for Whitehall Departments and for the wider civil service?

4. The phrase “the post-bureaucratic age” describes a whole set of ideas about putting the citizen in the driving seat of government through increased transparency, increased citizen-led delivery of services traditionally delivered by civil servants, and David Cameron’s speech of 22 February 2010 set out these ideas well. He said: “There are some who think it is just about technology - about using the internet to cut down on government paperwork... Of course technology plays a big part in our plans. It allows us to make big change in the relationship between government and citizens, giving power to people on an unprecedented scale. But to think the post-bureaucratic age is just about the internet is like thinking the industrial age was just about the steam engine... The internet is just the technological dimension of the social and cultural change that is promised by the post-bureaucratic age...It’s about giving power to people.”

5. PMI welcomes the intention to drive towards a new civil service and a ‘post-bureaucratic age’ in order to drive efficiency, rationalisation and ultimately value for money
throughout government. However, we note that any change at operational level in
government needs to be grounded in a commitment to universal project management
principles at all levels, in order that transitions are smooth, investment in change is
managed effectively and that the level of service delivery is maintained at the necessary
standards.

6. We believe that if the transition to the post-bureaucratic age of governance is attempted
without a properly managed reform programme, this will result in poor communications
within and between departments, ineffective procurement regimes, poorly managed
financial accounting including over-spends and inefficient spending, and poor levels of
service delivery to the citizen. PPM, led by skilled, specialist staff, should be central to this.

Can the traditional ‘Whitehall’ model of civil service governance and accountability
continue to function effectively in the post-bureaucratic age?

7. The traditional Whitehall model of civil service governance and accountability does not
need to be dismantled in order to continue to function effectively. But as Ian Watmore,
COO of the Efficiency and Reform Group has noted, the extent of physical and cultural
change required in order to achieve the desired transition is considerable. PMI agrees that
• a culture change towards a more ‘corporate’ way of working,
• a ‘whole organisation’ approach to issues like procurement, training and IT systems,
and
• the ambition to achieve ‘operational excellence’ throughout civil service operations
are the three ways that the civil service will need to adapt in order to continue to function
effectively in the post-bureaucratic age.

8. PMI believes that in order to manage these changes and ensure they are successful,
universal PPM principles need to be applied across the board. With such an ambitious,
far-reaching reform programme, risk management, talent management planning and
communications will be key, and PMI’s project management approach, for example,
would be a way of ensuring that the civil service evolves into a robust, modern
organisation that is strategic, flexible and innovative.

In what ways do civil service departments need to adapt to a post bureaucratic age, and in
particular to the current Coalition Government’s decentralization agenda?

9. It is not appropriate for PMI, as a not for profit, apolitical organisation to advise on the
direction of the coalition government’s decentralisation agenda and the steps the civil
service needs to take with regards to it. However, we would stress that as the current
programme of civil service reform gets underway, departments need to align themselves
more closely with the key principles of project management, and do so universally in
order to adapt to the post-bureaucratic age. As the government sets about decentralising
services and devolving accountability down to lower and more local levels, it becomes
increasingly important that all decision-makers involved in projects, programmes and
portfolios are well-versed in a universal project management language, and that they are trained regularly as part of their continuous professional development.

10. Although ambitious, we know that this is not necessarily a costly undertaking. From our experience of working with organisations and governments all over the world we have seen how a universal advocacy of core project management principles can help reduce project over-spends, improve time management, help ensure accountable finances and manage risks, and as such deliver savings to government. Our experience at Heathrow Terminal 1 (detailed at Annex A) sets this out in more detail.

**What should the aim of civil service reform be at a time of significant changes and reducing administrative budgets?**

11. PMI understands that government departments and other interested parties will have strong views on the aims, objectives and goals of civil service reform. As an apolitical, not for profit organisation, PMI works with governments all over the world to advocate the discipline of project management in their organisations. As such, PMI does not take a view on what the aims of civil service reform should be, but strongly urges that any reform programme consider the importance of project management at all stages of the process.

**Are these the right elements for such principles? Can there be fewer or should others be included?**

a. Accountability (Accountability to ministers, Parliament and the public; Propriety and ethics; Transparency and openness)

b. Performance (Efficiency and value for money; Strategic thinking and contingency planning; Procurement and project management; Use of IT)

c. Skills and structure (Recruitment and training; Career and grade structure; Knowledge management and external advice)

d. External relationships and customer focus (Relationship to civil society and local communities; Citizens’ experience of public services)

12. PMI believes that the growth of good governance throughout the civil service should be grounded in an organisation-wide commitment to PPM first and foremost. Linked into this should be commitments to

- efficiency,
- value for money,
- effective procurement,
- training and
- knowledge management.

Taking each of these in turn, we will explain how a commitment to developing and nurturing these factors, along with a commitment to organisational excellence across government will help improve how government performs and delivers services to citizens.
13. **PPM**: PMI believes it is essential that any set of principles for good governance in the civil service include a reference to effective PPM. PPM is a core civil service Profession but is also a transferrable skill that transcends core civil service competencies and indeed other civil service Professions. Officials working in all parts of the civil service will have had direct experience of working on major projects but may not be versed in the key principles of project management. PMI believes that current and future reform programmes must more deeply instill the importance of effective project management to all civil servants, whether they are project managers by title or not.

14. One way this can be achieved is through developing a specific and universal PPM career structure in the civil service. We have observed that individual Departments along with OGC have made some headway in this area in recent years, helped by the recognition of PPM as a Civil Service Profession, but we would urge the government to invest in the development of a comprehensive career framework which goes further and faster than current efforts to recognise PPM as a defined career path rather than a mere skillset. Our case study of our work with Microsoft and HP at Annex B sets this out in more detail.

15. The OGC/ERG would ideally act as a central enabler, disseminating PPM skills and training, taking a stronger and more accessible role than perhaps in the past, where it has been found to have been lacking a mandate to exercise authority in the PPM domain over other departments.¹ As the National Audit Office² observed in 2009, a strengthened OGC or similar would improve the government’s ability to do business with its suppliers in a more competitive, strategic and innovative manner, and be the backbone of an improved civil service governance.

16. **Efficiency and value for money**: PMI believes that one of the most effective ways to drive efficiency throughout an organisation is through a more robust project management regime. As stated above, an investment in PPM skills does not need to be costly and can in fact return savings through more effective management of major projects. As efficiency is now a core consideration of all government activity, we believe the government should be looking at innovative solutions to drive efficiency throughout departments and through the civil service as a whole.

17. **Procurement**: It has been publicised widely that government procurement practices are not cost-effective, standardised or internally regulated, and are being governed by excessively complicated procurement processes. The Efficiency Review by Sir Philip Green³ and reviews of major IT procurements such as the Child Maintenance and Enforcement Commission⁴ and NHfIT have all highlighted how this lack of standardised internal procurement has directly resulted in excessive spending, poor quality control and a lack of accountability for outsourced services. With procurement being such a central component of major public projects, PMI believes it is essential that the civil service’s

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¹ National Audit Office, *Assurance for High-Risk Projects*, June 2010
³ The Efficiency Review by Sir Philip Green, October 2010
culture around procuring services is improved. We would suggest that the government’s procurement regime is brought under manageable parameters and that all officials understand the importance of efficient procurement when managing projects and programmes.

18. Training: PMI believes that through-career training should be a priority for the civil service. We have observed that civil service officials are prone to exceptionally high churn both between directorates, between departments and into the private sector. We perceive latter trend to essentially be a ‘brain drain’ of civil servants being attracted by lucrative private sector opportunities. As the National Audit Office recently noted, this phenomenon is leading to a reliance on the use of external consultants and interims to plug the skills gap created by this culture. This is especially true in PPM skills; the same report found that over 60% of all external consultancy hires recruited by the government were PPM or IT consultants. We note that PPM is not often seen as a specialist job, rather a three or four-year outing as part of a wider policy-based civil service career.

19. PMI is concerned that this solution is not sustainable and would impress upon the government the need to take action on finding a more permanent skills solution. We agree with the observations of recent reports from the Defence Select Committee and the National Audit Office which note that new officials replacing experts on project teams are not afforded adequate training in order to effectively manage their responsibilities and as a result endanger the success of the project at large. We would strongly urge that any civil service reform place at its centre a commitment to training officials at all levels on a regular basis as part of an ongoing programme of continuous professional development. Not only would this reduce the reliance on and cost of external consultants, but it would afford project teams more stability throughout the project lifecycle.

20. Knowledge management: We welcome the Committee’s decision to include knowledge management as a potential element of civil service governance. PMI believes that in all large organisations it is easy to assume the presence of a knowledge management regime, but the fact is that without robust structures knowledge and information is not properly managed, not properly shared, not properly communicated, and projects and budgets suffer as a result. Our view is supported by last year’s NAO report Helping Government Learn which found that a lack of knowledge management was directly related to the level of error in major projects, which in turn affected the ability to manage time and budgets of project teams.

About PMI

21. PMI is the largest global association and a leading advocate for the project management profession. Our goal is to advance the practice, science and profession of project

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5 National Audit Office, Central Government’s use of consultants and interims, October 2010
6 House of Commons Defence Committee, Defence Equipment 2010, 4 March 2010
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management around the world. Since 1969, PMI has helped to improve the project management practice of more than one million governments, businesses, practitioners, students and training organisations. Today, PMI has over half a million members and credential holders working in more than 185 countries, and there are more than 8,500 PMI members and credential holders in the UK alone.

22. PMI’s products and services range from world-class standards for project, programme and portfolio management to their five professional credentials, including the gold standard Project Management Professional (PMP). The PMP recognises demonstrated knowledge and skill in project management, and holders of the PMP credential are respected both in the UK and around the world. Governments have utilised it on an international basis to drive efficiencies within their organisations.

23. PMI is also a global leader in project management research, investing £11million in research since 1997. We currently fund PPM projects at Cranfield, Manchester, UWE, Southampton, UCL and Strathclyde Universities. Working with universities across the UK, Europe and the USA, PMI’s research informs the practice of project management, and its real-world application sparks further research, creates new knowledge, enables development of best practice throughout the profession and ultimately advances the discipline of project management.

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25. PMI’s guiding principles are enshrined in PMI’s A Guide to the Project Management Body of Knowledge (PMBOK Guide), more than three million copies of which are in circulation worldwide. The PMBOK Guide is a project management standard for organizations across all industries, and typifies PMI’s approach to advancing the practice, science and profession of project management around the world.

January 2011
1. What is meant by the term, “post-bureaucratic age” and what are its implications for good governance, for Whitehall Departments and for the wider civil service?

The “post-bureaucratic age” (PBA) seeks to change the role of the State in three ways:

- by decentralising power from Whitehall to local communities
- by increasing the accountability of the government to the citizen through transparency; and
- by driving up the responsiveness of public services.

In his speech describing the PBA on 22 February 2010, David Cameron has described the shift as being “all about people power, not big government”. It is tied closely to the Government’s theme of the “Big Society”.

Its implications can be summarised as follows:

- For good governance: for changing the role of government from the funder and manager of public services to the funder alone. This would prevent conflicts of interest and increase value for money and performance.

- For Whitehall departments: a radical change in focus away from direct responsibility for “delivery” towards the creation of economic frameworks for delivery of public services. This would require much stronger abilities in economics, law and financial management.

- For the wider civil service: for public servants, a shift from traditional employment in the public sector to employment in new kind of organisations, whether for-profit, charitable, joint ventures, social enterprises and so on.

2. Can the traditional ‘Whitehall’ model of civil service governance and accountability continue to function effectively in the post-bureaucratic age?

No. The traditional Whitehall model is contradictory to the themes of the post-bureaucratic age.

Ministers of the previous Government came to the conclusion that reform of Whitehall was necessary to support the wider reform agenda. In 2007, for example, Alan Milburn, the former Secretary of State for Health, said:

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“Whitehall is the one part of the public services that has largely escaped Tony Blair’s reforming zeal. It should do so no longer. The same disciplines that nowadays apply to other parts of the public services should finally and equally be applied here. Departments should work to transparent outcome-based contracts agreed with No 10. Senior civil servants pay should be made more dependent on performance against such contracts. Where Whitehall functions (aside from those covering vital constitutional and propriety matters) can be subject to periodic external competition they should be.”

These Ministers’ conclusions were based on the following ideas:

- Where the PBA aims to decentralise, the traditional Whitehall model is highly centralising. The doctrine of Ministerial responsibility pulls decision-making to the heart of Government and compels Ministers to extend their interest into the activity of civil society. The traditional Whitehall model has sought to give Ministers powers of direct intervention into the economy and the public sector. The PBA has exactly the opposite ambition.

- Where the PBA aims to create accountability, the traditional Whitehall model obscures accountability. The doctrine of Ministerial responsibility, again, is used as the defence of a model that keeps the contribution of individual civil servants invisible. The PBA seeks to make public servants personally accountable through transparency.

- Where the PBA seeks to create public services responsive to the user, the traditional Whitehall model seeks to impose central will on public services through targets, national standards, national pay and labour agreements and so on. The PBA would see an end to these expressions of central will.

It is interesting to see the development in the thinking of another Prime Minister with reforming ambitions, Tony Blair. He made two speeches on the Civil Service. In 1998, he praised the Whitehall model. By 2004, his praise was modified by a call for Whitehall to change radically. Some of his ideas prefigured the PBA, in particular the idea that government should become “an instrument of empowerment” and should become accountable for outcomes:

- “Government has to become an instrument of empowerment, quick to adapt to new times, working in partnership with others, to deliver clear outcomes so that the public sees a return on its investment through taxation. It has to go through exactly the same process of change as virtually every other functioning institution in Britain... What does it mean in practical terms? It means the following:

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- a smaller, strategic centre;
- a Civil Service with professional and specialist skills;
- a Civil Service open to the public, private and voluntary sector and encouraging interchange among them;
- more rapid promotion within the Civil Service and an end to tenure for senior posts;
- a Civil Service equipped to lead, with proven leadership in management and project delivery;
- a more strategic and innovative approach to policy;
- government organised around problems, not problems around Government.”

In passing, it should be noted that the current Government’s policies on governance are therefore inconsistent. On the one hand, it espouses the post-bureaucratic age. On the other, it supports the traditional Whitehall model (“reforms” very minor variations such as new kinds of Departmental Boards leave the traditional model in place). In fact, as Francis Maude explained to the Reform conference on good governance in July 2010, he has sought to strengthen the traditional Whitehall model, for example by reducing the number of political advisers and consultancy advice. The Government is therefore trying to delivering the post-bureaucratic age through the traditional bureaucracy. This is not easy and not likely to succeed.

3. In what ways do civil service departments need to adapt to a post bureaucratic age, and in particular to the current Coalition Government’s decentralisation agenda?

4. What should the aim of civil service reform be at a time of significant change and reducing administrative budgets?

5. How can such reform be realised and sustained?

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4 Maude, F. (2010), speech to the Reform conference Reducing the deficit and reforming public services, 7 July. “I am a big fan of the Civil Service. I spent seven years in government previously and I have a huge regard for our system of politically impartial, permanent civil servants. Advancement on merit, and the public service ethos which underpins it is really important and I really respect it. I do worship at the shrine of Northcote-Trevelyan and I am delighted that at last this year the Civil Service, in a slightly different form than was originally presaged in the Northcote-Trevelyan Report and 155 years late maybe, but hey, has got on the statute book and that’s good. But not everything is right in Civil Service at the moment and I sense that too often in recent years, civil servants have felt marginalised, partly because particularly in the early days special advisers interposed themselves to too great an extent between official advisors and Ministers, and partly because there was an over use of consultants. With anything difficult, no one could criticise you if you had a reputable firm of consultants in to do the work, but actually a lot of that work can be done by civil servants. They are really bright, capable people who like being stretched and who can actually pick up capability from doing these things. We will not only save a lot of money by the consultancy constraints we’ve put in place but we will also empower and encourage and re-motivate mainstream civil servants by doing this.”
In March 2009, the Reform report *Fit for purpose* set out the following agenda for a thorough reform of Whitehall that would support a wider, decentralising programme of government: 5

“An effective Civil Service must have:

- **Effective performance management.** This would need a clear “failure regime” so that unacceptable performance is tackled and remedied. Managers need to be more effectively supported in managing out poor performers within their team, and rewarding those who perform well. This will necessitate a change in the role of HR and legal teams so that they support and assist managers and staff, rather than seeking to control the process as is more usual at present, and a revision of the Management Code that prescribes the dismissal processes of the Civil Service.

- **Open and flexible recruitment.** This would enable the best people to be recruited to do the jobs that are needed, for as long as they are needed to do the job. This is not an argument for abandoning the Civil Service commitment to generous pension provision, but in fact an argument for making it more flexible so as those who are not “lifers” can benefit as well. Indeed, the concept of “lifers” would need to end. The role of the Civil Service Commissioners would need to be modernised to become one of facilitating the opening up of the Civil Service and bringing real expertise in appointment. The top of the Civil Service would also need to require a more facilitative approach from HR to frontline managers. Promotion on merit and reward for expertise and aptitude. This would necessitate the reform of the promotion and recruitment system so that high-performing individuals could be better rewarded in post without having to move jobs.

- **Effective contractual management.** This would require a recognition that “contracting out” services is not an effective alternative to tackling the systemic inadequacies that the Capability Reviews reveal pervade the Civil Service. Specifically, if a service is contracted out, the quality of service that the public can expect will be substantively dependent upon the effectiveness of civil servants in managing the contracts. Redefining the role of the Civil Service “centre” as that of commissioner, rather than provider, can be part of a virtuous cycle of performance improvement, or a vicious circle of inadequate performance and a growing accountability deficit. The Civil Service needs to be reorganised to ensure it is the former. This would entail greater emphasis on effective contract management as a specialist skill with greater reward.

- **Effective policymaking.** Ministers need policy advice rooted in a detailed understanding of issues, both in breadth and depth. Policymakers need advisers who stay in a brief long enough to understand it, who have sufficient experience to place it in context, and who have sufficient insight into the front line to be able to advise on feasibility. These may not all be the same people. Ministers need an effective “challenge” mechanism to the “departmental view” of vested interests, to be able to get

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the best advice – whether it happens to be in the department or not – and to foster, capture and harness best practice. Innovation needs to be championed and embraced, from outside the system as well as from inside.

- "Real rather than rhetorical localism. Whitehall is overloaded and often lacks sufficient local knowledge and insight to give effective advice to Ministers so that informed decisions on local projects can be taken at national level. Devolution of decision-making has been much touted by politicians of all parties, but Whitehall caution, fuelled by examples such as the disastrous failings that allowed the tragic death of “Baby P”, mean that Ministers are usually persuaded of the need to “supervise” and “scrutinise”. The result is a “Russian doll” of competing bureaucracies scrutinising each other and a failure to tackle the lack of power that voters have to elect local politicians with the power to deliver real change at a local level. For localism to work more effectively, local authorities will need to address many of the same challenges that the Capability Reviews reveal to afflict Whitehall. If they succeed, Whitehall’s ingrained scepticism of the capacity of local authorities to deliver as effective services as can central government, will be all the harder to justify.

“An empowered Civil Service requires:

- “Clear and effective processes for management and accountability. There must be an end to the management opacity within the public sector whereby it is not clear who is responsible for what, who is accountable for what, and who is empowered to decide what. If Ministers are responsible, they should be empowered to decide. If officials decide, there needs to be a clear process of accountability.

- “Effective prioritisation and coherent decision-making. It must be clear who can decide what at which level of government. Those making decisions should be able to call on whomsoever they want to seek advice and should be empowered to take decisions by a briefing process that provides sufficient insight and robust detail to enable effective decision-making. The relationships between and differing roles of Ministers, perm-secretaries, departmental boards and senior officials need to be clarified. A process needs to be agreed with Parliament so that departmental priorities can be clearly understood, monitored, scrutinised and held to account.

- “Tackling “quangocracy”. The creation of non-departmental public bodies and other agencies has in itself been assumed to improve effectiveness and efficiency. The fiascos that have bedeviled the Rural Payments Agency, Children and Family Court Advisory Support Service and the National Assessment Agency’s handling of SATs show that setting up a public body at one remove from Ministerial meddling is not in itself sufficient to deliver adequate performance. Too often, “stakeholder consultation” has become a process of reaching accommodations with that apparat, rather than a process of gaining the insights of the frontline workforce and adapting proposals to better meet the needs of the consumer, customer, voter or taxpayer.
“An accountable Civil Service needs:

- “Political honesty. The canard of objectivity needs to be ditched. The voting and taxpaying public have a right to expect that Ministers are given effective advice. No human being who cares about public service is “a-political”, though they may well be “a-Political”. Ministers should be able to choose and appoint their own advisers and private offices. The posts in private office need to be seen as jobs in themselves rather than merely as stepping stones in a career progression and should be recruited and appointed as such.

- “Checks, balances and effective democratic scrutiny. Parliament should have greater scrutiny powers, with greater resources given to Select Committees to hold government to account and to enable them to investigate issues in greater depth so as to provide a counterweight to the official government view. It is simply undemocratic to suggest that civil servants themselves should somehow be a “check” on Ministers and block Ministerial ideas of which the media or public disapprove. The argument that Ministers need to be stopped from pursuing stupid ideas is an argument for greater parliamentary scrutiny and greater democratic safeguards, not for a limitation on Ministerial involvement in appointments.

- “Transparency. The public fund the Civil Service yet they have no way of scrutinising the way it operates and determining if they are getting value for their money. Real accountability would be more possible with greater public access to the processes of the Civil Service, so that civil servants could be held directly accountable to the people.”

6. Is it possible to establish a set of key principles of good governance?

Good governance will be achieved when all those involved in government are accountable for their performance. It is worth emphasising that other countries routinely hold civil servants personally accountable for performance, as the Reform report *Fit for purpose* set out:

- “The UK has one of the most autonomous Civil Service systems in the world. Ministers are unable to appoint their own advisers and private secretaries in their offices, or to make Senior Civil Service appointments. As such, there is a lack of accountability at the senior level and the result is a lack of accountability down the line through a clear chain of command.

- “Most countries have been evolving their Civil Service structures to modern times, moving towards systems with greater democratic accountability. In Australia, the Prime Minister appoints permanent secretaries after receiving a report from the Secretary of the Department of the Prime Minister and Cabinet (PM&C) who must first consult the relevant Minister. In the case of the appointment of the Permanent Secretary to the Prime Minister’s Department, the Public Service Commissioner (a
similar body to the Civil Service Commissioners in the UK) provides a report to the Prime Minister. Below senior level appointments are made by Civil Service managers.

- “Most Australian permanent secretaries are career public servants, and are promoted from a pool of deputy secretaries and other senior civil servants. Though not prescribed, appointment generally involves extensive discussions between Ministers and existing permanent secretaries, and between the Prime Minister and Cabinet Ministers, building up a high level of understanding of the possible candidates for promotion among the top level of the senior Civil Service. They are appointed for flexible three- or five-year terms.

- “This approach leads to a system where, according to Peter Shergold, former Secretary of the Department of the Prime Minister and Cabinet: “Secretaries are answerable, responsible and accountable (under their Ministers) for their departments. If there is organisational – as opposed to political – failure the buck stops with them. It is often tough but not unfair.”

- “In New Zealand, permanent secretaries are employed by the State Services Commissioner who appoints them after an independent merit process. They are employed under a contractual system whereby politicians set out contracts with civil servants to deliver according to manifesto commitments and staff are held individually accountable for results.

- “Under the current British system, tenure is guaranteed rather than reflective of performance. The system of across-the-board horizontal grades acts to preclude talented civil servants to be promoted in post (the post would have to be re-graded and then re-advertised).

- “Attempts at Civil Service reform have often been frustrated due to fears around ‘ politicisation’. It is crucially important to understand that the Senior Civil Service is already politicised. In the current system, the line between Permanent Secretaries and Ministers can be non-existent. Permanent Secretaries conspire with Ministers to achieve media coverage and attention through spending commitments and eye-catching initiatives. Ministers privately influence the appointment of senior officials. There is a glaring lack of transparency, which in turn limits accountability.”

7. Are these the right principles?

The danger with any set of principles for Whitehall is that they entrench the existing model, however inadvertently.

The suggested principle 1) is clearly right. The suggested principles 2), 3) and 4) are wrong in that they would impose a particular style of operation on Whitehall which would inevitably conflict with its obligation to be accountable to its leaders and, through them, to Ministers.
The new deal for Whitehall should be accountability for performance with the freedom to innovate in order to deliver better performance.

January 2011
1. The Conservative/Liberal Democratic coalition came to power with an economic commitment to reducing the level of government expenditure and a political commitment to reducing the size of the state and opening up the provision of public services to a wider range of organisations – including the public, private and voluntary sectors. The principles underpinning the reconstitution of the state were the notion of the ‘Big Society’ (which sees non-state actors and volunteers taking on greater responsibilities in terms of providing public goods) and the post-bureaucratic state (which is aimed at translating bureaucratic process into more transparent democratic and accountable services).

2. On one level, this agenda is not particularly new. Since 1979, governments in Britain have been attempting to reform the state in order to improve the effectiveness of government, to increase the efficiency of the civil service and to provide better public services whilst controlling costs. The last Labour Government’s (1997-2010) rhetoric concerned improving the delivery of public goods, but it soon discovered it could only produce better services at a higher cost. The consequence was that Labour was vulnerable to the economic crisis precipitated by the banking crisis of 2008. Labour’s social and welfare policy was built on the foundations of private and public debt supported by encouraging a finance-driven economic policy. The economic downturn therefore not only threatened Labour’s welfare policy but also its electoral coalition based on supporting public expenditure but limiting increases in personal taxation.

3. Governments have been attempting to pluralise service delivery and reduce the role of the state in the direct provision of services for a considerable number of years. Like the Coalition, the previous government also intended to increase localism and allow managers greater discretion. The Conservative/Liberal Democratic coalition is committed to continuing these processes of reform and reducing the role of the state through:

- **Reforming the Civil Service.** The introduction of new departmental boards across Whitehall involving non-executive board members drawn from outside of the Civil Service with experience of running large companies. The Prime Minister’s Delivery Unit was abolished and replaced by a new Implementation Unit located in Number 10, directed by Kristina Murrin, a former psychologist and television presenter. It is a moot point as to the extent to which this is a real as opposed to a superficial change, given that Ian Watmore, the former Head of the Delivery Unit is now the Implementation Unit’s Permanent Secretary. To deliver this change and also review departmental costs and spending, an Efficiency and Reform Group [ERG], located in the Cabinet Office was created in June 2010, chaired by Francis Maude, the Cabinet Office Minister, alongside three members drawn from outside Whitehall - Peter Gershon [Tate and Lyle], Lucy Neville-Rolfe [Tesco] and Martin Read [Lloyds of London].

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1 Department of Politics, University of Sheffield, UK.
• **A shift from bureaucratic accountability to democratic accountability.** The Coalition proposes what it sees as a new mode of governance based on direct accountability to the public through enhanced transparency. The claim here is that the Government has a:

...commitment to enable the public to hold politicians and public bodies to account; to reduce the deficit and deliver better value for money in public spending; and to realise significant economic benefits by enabling businesses and non-profit organisations to build innovative applications and websites using public data. (David Cameron 2010a).

Government and public sector web sites provide the key mechanism through which this process has been rolled out. The proposals include at central government level the on-line publication of: all new ICT contracts; all new tender documents for contracts over £10,000; new items of central government spending over £25,000; all new central government contracts; and all UK international development spending over £25,000. At the local level, transparency now includes: all new items of local government spending over £500; and new local government contracts and tender documents for expenditure over £500. Elsewhere, other key government datasets to be published on-line include: localised crime data; names, grades, job titles and annual pay rates for most Senior Civil Servants and NDPB officials with salaries above £150,000 or higher than the lowest permissible in Pay Band 1 of the Senior Civil Service pay scale; and organograms for central government departments and agencies (Cameron 2010a).

Possibly the most crucial and revealing documents concerning the Coalition’s new governance statecraft are its Business Plans, published on-line by all Government Departments in November 2010 (see below).

• **Increasing the role of the Third and Private Sector** – The previous Labour Government significantly increased the role of social enterprise and the private sector in the delivery of public services. The Coalition wishes to develop this further by developing a ‘new culture of voluntarism, philanthropy, social action’ (Cameron 2010b) requiring a more extensive role for the Private and Third Sectors [such as the Voluntary Sector, Charities, not-for-profit organisations]. The Government’s strategy in this area is predicated on three core ambitions: ‘...Make it easier to run a charity, social enterprise or voluntary organisation... Get more resources into the sector-social investment, giving and philanthropy...Make it easier for sector organisations to work with the State’ (Cabinet Office 2010).

• **Culling the Quango State.** The Coalition’s 2010 Public Bodies Bill sought to reduce the size of the state through its cull of non-elected, publicly funded quangos. Quangos failing to meet the criteria of being technical, impartial and transparent were abolished, merged or amalgamated into Whitehall departments. Reform of the extended state fits with the Coalition’s wider agenda of reducing government spending [while claiming to protect front-line services] and the size of the public
sector, alongside greater fiscal accountability through the creation, ironically of a new agency, the ‘independent’ Office for Budget Responsibility. In October 2010, the Coalition announced the abolition of 192 public bodies, alongside the merger of a further 118.

- **The Creation of Pathfinder Mutuals** - Drawing from the model of two long established UK ‘employee-owned’ companies - the Co-operative Group and the John Lewis Partnership - ‘Pathfinder Mutuals’ are an attempt by the Coalition to imbue a bottom-up approach in the provision and delivery of public service goods. It is an initiative to encourage greater responsibility by front-line staff for delivering public services. It is the Coalition’s attempt to address the perceived failure of the last Labour Administration to relinquish central control and with it provide autonomy and trust to a particular set of stakeholders who have the expertise and knowledge at the street-level to meet local requirements and improve service delivery. In August 2010, the Minister for the Cabinet Office, Francis Maude, announced the launch of twelve ‘trailblazer’ Pathfinder Mutuals ranging across the health, teaching, housing, social service, employee and local government sectors, each of whom has attached to it an ‘expert mentor’ drawn from business, including the two flagship companies mentioned above. Maude suggested that the driving force behind the initiative was the combination of the ideas associated with the Big Society and the reality of the new financial climate borne out of the recession.

- **Using Behavioural Insight.** The development of the use of behavioural insight as a mechanism of changing the behaviour of citizens. The government has created a Behavioural Insight unit within the Cabinet Office with the aim of developing policy based on changing behaviour in areas such as health on the basis of changing incentives and the way in which information is presented.

4. The current Conservative-Liberal Coalition, in legitimising a perceived shift towards a smaller state developed the notion of a Big Society and a ‘smarter’ or ‘post-bureaucratic’ state. The emphasis here is on a reduced, but more strategic centre, the decentralisation/devolution of power, smarter delivery through developing a range of partnerships and trusts with relevant non-state actors and smarter funding through a reappraisal of the manner in which public ventures are currently financed.

5. However, there are a number of significant issues with these proposals:

   - The notion of a post-bureaucratic state is highly problematic. Whilst it may be possible to multiply the suppliers of public goods. All of these suppliers will be organised according to bureaucratic procedures. Indeed, within a complex and developed society the only mechanism for ensuring the efficient and equitable supply of services is through bureaucratic mechanisms which are able to order and process vast amounts of information. Hence, what is called a post-bureaucratic age is more accurately a ‘hyper-bureaucratic age’. The process of governing is increasingly about bringing together a range of bureaucratic suppliers, in different forms, to provide services. One of the issues that emerges here is what does this mean for equity of services (if
different citizens have different suppliers) and for accountability (where organisation outside of government may be delivering services).

- Much of the Big Society programme is based on the notion that people are moral beings who will act for the good of the society to fill in the gaps of a shrinking state. The collective action problem will be resolved by a sense of community (in a similar fashion to the way in which New Labour was for a while attracted to the notion of social capital as a means of resolving society’s ills). Yet many of the current Government’s policies are based on a notion of the rational, utility maximiser (indeed the behavioural insight is that people respond to incentives). For instance, the new policy on University funding in which the state has withdrawn a sizeable proportion of its current fund for teaching costs, to be replaced instead by a graduate tax, is based on the assumption that future students should be rational market actors who will choose and pay for degrees that will produce a greater increase in their overall average income throughout their lives, rather than opting not to go to University, so avoiding the tax but reducing their income earning potential. At the same time, this competitive approach is also seen as a way of improving the quality of degrees.

- There is little thought of how policies inter-relate. For instance, the Government is committed to reforming and limiting welfare payments in the context of rising unemployment. At the same time there are significant cuts both in policing and prison. Hence, the Government does not seem to have linked worsening economic prospects with rising crime. Similarly, it is not clear how Big Society ideas will work in relation to criminal justice. The Government seems to have an optimistic view that cuts in public spending on police can be ameliorated by an increase in the number of voluntary police officers and greater community involvement in preventing crime. There has already been an increase in the welfare budget due to rising unemployment.

- The behaviour insight approach emphasises an alternative to legislation and to doing nothing. It is presented as a way of reducing the role of the state but, in practice, the net effect can be to increase the role of state over the behaviour of citizens. For instance, the activities outlined in the Cabinet Office report *Applying Behavioural Insights for Health* [Dec. 2010] – drinking, smoking, eating - are all legal activities. The risk here is that the Government’s attempt to apply ‘nudge theory’ [paternalistic-libertarianism] will lead to it playing a significant role in attempting to change the behaviour of groups of people [paternalism] to the detriment of the libertarian side of this equation.

- The government has not outlined the processes by which Big Society activity will be supported in order to ensure universal coverage. What will happen if non-state organisations do not fill the gaps created by reduced state provision? Will we see patchy services where those who have the resources and initiative to volunteer have good community services and those that don’t see standards
fall? Voluntary enthusiasm is patchy and tends to run out of steam. How will the government ensure that services are established and sustained within the context of voluntary mechanisms? How will the concept of the Big Society map on to the different governance arrangements in Scotland, Wales and Northern Ireland? It is reasonable to presume that the provision of services through a complex myriad of social groups, if they are to be of high quality and sustainable, will be more expensive than state provision. This, of course, was the dilemma of the last government. To personalise public services (and to ensure that they were more suited to the particular client) they became much more costly to provide. The brutal fact is a standardised, centralised public service is cheaper to provide than flexible, ‘post-bureaucratic’ services.

- Whilst the government is committed to publishing more data through its ‘Right to Data’ initiative and has introduced a benchmarking system for departments, there is little clarity about how these measures will improve service delivery. The Government has abandoned targets which were the subject of much criticism. However, it is not clear how the Government intends to ensure that its goals, often referred to either as ‘milestones’ or ‘actions’ are being met without some explicit criteria for judgement of success or failure or what mechanisms exist for ensuring that benchmarks have been met. What is clear from the departmental documents is that many of the benchmarks are diffuse outcomes rather than clear and specific goals. The publication of reams of unprocessed data/information, may well result in issues of complexity and opaqueness rather than promote transparent leading to greater democratic accountability.

- It is not clear whether the Quango cull reduces or increases bureaucracy. Many Quangos are about making decisions closer to the ground, involving stakeholders and reducing political interference. In one sense, Quangos provide an element of the Big Society by institutionalising policy implementation outside the formal structures of government. With many Quango functions being reincorporated into government, they are effectively enhancing traditional forms of governmental bureaucracy.

6. The fundamental problem is that we have been here before. Government since 1979 has been trying to reduce the role of the state, create a smarter state, a more efficient and effective public services. Despite these efforts, we have seen a continuing growth in both the level of government expenditure and the number of people employed in the public sector. At the same time whilst government has been committed to ‘setting managers free’, localism and decentralisation, there has in reality been little attempt to change the centralising tendencies of British government. The convention of ministerial responsibility accounts for many of the pathologies within the British system with ministers being seen as having responsibility for all that goes on in their domain. This means that there is a strong reflex in British polity to prevent decisions actually being devolved to localities. In the 1940s, Bevan observed that his responsibilities meant that he heard the dropping of a bed pan on a hospital ward.
Andrew Lansley now appears on the bedside televisions of every NHS hospital patient outlining his commitment to an excellent health service. The adversarial nature of the British political system combined with ministers being responsible for their domains means that ministers are unlikely to leave key policy decisions to localities or managers. Indeed, the Business Plans enhance the power and resources of individual departments. They are an explicit attempt to rectify what the Coalition regarded as an overly powerful centre [PM Office, Cabinet Office and Treasury] under the last administration resulting in top-down, centralised government. Departments are the creators and owners of each individual Business Plan. The net impact may well be to

1. exacerbate the perennial Whitehall problem of departmentalism
2. continue the public perception of elitist government [to quote Douglas Jay] ‘that the man [sic] in Whitehall knows best’. Only now the man is in the Department, rather than under the last regime, located in a central co-ordinating unit
3. continue the trend of top-down government but by other means, rather than see a real power shift to more participatory, pluralist or delegative governance models found elsewhere.

As a consequence of the way ministers sit within departments, civil servants are there to protect and support ministers (a good example of bureaucratic accountability). They are not there to serve the public (democratic accountability). This means that civil servants are very good at the development of policy within the framework set by ministers, at helping ministers defend their positions and generally supporting departmental lines and budgets. What they are less good at is thinking about the development and delivery of policy on the ground. This, of course, creates a frustration for ministers who often find themselves attracted to the effectiveness of officials within the Whitehall/Westminster arena but disappointed that policies are often not properly implemented; leading to attempts to further increase central control. Effective policy implementation requires local knowledge and discretion on the ground. The Big Society appeals to this latter notion and the real test will be whether Whitehall will be willing to relinquish its traditional ‘command and control’ tendencies and the power that goes with it.

7. The development of a Big Society and post-bureaucratic state requires a fundamental reorientation in the way that decisions are made and government operates. There will have to be a significant devolution of power to localities; something past governments have professed without delivering. If power is not to be devolved to local government, there would need to be some form of organisation at local level to allow local organisations to obtain resources and deliver policy. Government would have to accept local priorities and that levels of service may vary in different area with the issues of inequity that produces. In the past, we have seen ministers attempting to deal with (and overcome) local differentiation in cases such as the health postcode lottery and varying levels of service for refuse collection in different areas; illustrating the political constraints on diverse policy outcomes. In addition, officials would have to be outward facing and develop completely new accountability mechanisms and channels for the myriad of organisations involved in service delivery, as well as the recipients of these services, the general public. Effective accountability does not
simply reside on a transparency argument predicated on the notion of publishing numerous rolling reports and information/data sets.

January 2011

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David Cameron (2010a) ‘Prime Minister Letter to Cabinet Ministers Regarding Transparency’ 1 June 2010
http://www.cabinetoffice.gov.uk/newsroom/statements/transparency/pm-letter.aspx
Cameron, D. (2010b) Big Society versus Big Government, Speech April 19 2010
Supplementary written evidence submitted by Professor Andrew Kakabadse (GG 15)

Just a few more thoughts, particularly concerning the value of using post bureaucratic age (PBA) as a benchmark for thinking about civil service and government structures.

The original assumption behind bureaucratic was captured by Weber to denote stability in the administration of the state. Over time that notion morphed into attention to inward looking processes and hence losing touch with the community. A similar experience was witnessed in the private sector with over complicated ‘bureaucratic structures’ which by the 1960s were being attacked by shareholder/investor interest groups, ironically one of them being public service, the Calpers (Californian pension fund) demand for shareholder value. Hence by the late 1960s/early 1970s post bureaucratic age (PBA) thinking was predominant in the private sector and the urge for reform for a post bureaucratic age (PBA) type of environment surfaced flexible structures, customer service delivery, unified supportive top teams and an attention on leadership as opposed to organisation structure. Of course what also emerged was poor leadership, fragmentation, an over-zealous focus on merger and acquisitions and a realisation that more money could be made from repositioning resources for the purpose of merger and acquisition than from actually making profit from service delivery.

The point of my email yesterday was to highlight three core civil service capabilities namely; policy design and development, service delivery excellence, agency relationship management i.e. sourcing/outsourcing and the management of wholly owned government subsidiaries. A fourth capability seems to be on the horizon from the debate of yesterday and as a result of the general election namely; the formation of powerful community groups to provide service but also be able to effectively interact with the civil service. This fourth option is interesting because although it is an agency relationship management skill, the principles are different to the ones already being utilised by the civil service. The current skills are: shareholder value disciplines within a stakeholder philosophy, i.e. business management skills for the sake of efficient delivery service to the community. The new development, as much captured in the big society debate, is of stakeholder value skills within a stakeholder value philosophy in effect, the administration of services to the community as done by the Germans. If what is meant by the post bureaucratic age (PBA) is the four core disciplines of policy design development, direct service deliver, agency transactional management and stakeholder community support, then the phrase the post bureaucratic age (PBA) has some meaning. Weber never talked about the last two distinct capabilities of completely contrasting ways of managing agency structures.

However, if the civil service is to adopt all four core skills then one Weberian principle has to remain and that is stability. And of course, here lies the paradox. Stability led to inward looking bureaucracy but now stability is needed for servicing for entirely separate skill bases. On this basis the word ‘bureaucratic’ meaning strength is very important. Whilst the term ‘post’ refers to four skill clusters of which Weber only really identified two; policy design and community service delivery.
If such a civil service were to be designed, I have to say, it would be the Rolls Royce of all Rolls Royce civil services. It would be an outstanding achievement. From my experience of civil servants, do they have the capacity to integrate all four skill clusters? The answer is yes, given of course the appropriate training and development. The civil service already is capable of delivering on the first three skill clusters.

What the civil service cannot do is provide for effective service across all four areas without having appropriate investment in the community to build stakeholder institutional structures able to deliver time type of big society requirements being outlined by the present Government. More worrying is the current debate on cutting of costs without deliberately focusing on where fat lies and what is lean should be protected. The best way to damage a sophisticated structure is to have an unthinking across the board cost reduction exercise that takes out the good with the bad. My experience of what happens under those circumstances is that the core simpler ‘just get it done’ skills survive and the more subtle ‘add value/provide high quality service’ capacity is destroyed.

So when you say the problem is VAST, I agree, but it is manageable, it can be broken down into component parts but it cannot survive an unthinking political agenda of just reduce costs.

January 2011
I am writing in response to questions raised following your committee’s recent inquiry into good governance and civil service reform.

Firstly, you asked us what is being spent on training and how these funds are being allocated to effect delegation and decentralisation. The Government strongly supports the Committee’s suggestion that the Civil Service should be proactive in its use of training as a tool for transformation and I attach a note at Annex A which provides more detail.

The committee also asked us what role we saw the Cabinet Office playing in coordinating individual transformation programmes. Capability Reviews looked at departments’ transformation programmes to illustrate how capable they were in delivering large programmes and realising their benefits. The capability model used during reviews poses a number of specific questions for departments on this subject, for example asking about their ability to evaluate and measure outcomes and ensure that lessons learned are fed back and whether delivery plans and programmes are effectively managed and regularly reviewed.

By the end of 2009, 22 government departments had been reviewed and, in many cases, revisited a second time. The follow-up reviews showed that departments have improved the way they lead delivery and change. Capability has improved across departments, including in areas relating to the delivery of major programmes. There is more to be done but progress is being made. The Capability Review programme from time to time runs seminars for departments to come together, share best practice and learn from each other on issues such as transformation programmes.

Finally, on a wider point, you asked for the latest thinking on principles of good governance. To address this, I attach at Annex B the draft Corporate Governance Code which sets out a principles-based approach to corporate governance of Whitehall Departments. It also incorporates key aspects of the Government’s governance reform policy, including the introduction of Enhanced Departmental Boards. It will be published once PAC has had the opportunity to comment.

My officials will be happy to provide more information if required.
Annex A: PASC - supplementary evidence on the use of training to support reform

1. This note is provided in response to the Committee’s request for further information on what is being spent on training in the Civil Service and how it is being used to effect delegation and decentralisation.

Background

2. Until recently, accountability for training in the Civil Service has been delegated to individual departments, and to most agencies. Within each department and agency there has often been further delegation of responsibility to individual budget-holders. Civil Service spending on training in 2008-09 is estimated at around £280 million. Departments are expected to make savings estimated at £100 million, which will help them to meet their Spending Review targets.

3. This delegated approach has been valuable in encouraging managers to take responsibility for the training of their staff. But it has also had disadvantages:
   a. It has involved significant duplication of effort, both in developing training programmes and in areas such as course booking and evaluation of learning
   b. Individual line managers have not always had the information they need to select the most appropriate training
   c. Delegation has meant that it is difficult to extract management information on the impact of training on the capability of the Service as a whole and use this to strategically drive the training agenda.
   d. It has failed to exploit the collective buying power of Government.

4. To address these issues and to ensure the right focus for future training, a new “Core Learning Programme” for the Service was launched in 2009. The programme included training which focused on some of the key challenges facing Government, such as:
   a. Shifting towards a smaller government with responsibilities being devolved to the local level;
   b. Working successfully across departmental and public sector boundaries;
   c. Delivering “more for less”.

The new approach to training

5. Efficiency across government is central to the Cabinet Office’s business plan. Through Next Generation HR (of which our plans for training form part) we are reforming the Service’s HR function and substantially reducing its cost. For training, the focus will initially be in those areas where there is a generic requirement across the Service including training in leadership, management and the “core skills” every civil servant should have.

6. For each grade/level in the Service there will be a common curriculum, based on our strategic priorities including the need to contribute to civil service reform. To ensure that the curriculum meets the needs of the Service it is being developed, and will be continuously reviewed, in partnership with departments and the cross-government professions. It will subsume the Core Learning Programme.

7. Review of the curriculum is led by a new team, Civil Service Learning, which will also source training to deliver the curriculum, using approaches in line with modern practice elsewhere:
a. There will be an increasing focus on learning “on the job”, e-learning and blended solutions in appropriate areas;

b. There will be an emphasis on “leaders teaching leaders”. These approaches deliver better outcomes, as well as being much less expensive than traditional classroom training;

c. Classroom training will be largely reserved for areas where training is intended to change behaviours or develop skills;

d. Most training will be sourced externally. Internal delivery will be used only for training which is specific to the Service.

8. Once established, departments will not be permitted to source generic training outside these arrangements. However within these parameters, departments will continue to decide how much to spend on training.

9. Civil Service Learning begins operation on 1 April this year and will implement its changes during 2011-12. Over time, Civil Service Learning will also look to drive opportunities for savings and quality improvements in professional development and department-specific training (representing about half of all training spend in the Service).

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