



About the Author

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Context

Policy Exchange's December 2019 paper, *Whitehall Reimagined* – published two weeks after the General Election – heralded the start of a major rethink about the future of the Civil Service among senior ministers and officials. This commission will build on that well-received work.

Policy Exchange's Reform of Government Commission will go back to first principles and ask: what sort of Civil Service do we want? What should its ethos be? How should accountability be maximised through clearer lines of responsibility? How can it better serve governments of all hues? We will draw on the expertise of a wide range of leading practitioners. Focus groups, polling and an evidence-gathering "roadshow", which will travel the length and breadth of the UK, will also be used to produce authoritative, useful research that leads to better government.

Above all, bearing in mind successive failed attempts in the past, we will focus on the *execution* of Civil Service reform – the 'how' and the 'who', as much as the 'why' and the 'what'. We will not shy away from asking difficult questions and recommending radical changes where necessary, which are likely to affect ministers, political advisers and private sector consultants, as well as officials.

Commission Structure

The commission will be divided into five subject areas:

1. Context and challenge.
2. Capacity, skills and rewards.
3. Structures of Government.
4. Digital, data and new technologies.
5. Connecting with the public.

1. Context and challenge

The unprecedented challenges which the UK faces require a fundamental assessment of how best the machinery of government can be envisioned and equipped for the new world. The commission will pay tribute to the professionalism and achievements of the Civil Service under recent pressures, whilst examining the strains and problems that recent crises have revealed.

It is important to go back to first principles and explore the founding vision for a professional and independent civil service by asking:



- What lessons can be learnt from historical attempts to reform Whitehall (such as *The Northcote-Trevelyan Report* and *The Fulton Report*)?
- What are the new pressures on the Civil service?

Today's machinery of government is rooted in the high Victorian vision of Northcote-Trevelyan:

“an efficient body of permanent officers, occupying a position duly subordinate to that of Ministers who are directly responsible to the Crown and to Parliament, yet possessing independence, character, ability and experience to be able to advise, assist and, to some extent, influence, those who are from time to time set over them.”

The UK civil service has deep roots in the principles of recruitment on merit, the virtues of ‘integrity, honesty, objectivity and impartiality’ and sufficient permanence to embody a memory. It is striking that, in scoping this commission, those we consulted, including politicians across party, (local, national and international), officials, academics and commentators, all commended this inheritance. Those closest to the public service response to Covid pointed to extraordinary achievements under pressure; collaborations with the private sector, academia and the military delivering hospital facilities within weeks, leadership in treatments and vaccine development, and the fastest and most far-reaching programme of financial investment and support outside wartime.

But the strains have also been apparent; crises in PPE delivery, testing capacity and school exams policy. There is evidence behind the scenes of staff recruited for crisis management as well as external contracts issued going unpaid for months. Officials complain of lack of skills and sclerotic HR and financial processes creating perverse incentives, hindering their ability to respond. Politicians complain of unsound data and policy levers disconnected from delivery.

None of this should surprise, given the nature and scale of the Covid challenge. But those we have talked to also outlined problems twenty years or more in the making, requiring long-term reform as well as fixes to meet a crisis:

- The gap between public and private sector reward has widened. The ‘ablest and most ambitious’ in Northcote-Trevelyan’s words may well look first to financial services, consultancies, law firms and global business for financial reward. Those attracted to public service in London will consider that a single salary no longer enables them to live within a decent journey time of their place of work. On the other hand, a meaningful job and the attraction of working with real talent quickly creates centres of excellence.
- A 24/7 news agenda since the nineties, and now social media, has focused political attention on overnight initiatives and response. Freedom of Information fears among ministers, officials and Special Advisers are encouraging Government by WhatsApp and Signal. Decisions by text can result in the bypassing of officials, a diversion of attention from proper policy development and less transparency for the media and other interested parties. It has the side-effect of officials losing confidence in their role and influence. Of course speedy sign-offs are needed, but alongside the right skills and routines to inform them.
- Expectations that the modern state can and must intervene, in normal times let alone a crisis, leads in places to an increase in staff numbers with insufficient attention to expertise, skills and outcomes. Officials complain that HR frameworks make it easier to move staff round departments, regardless of the skills needed, than to move people out and to recruit necessary expertise. When pay falls so far behind the private sector, the final salary pension is an increasingly valued part of the package, and so staff are reluctant to move in and out of the service to build experience. Government is not good at managing large scale projects, whether in-house or outsourced, and yet these are increasingly needed. Financial systems determine scope for decisions, rather than responding to need. Financial incentives may be perverse, funding output not outcomes.



- Recent cultural fractures, whether over Brexit, a north-south divide or diversity, may feed uncertainty or lack of confidence. These weaknesses have become particularly apparent in times of crisis in recent years. Confidence is best addressed with leadership and by building skills and the expertise to meet demands.

Our commission will focus on evidence about how best to develop confidence and leadership in both ministers and officials, as well as between them, in the face of these challenges; to ensure availability at all levels of the talent, skills, training and reward needed for the most modern and effective government machine – in normal times and times when government must respond flexibly to a crisis, as it does with COBRA meetings at moments of particular urgency. It will ask if government has become too large and consider structures best calculated to deliver what is needed, including in relationships between ministers and officials, between government and arms-length bodies, cross departmental working, the size and location of departments and financial flows within and across departments. It will focus on data capacity and cross government data flows, together with the skills needed for confidence in the use of data. And it will do so in the context of what public service delivery means to the public in all parts of the United Kingdom.

2. Capacity, skills and reward.

Leadership

The commission will ask whether ministers and senior officials have the necessary support, training and experience and to fulfil their roles as they would wish and how to make improvements where needed.

Does induction for new ministers work as it should? Do new ministers agree clear policy priorities on appointment and should such objectives become part of contracts with Permanent Secretaries? Do SpAds have the necessary experience and training to assist ministers in their duties? Are there enough of them (e.g. compared to Australian and US models) or too many? Might a ministerial office, alongside the private office, provide those ministers who wished with extra depth and professional expertise?

Does the SCS (Senior Civil Service) have the leadership capability and specialist experience to run departments to meet the demands of this new century? Policy expertise is the most prized skill at this level, but how best can management and delivery skills also be developed for senior officials? Are the right incentives in place to develop skills through training and through experience outside the service? How well do financial and promotion frameworks support personal development, reward risk-taking and a focus on outcomes? What further incentives for the retention of the highest-performing civil servants should be offered? And is there enough flexibility to mix permanent and shorter-term staffing when outside functional expertise is needed? How best to achieve a new mix without destroying impartiality?

Major policy responsibility and much delivery is outsourced to agencies and arms-length bodies. Do these always have the leadership they need and should there be more professional 'head-hunter' advice deployed to support chair and chief executive appointments. Is the balance right between departmental and agency leadership, skills and responsibility?

Recruitment, reward and skills across the service

Long-term, the squeeze on rewards in the public sector has helped to open up a major gap between rewards for careers in the public and commercial sector. How is this best addressed? What are the key pay, recruitment, retention and other HR pinch points that may prevent the civil service from attracting and developing staff as it should? For example, recruitment at graduate and other key stages is standardised and managed across the service for reasons of fairness and efficiency. But should there be a greater role for job-specific recruitment at all levels where particular skills and expertise are needed? How best to recruit senior external talent and to equip officials with public and private sector



experience? What changes to the way budgets are deployed or pay and conditions of service managed would facilitate this?

Could key worker housing for civil servants on the front line, in central London, improve retention? Policy Exchange has previously recommended, for example, increased Key Worker Housing for important frontline public sector workers like police officers, teachers, NHS staff and firefighters.

Departments fight fiercely to defend their turf and distinguish themselves. How can a culture which values departmental excellence be incentivised also to focus on inter-departmental collaboration and excellence? How can we best measure competence and improve it, rewarding specialists and generalists? How can we incentivise a culture which values what people do and achieve, rewarding risk taking and outcomes, not simply outputs?

What are the deficiencies in Whitehall policymaking? Is policy sufficiently dynamic or evidence-based? Can more be done to make use of rapid testing and to adapt interventions in real time? What are the barriers to world-leading policy-making? The Ditchley Lecture by the Rt Hon Michael Gove MP, Chancellor of the Duchy of Lancaster, observed that of the 108 major programmes for which Government is responsible, only 8% are actually assessed to judge if they have been delivered effectively and have brought about the desired effects. How can this be changed? How to increase the monitoring of outcomes in real-time, rather than activity, in Government departments?

Increasingly, the scale and scope of government requires outsourcing of key delivery functions to commercial providers. Departments have struggled with designing the right contracts and managing long-term projects. These are specialist skills, well developed in the private sector for good commercial reasons. They are needed in government and will often have to be bought-in, so how can rewards and sufficient long-term loyalty from those recruited be effectively incentivised?

Training

The Government is designing a “learning campus” for officials? What are the best models for this, including private sector and international examples (e.g. Singapore’s Civil Service College)? What would a systematic, accredited civil service training scheme look like?

How best to introduce new officials to departments and ensure mandatory core knowledge in a job?

The UK ranks 31 out of 38 countries for numeracy among civil servants. Can the Government be more prescriptive about the skills and knowledge of officials?

How can precision be taught in every Civil Service output? Do fashions, such as decks of powerpoint and graphics, sometimes get in the way of the right kind of briefing for necessary decisions? When is narrative required for critiquing and argument and when and how should data be best deployed? How best to teach the basics – drafting, briefing, time management, good meetings, stats and data where appropriate, probability, Parliament, the Union and Constitution, working with ministers, procurement and contract management, ethics and propriety, security?

The armed services run impressive staff colleges as well as more general skills training. What can be learned from them? How do the best consultancies train their staff? To what extent do budgetary ‘jam-jars’ within departments prevent the deployment of money on good training? Could civil service budgets be redeployed to support continuous online development?

Diversity

Diversity in respect of protected characteristics, including race and gender, is embedded in civil service HR process, though much more needs to be done. How do we improve genuine diversity and inclusion – ensuring equality and meritocracy rather than tokenistic representation?



Diversity of thought, expertise and geographical or community background are important: are we doing enough to ensure they are sufficiently valued and available? Three quarters of the most senior civil servants are based in London. Is this right?

3. Structures of Government

In scoping this project, Commissioners and advisers emphasised the strengths of a civil service focused on delivering an elected government's policy agenda, bringing to bear objective and impartial scrutiny and advice. Modern government puts a premium on collaborative working, on data sharing between departments, agencies and local organisations, on using the private sector and on ensuring official responsibility for delivery and outcomes as well as policy.

The Covid emergency has required particularly close working between No 10, the Department of Health, Treasury and Cabinet Office. But this isn't easy and the need to break down departmental and agency barriers goes much wider. What structures best support a Prime Minister in resolving departmental differences whilst keeping Cabinet colleagues informed and engaged? There is a difference between policy formation and implementation on the one hand and crisis management on the other. We propose to explore how crisis management might be improved, including taking evidence from the military and asking other countries to share their experience.

Significant moves have been made to bring No 10 and Cabinet office staff together in a 'collaboration hub' including Policy Unit staff alongside the Economic and Domestic Affairs Secretariat, charged with co-ordinating cross-Whitehall working. Alex Chisholm, the new Permanent Secretary at the Cabinet Office, has recombined this role with that of Chief Operating Officer for the Civil Service, leading a programme to transform efficiency and effectiveness. It is a moment of great opportunity for leaders at all levels in the service who are those best placed to know what they need to do their jobs better.

Structures at the heart of government

How can the working relationship between senior civil servants and ministers and political advisers be supported and, where necessary, improved? Do Ministers set clear enough departmental objectives? Can departmental or functional corporate strategies get out of sync with political priorities? Should the setting of ministerial priorities inform the contracts of relevant Permanent Secretaries?

Private Offices needs expert staffing, including for communications functions. Is there enough strength and continuity to provide expert advice and support around incoming Ministers? The Prime Minister has long been supported by dedicated teams of officials and trusted experts as well as policy officials. What is there to learn from this about the needs of ministerial offices, as well as from countries like Australia and New Zealand, who have strong ministerial departments within services in the UK tradition?

Whitehall structures are evolving. How are relationships between No 10, the Treasury, the Cabinet Office and departments developing? As the balance of office and home working changes, can premises be rationalised to encourage wider co-location of offices and facilitate inter-departmental working?

Can more be done with shared budgets to encourage cross-departmental working in key areas of policy and delivery?

Structures across the nations

The civil service employs some 400,000 people, with perhaps 40,000 in Central London, with 4,000 or so comprising the Senior Civil Service. Most of that overall number of 400,000 are employed in delivery on the ground, often in quite low paid jobs. Consider Work and Pensions or Border responsibilities. The Cabinet Office has already set targets for more moves out of London, including of senior and policy staff. It is not yet clear to what extent this might involve whole departments, linked to growth and employment planning (as defence functions, for example, already cluster round deep port facilities in the West Country), and whether it might involve functions across departments



moving to shared hubs close to relevant local authorities and organisations. Such hubs could move decision-making closer to customers and provide career opportunities between local and central government as well as across departments on the ground. It could parallel moves to improve cross departmental working at the centre.

Agencies and arms-length bodies.

Some 300 arms-length agencies, funded by government, spend around £200bn of public money. And this is on top of largely sector-funded regulators and agencies like Ofgem or Ofcom. Such bodies can bring expertise sensibly distanced from political interests, like the National Crime Agency or Nuclear Decommissioning. Some may conveniently distance politicians from controversial delivery on the ground. Public Health England became an early casualty of crisis management when it became clear that public and politicians expected the Health Secretary to answer in parliament for its early struggles with Covid responses.

Where do Agencies work best and where has the ‘agencification’ of government gone too far? The role of public bodies and non-departmental delivery agencies has developed significantly – is this good government and is it sufficiently transparent? Have departments retained sufficient expertise in specialist and technical areas? Are ministers sufficiently in control of public appointments and are these done well enough? Do Ministers have sufficient powers to direct the state in emergencies and times of crisis? If ministers are to be given greater control is there a need to improve transparency and accountability, and to strengthen the role of Parliament (including select committees)? If so, how?

Digital, data and new technologies

In 2011, the UK launched the Government Digital Service. David Cameron called it ‘one of the great unsung triumphs of the last parliament and the model it provided has been replicated around the world. The NHS has made huge strides when it comes to electronic patient records and the NHS Long Term Plan will ensure that all health records will be digitised by 2023. Following the creation of GOV.UK, relicensing your car, booking a GP appointment, or accessing government information online has become easy. But crisis management has shone a harsh light on the inability of different data systems within government to connect and the resistance of some departments on sharing data. Officials criticise the ability of colleagues elsewhere to understand and interpret different forms of data.

It is not just a question of recruiting staff with the skills to understand and interpret statistics or programme and manage data. While data-driven innovations can ensure that public services are delivered more cheaply and effectively, they also provide major challenges to ministers and officials in understanding that capability and where they might go wrong. The use of data analytics to improve the delivery of Government services is dependent upon ensuring that there is sufficient access to high-quality data. This applies particularly to the use of Artificial Intelligence. The availability of training data can be as great a determinant of the predictive accuracy of machine learning models as the type of algorithms they employ. Both must be understood. From tech giants like Amazon, who have revolutionised customer service and delivery through their use of data, to national supermarket chains who stepped up to the plate at the start of the pandemic, doubling or tripling their home delivery capacity within weeks, the benefits are obvious. But so are the pitfalls, when officials or ministers lack confidence or understanding of the potential for such tools, expect too much or allow them to be misapplied. Public trust in computerised decision making was severely dented by the exams controversy.

Use of data

Are Government departments doing enough to make use of data in decision-making? Are inconsistent data standards and practices hampering sharing of data and what can be done to improve them? What



can be done to improve data standards and data-sharing across Whitehall? What can the Cabinet Office do to facilitate cross-departmental collaboration through with integrated data and technical support that works across departments?

Is there a more useful role for the ONS and Audit Office in informing policy-making? What can we learn from the Model Hospital project, which compares key stats from comparable hospitals so that clinicians and hospital managers can spot and deal with concerning outliers? (Could there be a Model Government function or department?)

Digital learning and Artificial Intelligence

Whitehall has historically focused more on the digitisation of services rather than on harnessing the opportunities offered by big data and Artificial Intelligence. Ministers and officials need to understand the potential opportunities offered by these technologies to inform decisions and to deliver better deliver services. Nonetheless, they must do so without being overwhelmed by exaggerated claims about the transformative potential of technology or a lack of understanding about emerging innovations. It's really about judgment that needs to be developed and informed at the highest levels. Government departments and digital services are working on producing more advanced analysis and insights through big data and AI. What can be done to speed this work up and translate it into the English of policy critique and decision making?

Connecting with the Public

This part of the commission will bring together key issues, questions and theses from the above through the prism of connecting policy with public perceptions. It will explore transparency and accountability for decisions, both in parliament, devolved assemblies and on the ground, and emphasise the importance of listening to the public across the nations as well as communicating better with them. It is likely to raise issues of devolution and the Union, which take us well beyond this commission and which should inform further work.

