The Dead Generalist
Reforming the civil service and public services

Ed Straw
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This pamphlet draws on the views and experience of a wide range of people, all united by their desire to see meaningful reform of the civil service. Foremost among them are civil servants themselves, who see the system and its problems from the inside, and who are frustrated by the absence of change. In advocating a radical overhaul of the service, I will inevitably arouse strong feelings among its staff. However, this is no diatribe against the men and women employed by the civil service, who are committed to public services and who do as good a job as the machine will allow them to do. Rather, it is an examination of an institution critical to the nation, handicapped by its structure.

In preparing this pamphlet, I have been assisted greatly by civil servants and colleagues working in the public services who have shared their insights, knowledge and experience in the hope of prompting debate about a process of reform which they believe will be to the public good. I am grateful, too, for the support and contributions of ministers, politicians of all parties, government advisers, managers and thinkers. Particular thanks are due to Tom Bentley and the staff at Demos, who assisted my research and encouraged me to submit my conclusions to wider scrutiny.

Ed Straw
When civil servants get up in the morning what do they feel responsible for, and what do they want to do? Their world has altered fundamentally in the last decade. Beyond attractive policies, the effectiveness of government rests on its ability to deliver beneficial, large-scale change to users of public services. Yet the senior civil service, at the apex of public service, has a confused core purpose and is in a situation where it controls and protects its own values without legal, constitutional or parliamentary authority.

Foremost among those values are integrity, independence and impartiality. Senior civil servants are motivated by a public service ethos and show dedication to the public interest. Ironically, the fundamental reforms of the civil service which would enhance its effectiveness and standing and would therefore be in the public interest are impossible through the existing organisation.

Politicians largely respect the integrity of the civil service; but their own existence, dominated by risk, is at the opposite end of the job security spectrum enjoyed by those who serve them. They are uncomfortably dependent on the civil service to perform the basics of their day job, but in order to achieve more and fulfil their manifesto commitments the organisation needs reform. This sends a shudder down the strongest ministerial spine.

The civil service finds itself serving ministers and sometimes regulating them; it is impartial and yet also accountable to those
ministers. Discharging these often conflicting roles successfully in parallel is not possible.

This pamphlet argues that the time for fundamental reform has come, and that it should be treated by all political parties as a ‘day one’ issue, to be tackled at the very outset of a government or premiership.

It sets out the essential elements of that reform, and suggests that they should be implemented within three to five years.

Mild reform of the civil service has been under way since at least 1968 when the Fulton Report concluded that the service was inadequate to meet the tasks faced in the twentieth century in six main respects:

- The civil service was essentially based on the cult of the amateur or the generalist.
- The system of classes impeded the work of the civil service.
- Many scientists, engineers and other professional specialists were not given the responsibility or authority they deserved.
- The civil service lacked skilled managers.
- There was not enough contact between the civil service and the rest of the community.
- There were major defects in personnel management.

Despite a wave of change during the 1980s and New Labour’s introduction of specialist delivery units, capacity building, public service agreements, cross-cutting reviews and the Efficiency Review, many of these weaknesses still apply.

Changes have been made, and their positive effects should be acknowledged. Most recently, the Head of the Home Civil Service made further proposals in Civil Service Reform Delivery and Values. Some civil servants have worked long and hard to put them in place: there are successes. But they remain piecemeal and incremental.

By contrast, the common characteristic of high-performing organisations is ‘alignment’: their proposition to the market is compelling; their strategy to deliver this is clear and comprehensive; their whole structure is built around the proposition; their systems,
incentives and performance measures all point in the same direction; and a set of shared values supports the whole.

**Recommendations**

The second part of the pamphlet sets out in detail the changes needed to achieve such alignment within the civil service. They revolve around three essential drivers of organisational performance:

- Regulation of organisational and individual behaviour, and of product and service standards.
- Score-keeping of the organisation’s performance, for example, outcome and growth measures.
- Stimuli to improve performance, usually in the form of competition, reward, agency intervention, the acquisition of knowledge and its practical application (or learning).

All these drivers should be independent of the civil service, or independently vetted.

In order to achieve this, the following changes are needed:

- Regulation of all ministerial behaviour would be undertaken by an organisation separate from the main civil service and its responsibilities for public service delivery.
- National score-keeping of borrowing and expenditure, unemployment rates, waiting lists, crime rates, school outputs and so on should be undertaken wholly independently of the civil service and of government. This role could be performed by the Office of National Statistics if it were accepted universally as fully independent.

In order to strengthen stimuli to improve and learn, we should establish:

- A central government equivalent of the Comprehensive Performance Assessment (CPA), published where possible with international rankings.
An equivalent of the Audit Commission to drive the identification and promotion of best practice; this body would be independent of ministers and of the civil service.

A major investment in more effective professional and educational institutes.

These structural changes should be accompanied by the following changes to accountability and employment:

- The government and its ministers should have the power to appoint the senior cadre of leaders and managers, with terms of office which automatically expire six months after the next general election to allow a new government to make its own changes. Reshuffles would not trigger reappointments.
- Permanent secretaries should be renamed chief executives, as has already happened in the Department of Health. They should be accountable to ministers to achieve departmental objectives established through a unified planning and budgeting process.
- Departments should create new offices of political, parliamentary and legislative management, separated from the chief executive’s role.
- Graduate recruitment should end, and all civil service posts should be open to external recruitment, replacing the culture of ‘job for life’ and reducing the proportion of ‘lifers’ to around 30 per cent.
- Terms and conditions of employment should be brought into line with the middle ground of UK terms, including pay and pensions.

Any civil servant reading these proposals is likely to have mixed feelings at best. Having served the country diligently for all of their working lives, those at the top are most likely to feel anger at
organisational threat.

But commitment to public service values does not automatically mean assuming that we have the best organisational system through which to express them. Civil servants, politicians of all parties and informed outsiders need to engage in a debate which faces up to the limitations of a system which no longer serves the public interest.
Introduction
The government has partially completed an ambitious programme of public service reform. This is an enormous and complex task. Notable successes include the national numeracy and literacy strategies, New Deal, NHS Direct, NHS building, street crime and Sure Start. The constitutional changes devolving power to the Scottish, Welsh and Greater London assemblies should produce significant benefits too, but over a longer term.

Yet frustration abounds with the pace of change, and with the scale of real improvement for customers, citizens and society. The civil service occupies a pivotal position in relation to public service reform. Can it accelerate the pace and effectiveness of change; and, if so, how?

The civil service is central to the effort of improving public services. But it is also critical to the effectiveness of government as a whole, and therefore to trust and confidence in politics and the public realm. Alongside the focus on frontline services, our whole system of governance must be equipped to meet the varying challenges facing British society. The effectiveness of the central civil service is a vital part of this process.

The reform of the British civil service has long been on the agenda, at least since 1968 when Lord Fulton made substantial proposals for change. Some important reforms have been made. The latest proposals from the Prime Minister and the Head of the Home Civil
Service are on the table. The Gershon Efficiency Review is not concerned with reform of the system but would have some impact. So why is another report on the subject needed? There are two reasons:

- As the old politics of redistribution and mediating between classes have diminished in relative importance, the new politics of competence in public service delivery and in national decision-making have come to dominate: the civil service is central to the capacity of any government to deliver public services. This is a new challenge with which politicians and civil servants are wrestling. The front line is deeply affected by the centre.

- Despite all of the proposals, the fundamentals of the system have not changed. Indeed, the fundamentals can be defended vigorously, and it is these fundamentals which most need to change. The civil service system has not experienced the sea change which most of the rest of the country, in the public and private domains, has undergone. Our public debate has assumed for decades, if not generations, that the principles of civil service organisation are somehow sacrosanct, and that methods first outlined 150 years ago remain the best way to organise public administration today.

The political conundrum is that, in the main, the central civil service which would be driving the change in any normal organisation is not doing so. New governments arrive and are immediately dependent on the civil service to enact their election commitments and to respond to events. Reform takes a distant place to the pressures of the here and now. The political will is never sufficient. The opposition of the day has always seen most advantage in defending the civil service from government ‘politicisation’ rather than in backing reform to its own long-term advantage. The short-termism of our modern democracy stymies reform.
Part 1: The civil service and public service reform

Usually, in these circumstances, public and media pressure builds to force the issue. But reform is too complex for many to understand and has little news value anyway.

Democratically elected politicians find themselves in an uncomfortable dependency relationship with their departments and officials. Many simultaneously respect the integrity and professionalism of civil servants, while learning the hard way that departmental organisation and culture are a powerful barrier and brake to meaningful or radical change. But the determination and energy needed for ministers to prevail in ensuring serious internal change can act as a serious distraction from the need to press ahead in reforming the wider ‘system’ for which they are responsible. Ministers find themselves in the incongruous position of having to press hard for internal change, while at the same time remaining highly dependent on the smooth working of the same departments in order to carry out the principal functions of their elected office.

Too few politicians are interested in management and in how to operate to get the reforms and delivery improvements they want. Changes in the way government and Parliament work are needed too, but it is the civil service that is the subject of our discussion here. However, the reforms proposed in Part 2 would force changes in political behaviour as well.

This pamphlet puts forward the pressing case for fundamental reform, argues its relevance to the citizen, the taxpayer and the consumer, and outlines the what and the how of reform. The intention is to enrol politicians in driving the solutions, as this is the primary source of reform, and to engage the main parties apolitically in its pursuit, as it benefits them all and gives reform its best chance.

The politicians should be under no illusions. This is a problem which will not go away. Until it is tackled, politicians will fail at significant public service reform. They will take the blame, and they and politics will continue to decline in public opinion.

Tackling the issue will take skill and courage. It is a day one issue, in that the longer a new government is in office the more it gets stuck with the status quo and cannot break free. Day one is the first day
after the election of a new prime minister or of a new party in power.

**Accountability requires control of resources**

The nineteenth-century Northcote-Trevelyan reforms of the civil service, very necessary at the time, were driven by the desire to eliminate corruption and to create a professional administration independent of politics. Today, fundamental reform is scared off: politicising the civil service is accorded the same status as domestic violence in the league of bad things.

In the present arrangements, accountability is confused by the sum of incremental changes over the years creating governance of departments which restricts the freedom of management to act, stifles innovation and too often produces risk-averse behaviour. The accounting officer is formally responsible directly to Parliament for every single action taken and for every single penny spent. This is an impossible responsibility to fulfil. Civil servants can be used as convenient scapegoats. In their concern to make an unfit-for-purpose system work, ministers can meddle in operations, leaving the management with its hands tied behind its back.

All organisations trade off corruption and efficiency. A typical global company could spend a hefty proportion of its revenue on audit and still not eliminate fraud. In practice, a very small proportion is spent on audit, just enough to prevent most fraud. The vast majority of management attention is on efficiency, the customer, innovation and so on, ie doing the business. In the civil service the proportions are not quite inverted, but an inordinate amount of bureaucracy is given to the prevention of fraud. However, the fraud focus extends only as far as the procurement of goods and services: limited interest is shown in major fraud in terms of chasing non-payment of fines and taxes, where billions of pounds are lost every year. This procurement fraud focus also preserves the status quo, since the received wisdom holds that the prevention of corruption requires an ‘independent’ civil service.
In today’s world where the conditions that produce corruption are very different and where the role of government is 80 per cent about service delivery, the ‘independence’ imperative creates an organisational paradox. Ministers are accountable to the electorate for delivery, and yet themselves appoint almost no one to oversee it. Imagine becoming chief executive of a large organisation and being told that the entire management are ‘independent’, that you have no control over their major levers of motivation – recruitment, promotion and reward – and that they operate as a separate organisation with a mind of its own. Modern organisations do not and cannot work like that. Neither can government.

Reform would not be about ‘politicising’ the civil service in the way the word is traded politically, for example, in getting civil servants to cross the boundary between government and party activity. There is no reason why fundamental reform in accordance with the policies of an elected government should be politicisation. Running a hospital well is not a political act, but about applying proven organisational theory to some very complicated (and some quite simple) delivery objectives. What are these objectives? What form of organisation is needed for them? What structure, skills and values? What information and resources? What governance and accountability? How should responsibilities be split between ministers and management? What freedoms do managements need to be able to deliver on ministers’ objectives?

The answers depend on the objectives. The organisational approach to the objective of reducing rough sleeping is described below. The approach to raising standards of numeracy and literacy was similar. By contrast, the organisational response to the objective of optimising interest rates was to assign responsibility to a specialist and separate Monetary Policy Committee, its members appointed by the Chancellor of the Exchequer for their expertise and reputation among peers, with a clear remit in relation to inflation, and with transparent deliberations and decisions: minutes and individual votes are published. This highly successful organisation has taken both politicians and the civil service out of the decision-making process.
and has ended it in secret. In this case, reform was about the politicians setting the decision-making framework, depoliticising the decision-making and making it a specialism, and creating public accountability through transparency.

Reform does not inevitably mean politicising the civil service. There are some roles (for example, regulation of ministerial behaviour) which need to be firmly independent. Arrangements for these are proposed in Part 2 of this pamphlet.

Quite necessarily, we have heard much about joined up government. Some things have improved. Many more have not. Joining up requires lateral working across departments and services and vertical connectedness from the school to the local authority to the department to the Treasury and Number 10. The most effective organisations are those whose design focuses first on the interface between the customer or citizen. The structure of service delivery units and head offices should follow these priorities, not be established in advance. For as long as the civil service behaves as a separate organisational entity joining up will never happen. In these days of national government being about top-class economic management and, in numerical terms, largely about delivering quality public services, a separate national organisational entity simply gets in the way. The principal contribution of the Gershon Efficiency Review is the proposals for large overhead efficiencies in joining up public sector policy, funding and regulations for each of the main public services.

Joining up would also be promoted by the government being clear on the real end outcomes it seeks and giving managements the necessary space and freedom to deliver while holding them to account with the strong and effective measures proposed in Part 2.

It must also be the case that lateral joining up requires a strong centre, ie a strong Number 10 and Number 11. Contrary to the periodic criticisms of creeping presidentialism, the UK centre needs to be stronger not weaker, with the departments and their ministers concentrating on the job of delivery. This is the Finnish model where the Prime Minister’s Office and the Ministry of Finance make most decisions, agree five-year business plans with each department, and
the departments get on and deliver them with little room for renegotiation or new funding.

**What is the present role of the civil service?**

The present role of the civil service is unclear and unstated. This is a fundamental flaw and it spawns confusion.

**Civil service: why?**

To administer government?
To run the country?
To serve ministers?
To protect ministers? From themselves?
To regulate ministers?
To put political objectives into practice?
To shock absorb?
To prevent or limit bad ideas going into practice?
To educate Parliament?
To prepare legislation?
To develop policy?
To deliver services?
To reform public services?
To survive?
To look after its own?
To ‘mind the shop’ and provide continuity as governments and ministers come and go?

When civil servants get up in the morning, what do they feel they ‘own’? What do they feel responsible for, and what do they want to do? Why is the civil service here? Organisations or institutions without clarity of objectives and role perform below their potential; poor and inefficient performances are the usual consequences.

The civil service can be serving ministers and sometimes regulating them; it is also impartial and ultimately accountable to those ministers. Performing these often conflicting roles successfully in parallel is not
possible. How can an organisation be both accountable to and yet regulate another body?

The civil service has the values of impartiality, independence and integrity. It is noteworthy that these values are self-developed and preserved, and have no legal, constitutional or parliamentary authority. Impartiality is used as between political parties and between governments. The word is not used as between implementation options or always in advice to ministers: some (perhaps a few) in the civil service can be very opinionated as to the way a policy is to be implemented and will work hard to secure that view.

The problem with impartiality is that an impartial mindset will never allow the passion, drive and commitment which the grand scale of public service reform and delivery demands. The civil service does pursue much of its work with great vigour, particularly the high-profile policies, but so much of what goes on is about fixing delivery and solving a multitude of small but important problems. Impartial people are useful at times, but are not noted in history as having got much done on the ground.

**How effective has the civil service been?**

Of course, the civil service is not alone in fulfilling these roles – the politicians and other institutions (with elected and appointed governances) are of crucial importance – but it plays a very significant and often dominant part in these arrangements. Given the unsatisfactory state of much of the public services, and with low productivity growth, it follows that the civil service has played a significant part in this performance.

The civil service itself is currently attempting to build new capacities in order to meet the demands of modern government. The priorities include:

- Programme and project management.
- Procurement.
- Strategic management.
- Innovation.
In a government context, the need for such capacities is far from new, and the deep capacity to provide most of them in other organisational settings has been there for up to a quarter of a century. The civil service has often seemed uninterested in embracing and acquiring the disciplines which are necessary for large organisations to be effective. Some question whether it has the capacity ever to go beyond its traditional core competencies. Senior officials continually express willingness and, sometimes, expend great energy to make good some of these shortfalls. But the institution as a whole never seems to get there. A cold hard look at history says it never will.

Procurement of IT-centred services is a telling example. There have been a few successes, but after many misprocured, poorly managed contracts and the disastrous obsession with bid price during the mid-1990s, queues around the Passport Office block resulted for the first time in client-side contract management being understood and applied. These changes were as recent as 2000. Some lessons have been learnt, albeit belatedly.

IT-centred service procurement has now developed into a process akin to completing 40 to 80 A level examination questions in the first stage and undergoing a very long courtship in the second. This method of procurement, which has diverged from the typical private sector approach, is dominated by process and by the avoidance of personal risk and commercial judgement. The shadow of over-applied European Union regulations, fiduciary accountability and, in some cases, the lack of blue chip procurement professionalism hangs over the whole process. Whether the right supplier is selected, the right partnership set up and the right deal struck can all be secondary to the demands of the process. It is perfectly possible for the best supplier to fall at the first hurdle.

The Department of Health has put an enormous and professional...
effort into the current £3.2 billion budget to provide the NHS with information systems and has retained professional project managers to run the suppliers and contracts. This represents a significant improvement in some respects and there is still a way to go.

Unlike in the private sector, minimising the cost of the procurement process is not a major objective. The effect is quite the reverse, with comparatively enormous sums spent by the supplier community and by departments. There is no understanding of the benefits of integrated supply chains focused on customers with near-permanent suppliers working cooperatively and profitably. The procurement mindset of UK manufacturing up to the 1970s – a major factor in its demise – is still prevalent in government procurement.

In defence procurement, adverse reports have been a consistent feature since the 1960s and still are. The Major Projects Report 2003 by the National Audit Office, which identified major cost overruns and time delays, could as easily have been a report from the 1960s with the project names changed. In-year cost variations of £422 million and time variations of three to sixteen months are reported. The cost overruns on Astute submarines and Nimrod aircraft total £1.5 billion to the Ministry of Defence. The departmental response would be that they now have ‘SMART Procurement’ (which begs the question, what did they have before?). The report does record improvement under SMART and records that performance against half of the factors responsible for time variation has worsened and that a range of cultural and systemic influences have to be managed. But SMART is the latest in a long line of process changes and single appointments initiated by most governments over the last 30 years with the aim of sorting out defence procurement once and for all. Yet this has not happened. Why? Because the organisational fundamentals always remain the same.

The theme continues in major areas of societal change where grants to local providers are used to deliver services. Time and again the process consumes more than the service being delivered. Local providers are often demoralised by the standard Whitehall delivery process of silo budgeting, excessive financial accountability, low levels
of ownership, ‘delivery equals procurement’, and ‘procurement equals process and tendering’. A further consequence is the financial stop–go relationship with charities as public service providers - a relationship which stands in marked contrast to executive agencies, non-departmental public bodies and statutory providers like schools which receive continuous and relatively stable funding. Thus a sector which has demonstrated the potential to innovate and bring fresh thinking (while also delivering services of equal value in terms of the public good) is kept perpetually off-balance and weak.

Effective central government increasingly means achieving successful public service reform by improving outcomes for the user (the main exception to this being the Ministry of Defence). The effort to do so has produced some significant innovations in the organisational approach used. Such innovations have raised deeper questions about the ‘organisational fundamentals’ which underpin the general approach traditionally taken by the civil service. In the following section some of these fundamentals are described and both their usefulness and their inevitability are questioned.

One of the notable successes in public service reform in recent years was the initiative on rough sleeping led by a specialist from outside with strong sponsorship from the Home Secretary.
The formal evaluation – Helping Rough Sleepers Off the Streets – describes how this reduction was achieved. A comparison of this approach by the Rough Sleeping Unit with the traditional civil service approach to achieving change is set out below:

<table>
<thead>
<tr>
<th>Traditional Civil Service Approach</th>
<th>Rough Sleeping Approach</th>
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<tbody>
<tr>
<td>A generalist is assigned to it</td>
<td>Led by a deep specialist/practitioner</td>
</tr>
<tr>
<td>Staff assigned to the job, from the civil service</td>
<td>Staff hand-picked for the job from a range of backgrounds (including the civil service)</td>
</tr>
<tr>
<td>Largely office-bound</td>
<td>‘Service sampling’ approach: ie management and staff out experiencing the services with the users</td>
</tr>
<tr>
<td>‘Passing-through’-orientated</td>
<td>Goal-orientated and time-limited</td>
</tr>
<tr>
<td>Issue guidance and wait for the world to change</td>
<td>Committed, well-led, motivated group</td>
</tr>
<tr>
<td>Future careers dependent on serving inside</td>
<td>Future careers dependent on success with this objective</td>
</tr>
<tr>
<td>Analyse the problem academically and as a policy matter</td>
<td>Analyse the problem from the ground and from the customer, and redesign the services accordingly</td>
</tr>
<tr>
<td>Impartial</td>
<td>Passionate</td>
</tr>
<tr>
<td>Dominated by departmental silos</td>
<td>Joining up services</td>
</tr>
<tr>
<td>Basic assumption is to carry on as before</td>
<td>Explicit about the need for change</td>
</tr>
<tr>
<td>Change has to be justified</td>
<td>Challenge assumptions and working practices, and do things differently</td>
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</table>
Interestingly, the rough sleeping approach is regarded by some in the civil service as a maverick example, not a model to be followed more widely. But any organisational specialist or theory would identify the rough sleeping approach as appropriate to the objective and entirely normal. By contrast, the fixed, monolithic and uniform organisation of the civil service does not work. Organisation which is constructed for specific objectives usually does. The implication is that departments as we know them must struggle to function effectively.

How the civil service works

The dead generalist

Organisational life in the public and private sectors has been characterised for much of its modern existence by the increasing professionalisation of functions. There was a time when, for example, human resources, finance and marketing were ‘picked up’ by generalist managers and their staffs. No longer. These and others have become professionalised with institutes, qualification and accreditation. Just as importantly, some organisations and industries have become ‘schools’ for functions vital to their businesses; for example, the most expert marketing people come out of retail and consumer goods companies.

Specialisation also occurs within professions – forensic accountants, hip operation surgeons and media lawyers – as the know-how of, and demands on, the speciality increase. In the public services, specialists abound – in housing, adoption, primary teaching, integration of services, and so on.

Management itself is, in high-performing organisations, a specialism in the sense that a management culture exists throughout. At the very top of organisations and in certain other jobs, a broad experiential and skills base is needed which could be interpreted as being generalist. These are exceptions, not the rule.

By contrast, the UK civil service has stuck with its ‘gifted generalist’ approach, relying on process to make specialist functions amenable to
generalist operation. While some qualified professionals have been admitted, for example, in accounting, the functions as a whole would not be classed as professionalised.

This generalist approach goes beyond the so-called ‘back office’ functions and is institutionalised through the career development practice of changing job responsibilities about every three years. These moves may be seen as small steps by civil servants but they are giant steps for society: education to housing; domestic violence to primary teaching; industry productivity to police budgets. The expectation is that the new brief will be mastered, policy options developed, ministers advised, green and white papers prepared, initiatives launched, and even some beneficial change achieved on the ground with long-standing and, usually, very complex problems by people with an average of eighteen months’ experience. This extraordinary practice, perhaps rooted somewhere in the empire-swinging aristocracy, goes further: those responsible usually have little experience of directly managing change. The law of unintended consequences follows directly from this institutionalised disregard for experience.

Think of the best organisations in the public or private sectors and you will find they are dominated by people in the top right-hand box: (see figure below) high education and high specialism. Are there any top organisations dominated by people in the top left-hand box? Experiencing a variety of jobs is important for refreshment and development, especially in the early stages of a career. Providing such a variety is a feature of excellent graduate training schemes in other organisations. At the same time, such organisations always employ people with a vast experience in the services and functions they provide.

Knowledge shedding
People joining central government departments are often struck by how limited the institutional memory is: collectively, they struggle to capture what happened when they were last organised like this, how a particular public service profession like the police responded the last time a similar initiative was proposed, and so on. Institutional
memory provides learning, reduces serial mistakes and increases the success rate. The foot-and-mouth outbreak and civil defence pressures are recent examples of loss of institutional memory.

‘Why is it we never see the British at the public administration debates and seminars in Brussels?’ ask Continental European administrators, who are much more used to learning from the experience (good and poor) of other countries.

In the civil service, such connections with the outside world and with each other, experienced through professional institutions, conferences, seminars, trade journals and through time spent on the ground with consumers and front-line staff, are limited. Britain’s civil
service is often insular and internally focused, although it can import temporary expertise into its decision-making.

Knowledge shedding in all these ways runs counter to modern organisational theory and practice which prize the capacity for learning from top to bottom in a fast-moving world as fundamental to survival and success in the medium term.

It's change, not policy
The purpose of government is to bring about beneficial change. The core values, experience and competence of the senior civil service place policy at its pinnacle. This triggers a further organisational impossibility.

In the 1970s large corporations went through a phase in which the responsibility for strategy fell to large, separate departments. This did not work. Strategies were produced without the detailed knowledge of operations. Operations staff had little or no input, and therefore commitment, to the strategies produced. In their implementation these strategies floundered or were found to be flawed. As a responsibility, strategy returned to, and was reintegrated within, the businesses themselves. The only worthwhile strategy is an implemented strategy.

The same organisational imperative applies to the public services – effective beneficial change requires the managers of delivery (and the delivery staff, and often also the consumers/citizens) to lead, or be active, in its shaping. Policy-making in a vacuum is just that. A lack of service management expertise reinforces the vacuum. The failures in beneficial change traceable to vacuum policy-making are many: MMR vaccinations and school-funding redistribution are recent and obvious examples, as well as rail privatisation a few years ago.

The organisations of government should be aligned with its purpose of beneficial change. Policy-making (where it is needed) should be embedded in the process for the role it is serving.

Working practices
Some of the working practices still common in the central civil service are outdated and highly costly. Perhaps the most notable of
these is the way some meetings are organised. A meeting is set up with a minister, for instance to brief him or her on some policy options. Typically, this meeting will be large. A paper production process springs into action, comprising cycles of reviews and many reviewers. ‘Pre-meetings’ are held to discuss the meeting, its agenda and, of course, its papers. The meeting chair has notes as to whom to call to speak and comment. Not all meetings are like this by any means, but this description does caricature the way much business is undertaken. This process does not result in better decisions being taken: the sheer number of people involved produces its own unnecessary complexity and cost. Large meetings are unproductive. The rest of the twenty-first century organisational world does not do it this way.

Institutional preservation

All cultures have strong immune and self-preservation systems. The behaviour of the individuals making up the organisation is not malign or conspiratorial in defence of the status quo. Nonetheless, cultures are extraordinarily resilient, especially in organisations which have successfully adapted to change over generations. This can be of great benefit. However, if the world or external need or market pressure changes radically, then the self-preservation reflex becomes an obstacle preventing or limiting the internal change now vital to longer term survival.

The institutional self-preservation mechanisms in the civil service are very strong. From time to time, these may have included:

- Ride with the punches; wait for the storm to blow over, the fervour to abate, the minister and political advisers to move on; show willing, chant new mantras.
- Keep key posts for the civil service (for example, by appointing a civil servant to a chief executive job in a new agency before the external chairman is appointed).
- Take refuge in language and process. Set up a new group. Produce a report.
Limit the number of political advisers to around 0.15 per cent of the central civil service.

Close ranks against appointees from outside. Frustrate with process and rules.

Allocate a third-rate grade 5, based far away and with few resources, to develop a favoured ministerial policy which the grade 2 opposes. Control independent commissions in the same way.

Ring-fence new units; preserve the concept of the club; belong to the FDA.

These are indicative of the ways reform can be resisted. Even after ten years of the Iron Lady and acres of public sector reform, the civil service returned largely to its original cultural shape.

**But reform is under way**

Reform of the civil service has been under way since at least 1968 when the Fulton Report concluded that the service was inadequate to meet the tasks faced in the twentieth century in six main respects:

- The civil service was essentially based on the cult of the amateur or the generalist.
- The system of classes impeded the work of the civil service.
- Many scientists, engineers and other professional specialists were not given the responsibility or authority they deserved.
- The civil service lacked skilled managers.
- There was not enough contact between the civil service and the rest of the community.
- There were major defects in personnel management.

The next big stimulus to reform was Mrs Thatcher and, in the early 1980s, the appointment of Sir Derek Rayner as Leader of the Efficiency Unit, bringing with it:
Part 1: The civil service and public service reform

- the introduction of the Management Information System for Ministers (MINIS).
- the Financial Management Initiatives.
- the introduction of ‘Next Steps’ agencies.

Tony Blair and his ministers then embarked on the next round of reform, involving:

- specialist delivery units.
- capacity building.
- public service agreements.
- gateway reviews, landscape reviews and the Efficiency Review.

Most recently, the Head of the Home Civil Service made further proposals in Civil Service Reform Delivery and Values.

It could be argued that once this final round of reform is in place, all will be well. The fact that it is now 35 years since Fulton suggests otherwise: too many of the fundamentals have not changed. Neither is the world static: consumerism, international comparisons and new technology heap additional demands on today's public service organisations. Changes have been made, and it should be acknowledged that these reforms have had some effect in terms of public services on the ground. Some civil servants have worked long and hard to put them in place: there are successes. But the internal change front shows no sign of catching up, let alone keeping abreast of the external change front.

The proposals in Civil Service Reform Delivery and Values would represent some progress if fully implemented. But critics would argue that the paper is nearer an exercise in preserving the status quo than in fundamental reform. They would say that none of the fundamentals is questioned, the proposals are at the margin, and there are no timetables, milestones or commitments to outcomes. For example, the problem of the pervasive generalist is given the response of ‘career anchors’ within the home-grown lifer model rather than sourcing
specialists today from proven producers. It would be ten years before the civil service produced specialists of the depth available today from outside.

The paper cites the World Bank survey on Government Effectiveness as proof of the effectiveness of the civil service. Closer examination finds that the statistical accuracy is such that the UK could be ranked second or ninth just above Japan and Italy; all of the eight survey sources used to assess the UK are based on perceptions, and none on hard data, and our political stability is rated seventh in a list of ten, comparable with Italy and below Spain. These are not the strongest foundations for the status quo.

The reality is that little has changed in recent years and that real reform is not under way.

In the last 20 years much research has been undertaken into organisational change, particularly because in the 1980s so many change programmes ran into the sand or realised around 30 per cent of the intended objectives. The principal conclusion was that several influences on behaviour had to be addressed simultaneously for change to succeed. Perhaps the Burke-Litwin model expresses this best.

In addition, the various factors had to be aligned. In organisations where the speeches say A and the incentives say B, then B will happen. Where the systems say X and the performance measures say Y, then Y will happen. By contrast, high-performing organisations are ‘aligned’: the proposition to the market is compelling; the strategy to deliver this is clear and comprehensive; the organisation is structured around the proposition; the systems, the incentives, the performance measures all point in the same direction; and a set of shared values supports the whole.

None of the civil service reforms have ever addressed change in this comprehensive and aligned way. Thus, there is presently some emphasis on leadership development, largely in isolation and without reference to the ministerial/civil service interface, to the appointment and development of civil servants, to teams and team-working, and so on.
Pace matters, too, to build the momentum big change programmes require. But change in the civil service can take a very long time. A programme to introduce what many people would regard as standard practice – resource accounting and budgeting (RAB) – to add to pure cash accounting was started in 1993 and is due to finish in 2008.
years later. It is still under way; some departments are now regarded as being able to do it and, even, to make decisions based on it. It is considered a triumph that student loans have been properly accounted for under RAB. In most organisations, handling something of the student loans complexity would have exercised the minds of a few professional accountants for a few weeks, been cross-checked with the auditors and enacted. RAB, as a whole, would have taken, at most, three years.

**Conclusion**

So back to the question posed at the outset: can the civil service, which occupies a central place in relation to public service reform, accelerate the pace and effectiveness of change? If so, how? Pockets of progress and excellence exist. But, in the round, the answer must be that in the way the civil service is currently organised, it cannot meet its objectives; and the pace of its own reform is too slow ever to allow it to do so. To deliver the public service reforms that society wants and needs, the organisation and culture of the civil service need a major overhaul.
Part 2: Start again

The second part of this pamphlet proposes the shape for the new civil service. Proposals like these will always benefit from being tested and refined through debate. But without clear proposals to stimulate reaction and an equally strong determination to act, that debate will lapse far too easily into tweaking the status quo. The process should be intensive and short – the issues, the needs, and the potential solutions are already known. Final decisions can be taken and implementation started quickly.

The inspiration for these proposals is 25 years of experience working with and studying organisations of all ownership forms around the world. Far from a private sector transplant, these proposals are an adaptation of best practice drawn from all sectors and from a study of civil service organisation and government reform in other countries.

What would a new civil service look like?
These proposals are intended to:

- End the separate existence of the civil service and its isolation; to make it part of the government of the day; and to start joining it up with the public services it exists for.
- Give governments and ministers the authority and resources they need to deliver on election commitments.
Create clarity of role, and separate the independence-driven roles from the roles of service delivery and of parliamentary, political and legislative management.

- Adopt and apply organisational best practice with particular impact on the sourcing and motivation of people.
- Undertake change at quick pace.
- Put in place a new framework to drive understanding and improvement, independent of ministers and civil servants; to keep national scores; to evaluate departments, delivery and initiatives; and most importantly, to become the hub of a powerful force for international knowledge acquisition, diffusion and learning.

Reforms are needed in three organisational ‘systems’:

- **System One** the essential drivers of organisational performance.
- **System Two** the structure of government to take decisions and deliver services.
- **System Three** the organisation of delivery units - departments, agencies and so on.

The chart shows these systems and their components diagrammatically.

**System One - the essential drivers**

All successful organisations have around them the essential drivers of performance:

- regulation of organisational and individual behaviour and of product and service standards.
- score-keeping of the organisation’s performance, for example, profit and loss accounts, outcome and growth measures.
- stimuli to improve performance, usually in the form of
competition, reward and closure, and of knowledge acquisition and application.

These drivers are independent of the organisation or are independently vetted. Where they are not, under-performance and/or loss of public
confidence and trust result. The self-regulation of the legal services industry is a current example.

Government organisations need the same drivers – there is no argument which would support them being an exception. Regulation, score-keeping and stimuli are the essential drivers and must be independent of the government and of the civil service. Public confidence and trust in government, politicians and civil servants should improve as confidence in the independence of these drivers becomes established. With these strong independent safeguards, the public can have confidence in ministers having control of the delivery resources and in appointing the senior cadre of managers without these being seen as ‘political’ appointments. Further, these roles would be clear and distinct from delivery and other roles for the civil service. No longer would they be seeking to undertake conflicting roles simultaneously.

Regulation of all ministerial behaviour would be undertaken by one body, in a balanced way, and be wholly separate from the delivery civil service. Similarly, regulation of product and service standards would be undertaken by separate and independent bodies, although without the extraordinary proliferation of these bodies some sectors are now experiencing.

Score-keeping would extend to all statistics – economic, financial and operational – by which performance is judged. Regardless of the accuracy of these indices now, it is essential to a democracy that the national performance figures are accurate and trusted and therefore a sound basis for decision-making. Managements and staff need to know where their organisations are and that it is real performance that counts – not massaging the numbers or creative reporting. Ministers and Parliament need confidence in the numbers. Above all, the electorate need the correct scores to judge the performance of governments. Government has a strong interest too since its genuine performance will be less prey to the views expressed in the dumb or politicised media, and public confidence and trust should start to improve. It is time to take the politics out of arithmetic. There has been some recent progress in this direction since the nadir of 19
changes to the method of calculating unemployment (almost all of which notionally reduced it) with the semi-independence of the Office for National Statistics. For this to happen, national scorekeeping of borrowing and expenditure, unemployment rates, waiting lists, crime rates, school outputs and so on must be undertaken wholly independently of the civil service and of government, and with expertise. This could be a role for a fully independent Office of National Statistics. This will take a political act of bravery comparable to the transfer of interest-rate setting powers to the Bank of England. The successful switch to the Monetary Policy Committee shows that this sort of change can be accomplished. Governments from all parties would then operate under the same regime and, in time, a more reality-driven, more productive and more focused political competition would become the norm.

Organisations need stimuli to improve. These may be external imperatives in terms of competition, provision of finance or social need; or internal stimuli which can come from determined leadership, from acquiring the knowledge of how to improve, and from applying that knowledge. The latter is often encapsulated in the term: a learning organisation. To learn is to change.

The private sector now has huge international engines of knowledge acquisition. Local government has built quite a powerful engine within the UK. The British civil service has no engine (although ideas sparked abroad, like the UK ‘FBI’, do find their way through, usually via politicians). In public services overseas, there is no equivalent to these private sector engines of knowledge acquisition, though there are tiny pockets of excellence.

The complete dependence of many industries on international knowledge acquisition in driving improvement is hard to overstate. In the late 1970s, the US received a rude awakening from its comfortable industrial dominance with the invasion of high-quality and high-value Japanese automotive and consumer electronics industries and products. After a pause for denial and to cry foul, knowledge acquisition engines in the form of business schools and organisational gurus sprang into action. What were the Japanese doing that made
such a difference? How did they do it? What were the underlying organisational principles, and could these be replicated in different national cultures? From such enquiry sprang ‘total quality management’, ‘zero defects’, ‘customer is king’, and ‘integrated supply chains’. The engines of knowledge transfer were the highly valued, highly paid evangelical gurus (for example, Tom Peters, Michael Porter, Phil Crosby), the world’s business school networks, conferences, magazines, business pages, management and technical consultants, professional institutes, trade associations, employees moving between companies, and latterly software developers. Managements and staff acquired and applied this knowledge. National cultural advantages in an organisational context could be transferred.

Today, mass manufacturers operate to standards of global best practice – or they are out of business. We, as consumers, reap the benefits as we buy products of a quality, price and innovation unavailable and unimagined 20 years ago.

Other industries followed: pharmaceuticals with the ‘time to market’ concept (a UK invention); ‘Six Sigma’ in lower-volume manufacturing; and ‘risk management’ in banking. These principles crossed industry sectors.

These learning engines are now universally global, permanent and massive. Managements and staff want knowledge: the vanity of ‘it wasn’t invented here’ shrivelled some time ago, as did the objection that another country’s experience is inapplicable. The engines are eclectic and acquire potentially relevant learning from the armed forces, religion, charities and government... wherever. Although less developed at present, the functions of finance, human resources and IT have international knowledge acquisition engines too.

Is there a reason why the same stimuli to improvement could not be replicated and unleashed in the world’s public services?

The public sector has itself imported some of the organisational practices now widely accepted in the private sector. The strongest example of this in Britain is seen in local government, where the Audit Commission has taken the lead in identifying and promoting best practice. This engine has been joined by SOLACE, CIPFA, the
Local Government Association, IDeA, service specific associations, conferences, trade journals, think tanks and the movement of staff to provide real stimulus – with the result that the best authorities now embrace learning, leadership and innovation, and provide good services and products. The knowledge transfer here is industry-specific too: improving approaches to children’s services, refuse collection, building regulations and so on. But the engine is almost exclusively national.

Recently, in terms of external stimuli, local government has acquired an equivalent of the profit and loss account, termed the Comprehensive Performance Assessment (CPA). This is a single figure which provides the authority and its stakeholders with a clear and competitive measure of performance and progress; with something to aim at; and with a source of personal pride and achievement. The CPA can never be as powerful as out-and-out market competition but, within a British context, it is now quite a powerful motivator. The threat of the various intervention mechanisms for the poorest authorities or services (the equivalent in the private sector to company administration) also seems to be working.

For the British civil service, then, the need is to develop its own stimuli. Inevitably, this will be international because it provides the greatest power and also because the national comparators are limited: over 400 local authorities in England and Wales provide much the same services and sources of comparison, but there is only one Treasury and one Inland Revenue.

The fundamentals of these stimuli will be:

- a CPA equivalent, whenever possible with international rankings, all published.
- an Audit Commission equivalent to drive the identification and promotion of best practice.
- service-specific professional institutes with international reach, conferences and journals.
- powerful educational institutes, internationally wired, and service-specific, where deeper insights can be developed.
In addition, changes within the organisational units (see System Three below) also are significant in building learning organisations:

- free movement of staff into and out of the civil service, bringing wider knowledge with them.
- staff who specialise and thus accumulate knowledge.
- leadership which values and demands learning (management expected to be outside regularly and learning from equivalents abroad).

Some further description of these proposals is provided below.

**CPA and Audit Commission Equivalents**

Some parts of government need to be independent and some not. The existing Audit Commission is independent of the local authorities it is regulating. It is also independent of the existing civil service. It operates largely independently of ministers and of Parliament (although its board is appointed by ministers). It has had a history of fairly consistent success.

The proposed Audit Commission Equivalent (ACE) for central government would have to be independent of the civil service and of ministers. It could be accountable to Parliament. This would give Parliament a clear and much needed role, but this arrangement would have to avoid the pitfalls of the Public Accounts Committee (PAC) of the House of Commons in sponsoring the National Audit Office. Through its well-intentioned but misplaced scrutiny, the PAC has not promoted learning and development, and in practice promotes risk-averse behaviour by departments. Inaction (usually) is harder to criticise. Innovation suffers. Permanent secretaries wear their PAC scars with pride. If Parliament cannot find a more effective way to sponsor than this, then the existing Audit Commission model is proposed.

The new ACE would undertake the assessments and rankings for all government departments, agencies and Non-Departmental Public Bodies (NDPBs), and would also identify and promote best practice.
Of equal significance to the role of the new ACE would be its responsibility for evaluation of programmes and initiatives. Thus a new approach to street crime, to teaching literacy, or to reducing unemployment would be evaluated and the conclusions published independently. This government deserves considerable credit for undertaking more evaluations than any other and for publishing them. But, consistently across programmes and across governments, the need is to identify what works, why it does, and equally what does not. The aim is to create a relatively neutral atmosphere in which programmes and initiatives can be assessed and in which those who administer them – civil servants and ministers – can learn. Again, trust will be rebuilt and a fresh politics will emerge based more on actual competence than on perception, prejudice and ‘good ideas in the bath’.

The Audit Commission Equivalent would need significant funding to be effective, but its effectiveness should outstrip its actual cost several-fold. It would need strong links with organisations undertaking similar roles in other countries, and could take the lead in establishing this international network.

ACE should operate in a similar way to the Monetary Policy Committee, ie with transparent working and decision-making.

**Powerful educational institutes**

In industry, specialist university departments with strong links to their relevant companies or sectors fulfil the roles of teaching the core competencies of each industry, innovating, researching long term to provide deeper insights and providing a ready-made personal network for future knowledge-sharing. They are a key part of the overall success formula for clustered industries. The film schools serving Hollywood in California are an excellent example.

Warwick University is commendably seeking to fill some of the gaping holes in this part of the UK public service infrastructure. This lead needs to be followed by many others specialising in all aspects of government, from its organisation to specific tasks like tax collection, farm support and the school for future Chancellors of the Exchequer.
These specialist institutes would build strong reciprocal links to their relevant parts of government and nurture strong international networks.

Some overseas administrations have close relationships with particular universities which, in effect, run their basic training for them. This would negate the need for the Civil Service College and open up the system to wider thinking and practice. The École Nationale d’Administration (ENA) in France is one example of this.

**System Two – the structure of government**

The proposed changes here are about further clarity of role and of purpose, and about creating a strong centre to provide the ‘joined-up’ thinking and delivery which still eludes the UK government. Despite periodic commentator chatter about creeping presidentialism and the decline of cabinet power, in practice the centre of government is weak. Decision-taking is often dispersed and sometimes haphazard.

The need is for a unified process of annual and medium-term strategy, planning and budgeting which decides on priorities and objectives, on who is going to deliver them, and on budgets. This is a job for the Prime Minister’s Office and for the Ministry of Finance (or Treasury – a modern misnomer) working together. It requires adequate resources and expertise to do it.

One example provides an illustration of the need to strengthen the centre of government. The Treasury runs a good budgeting process for departments. But it has no national budgeting and planning process, nor a financial model which takes account of the impact on the individual citizen. Thus the highly leveraged funding from national taxation of local authorities’ expenditure results in disproportionate increases in council tax. These, in turn, impact disproportionately on people with low fixed incomes, ie state pensioners. This recent outcome was neither anticipated nor adjusted for. It should be, in the future, with an expert centre running an integrated budgeting and planning process.

The role of departments and their associated bodies is to meet the goals set out by the overall strategy and plan. They themselves will need plans too but these will be delivery plans.
Their roles comprise three elements:

- direct service delivery.
- regulation, funding, learning and development of indirect public services.
- regulation of the private sector.

For direct service delivery (tax collection, benefits distribution, agricultural support, armed services, health, prisons and courts, for example) the existing agency or NDPB arrangements have produced improvements. With some of the Efficiency Review proposals, direct ministerial appointments, independence from a monolithic civil service, clarity of outcomes, freedom to manage, strong accountability for performance and the new score-keeping and knowledge acquisition stimuli, these units can improve a great deal further. Some of the governance arrangements need adjustment in some cases to bring them closer to their departments and in other cases to make them properly independent.

For indirect public service delivery (local government, universities, police, road building, for example) effective frameworks must be put in place. The Efficiency Review identifies that most of these frameworks are unclear with confused accountabilities, funding, expenditure and governance; but this is not the subject of this pamphlet. In broad terms, central government must learn how to treat these collections of organisations involved in service delivery as complex, partially autonomous systems with their own essential cultures and characteristics, rather than endlessly trying to establish tighter hierarchical command over them in order to implement change more directly.

Governments take initiatives: indirect services examples include numeracy and literacy in schools, street crime and anti-social behaviour. These require task or project groups and temporary time-limited structures, akin to those in contracting or consulting organisations. Government should also be ready to structure departments around specific ‘consumer’ groups. Bringing most responsibilities for children into one department, as the government recently did, is a
good example; the creation of an Assets Recovery Agency to pursue the proceeds of crime is another.

There is a considerable amount of regulation of the private sector. Again, the new arrangements will have more to do in promulgating best practice from around the world. The regulation role should become a distinct specialism for staff. There is a case for grouping some or all of these regulatory roles in one place, structurally.

**System Three - organising to deliver**

**Accountability**
The government and its ministers should have the power to appoint the senior cadre of leaders and managers, with terms of office which automatically expire six months after the next general election to allow a new government to make its changes. Governments will need to have, or be prepared to acquire, the skills to make these appointments. Reshuffles would not trigger reappointments.

Are these political appointments? Not if the politicians making them have any sense. In 1993 I advised a political party on its organisation and drew the distinction between the political process and the managerial one: for example, the membership department had been politically run; its performance was appalling and it was preventing new members and money from coming in. A managerial process reversed all that. These appointments by ministers should be driven by candidates’ competence to accomplish the project which has been made an electoral commitment.

New Zealand operates a rather more arm’s length process for its departmental chief executives, using an independent appointments commission with its members appointed by the government – an arrangement like Britain’s Monetary Policy Committee. Given the scale of change needed, I propose direct ministerial appointment: it will produce, on average, a bigger change. The New Zealand model may become appropriate in about ten years’ time.

The line of accountability would then be quite clear, from the electorate, through Parliament to the government, and on to the...
minister and the management. The division between the minister and the departmental heads would be akin to that between chairman and chief executive - but with the minister having absolute ownership of strategy and objectives.

Historically, the title of permanent secretary is used to provide continuity between one administration and the next. In today's world neither this degree of permanence nor a secretary is needed. Chief executive describes the role as well as any title. The Department of Health has already made this change.

**People**

Much can be done to improve organisational performance, but probably the biggest and fastest lever is in changing the people - bringing in managers and staff with the right experience and education, and with the motivation to do things very differently. This proposal goes much further than would be needed in the long term once the proposals for reform have become embedded. But the present stagnation demands this shock to the system. The report Civil Service Reform Delivery and Values refers to one in six members of the senior civil service being recruited from outside, adding that the ratio is likely to increase if current trends continue. The degree of change and the ongoing renewal and performance of the civil service means a much different external:internal ratio than this; 70:30 of “freshers” to “lifers” would be about right and a ratio to be achieved over three years, not 15.

**Free movement of staff**

Organisations that are performing to a high standard and are operating in stable markets or external environments can, largely, grow and retain their own staff and managements. Indeed, typically, this tends to reinforce a successful culture. Marks & Spencer was an example, and its present plight illustrates the dangers when performance drops and/or the environment changes. Suddenly the renewal, the energy and the innovation essential to adapt are missing and adherence to the status quo becomes a toxic orthodoxy. ‘Jobs for life’ become an organisational killer.
The new governmental environment demands big change, fresh thinking, new energy and new ideas. While the rate of inflow of outsiders is increasing, it is still very small and the civil service is dominated by those who have been in it all their life.

The terms and conditions providing almost total security of tenure (exemplified by staff fondly referring to the prospect of redundancy when aged 40 to 50 as ‘the golden window’) create a gulf of circumstance and understanding between the civil service and virtually every other employee and organisation in the country. The ministers and politicians it serves live right at the other end of the job security spectrum. So do many citizens, whatever their jobs.

This level of security is also a major drag on change and improvement. Without becoming bad employers, organisations work best where those employed know that their contribution matters to the whole, where they are well led and developed, where fair redundancy occurs when tasks are finished or demand falls, and where performance is managed occasionally through dismissal.

At the same time, the pay of many key civil servants is too low to attract, retain and reward people of the calibre needed.

Therefore:

- The graduate recruitment of civil servants should end to free up external recruitment space and culture change space. It may be that a small graduate entry scheme could be justified for the parliamentary, political management role. If so, graduate training should be based on the public services the civil service exists for, i.e. the first year in local government, the second in health and the third in another service.

- The notion of ‘a job for life’ should go; although some people would stay for life, it would no longer be the norm of expectation.

- The terms and conditions should be brought into line with the centre ground of UK terms, including pay and pensions. All new staff should be employed on these.
conditions, and transition arrangements made for the remaining staff (as other organisations have done successfully). This is difficult, but essential.

○ All jobs should be recruited flexibly on an appropriate merit basis, as in other organisations.

In summary, the civil service, as in other high-performing organisations, would ‘grow its best’ staff by investing in their development, be tough with the others and be continually refreshed by a stream of new people.

**Specialisation and professionalisation of staff**

Staff should be recruited to a specific job, bringing the experience and potential to do that job: hire for task, not for service. For the core functions of finance, human resources, IT and procurement, the civil service would join the rest of the world in recruiting from these functions generally regardless of sector. The finance functions of the world are largely similar and there is as much difference between pharmaceuticals and automotive finance functions as there is between those of the Home Office and a bank. These gene pools are lateral and cross-sector. The civil service should adopt these well-proven and largely successful professional development routes and stop trying to ‘grow its own’.

Some departments will also need to import other professionals with a different expertise from that of civil servants. Large, complex projects like chemical plants and oil rigs are built using specialist contract managers working for the clients (like Shell and BP). The MoD needs specialist contract managers and the specialist processes to go with them to manage its large, complex projects rather than trying to home-grow those individuals.

In specific government initiative areas (such as, for example, to increase drug rehabilitation), specialist staff and teams should be recruited to the task for fixed periods.

As for delivery jobs, the normal criteria would apply. For example, what are the requisite criteria for a new head of a large agency serving the public directly, with thousands of staff costing billions of pounds
to run? Leadership, change and delivery are top of the experience list. Where are these skills to be found? In commercial and public sector agencies in the UK and abroad. We should look far wider than the gene pool of generalist lifetime civil servants.

There is one role which civil servants presently undertake to a very high standard, in which they do currently specialise, and which should remain mainly home-grown. That is the role of political, parliamentary and legislative management, which incorporates the positive aspects of ‘minding the minister’. A key part of the current permanent secretary role would not suit the skills of a chief executive, and so would be undertaken by a new head of political, parliamentary and legislative management.

Innovation and normalisation

Many people have called for the civil service to be more innovative and by implication to take more risks. These calls have fallen on deaf ears. With the present organisation of the civil service, the surprise is that there is any innovation at all – not that there is none.

Part of the normalising of the organisation means that the obstacles to innovation (‘jobs for life’, total security, low specialisation) are removed or lowered and stimuli to innovation are put in their place: external assessments, international knowledge engines, fresh leadership with clear objectives, and fresh thinking generated by staff flux.

Public services are special

Most of the proposals offered here are about bringing the organisation of central government into line with modern and successful organisational norms. But some aspects of government are special and highly complex: examples include reducing crime rates significantly; reducing domestic violence to a minimum; improving transport; balancing the needs for housing and open space; limiting global warming; reforming the health service, and so on. No company faces objectives of this scale and complexity.

The new organisation of central government will need to retain these exceptional capacities to solve such long-term problems. This is
another reason why learning from applying global best practice and embedding this philosophy in the front line of services are so vital. The UK alone has neither the time nor the experimental space to determine even the majority of the answers.

The special principles, and therefore the implied capacities centrally and locally, for complex public service issues are fourfold.

Special capacities:
- Taking a whole systems or holistic view of the problem and the solution.
- Being adaptive and innovative.
- Citizens being involved and sometimes leading the solution through co-production, governance, deliberative democracy and participative budgeting.

Developing a ‘public value’ framework for evaluation and accountability which addresses explicitly the need for user satisfaction, complex trade-offs and particular limits to behavioural intervention.

These terms are not just think-tank rhetoric. They are fundamental to making significant progress with some intractable problems which, without these special capacities, will remain stalled.

Once the power and the leadership are in place, the detailed organisational design and implementation can begin. Much of this is a matter of detail, but the key organising principles are clear.

Organising principles:
- Valuing and rewarding cross-departmental working.
- Joined-up budgeting, planning and monitoring.
- ‘Government is one business, not nineteen.’
Organisational units designed from:
- consumers and citizens upwards
- beneficial change on the ground
- the most effective performance management frameworks for indirect service delivery
- coherent units for direct service delivery
- shared services for appropriate support functions

Transparent working and decision-making as the rule, not the exception.

I would expect such organising principles to leave the structure of some units the same except for their back offices, while others would merge, disappear or alter markedly.

Broadly, departments need slim head offices with core functions: political, parliamentary and legislative management (the core competence of today’s civil service in Whitehall), strategy, finance, human resources and technology.

**Getting there**
The easiest part of any change programme is designing the new organisation. The really hard part is successful implementation. This takes power, sustained leadership and expert change management.

It will be essential to show strong political will and to take control of the existing civil service machine. As it stands, the organisation does not allow politicians of any party to govern well. So the cross-party political motivation for reform should be strong.

To put in place the organisation proposed below within a reasonable period – say three years for 70 per cent and five years for 90 per cent implementation – will take the continuous commitment and leadership of the prime minister, the cabinet and ministers. Their aim should be to win the backing of the main parties currently not in government, and the support of Parliament as a whole. It will be preferable and in their own long-term interest if the opposition
parties can be persuaded of the benefits so that they resist the temptation to exploit this issue to chalk up political points.

While these proposals give ministers greater real power to deliver and make beneficial change, they also require them to relinquish some power over process, accept more transparency and work with more concrete reality. In the short term, this will take political will of a high order.

There are four possible approaches to implementation:

- **Self-reform**, led by the existing senior civil service. History and all organisational experience say that the pace of self-reform would match the sluggishness of previous attempts, and that its range would be diluted severely. Its experience is too narrow. Dissatisfaction with the status quo - a prerequisite for major change - is insufficient among the incumbents.

- **By-pass reform**. This is the model the present government has used to date, stimulating change by adding new units led by outsiders with quite powerful remits: for example, the Prime Minister’s Delivery Unit and the Office of Government Commerce have introduced a degree of governance to delivery and projects. This approach has had some success, but has not changed the existing model fundamentally. It risks both succumbing to inertia and fostering resentment.

- **Imposed reform**. This requires sufficient people, with sufficient power and competence. In organisational change of this scale, this is the route used most often. New chief executives would be appointed who, in turn, would have the freedom to appoint their key teams, unimpeded by internal obstacles, and to adopt normal organisational practice. Substantial management and support from the centre would also be needed.

- **Abolition**. Big organisations are notoriously difficult to change. The easiest method is for them to close down and...
for a new one to open. This happens continuously in the private sector. The most notable public sector example was the abolition of the Greater London Council (GLC). This occurred for political reasons and was undemocratic. But the then GLC was a hopelessly overblown, overstuffed, over-complex, bureaucratic and high-cost organisation delivering comparatively little, with the culture embedded in the office walls. Abolition was the best means of reform and its successor (albeit over ten years late) is largely fit for purpose and of a shape that could never have emerged from merely retaining and reforming the GLC. So abolition and replacement have much going for it in change terms and can be very cost-effective in comparison with the alternatives. I would be surprised if at least one government department did not follow this route.

The approach proposed to getting there is imposed reform, with the sanction of abolition and replacement held in early reserve as both an incentive and, in some cases, the best option.

**Next steps**

To take these proposals forward immediately, a sponsor group is needed to work for the prime minister and cabinet. The sponsor group would be drawn from those in strong positions in the public sector and the civil service, genuinely committed to change the fundamentals and with the qualifications to do so. These should include a new chief executive of the Home Civil Service, a role distinct from the prime minister’s leading adviser on political, parliamentary and legislative management, latterly called cabinet secretary.

The group would first need to understand the powers it requires to enact the proposals. Is legislation required and would it be beneficial to give the changes democratic legitimacy (by comparison with the existing arrangements)? The benefit of an unwritten constitution is that legislation is rarely needed to change it.
The ‘independence’ requirements – the essential drivers of regulation, score-keeping and stimuli to improve – can be put in place early, although these should then be enshrined in legislation to ensure that expedient suspension is prevented.

The key parallel move would be the direct appointment of chief executives and other senior management by government, and the strengthening of central departments and processes as described above.

**Feelings**

If I am a civil servant reading this, my response is likely to be pretty mixed. Anyone in an organisation facing substantial change is, at best, uncertain and hopeful and, at worst, angry and preparing for battle. Those at the top are most likely to feel the latter, having served the country diligently for all of their working lives. For many civil servants in the centre, the present organisational existence is comfortable: job and pension security, personal autonomy, a wide range of jobs, new areas to work in, power and status. Why change?

I can only sympathise, having been on the end of big change, both necessary and unnecessary, and having on occasion been the initiator of one, too. Nevertheless, big change in the civil service must happen and many civil servants, in their hearts, know it. There will be expressions of regret at the passing of a ‘golden age’, but everyone should then get on with it. Let us not string out the pain. Let us engage in shaping the future rather than cling to a flawed, obsolete system and an organisation frozen in time.

**Conclusion**

Get the constitution and the learning right, and most of the rest will follow. While there is no structural blueprint for effective government, the fundamental relationships underpinning public organisation must be right for the structures and cultures to adapt successfully. The aim should be to establish these working principles, and the rationale for them, in a manner and within a timescale which allow new methods to emerge as the best approach to delivery and specific problem-solving during the next term of Parliament. These reforms
will, in the medium term, deliver more for public service improvement than the sum of most of the direct interventions currently being made by ministers. Getting the framework right is fundamental. Which government will have the foresight and courage to do it?
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