

Public Accounts Committee

Oral evidence: Specialist skills in the Civil Service, HC 686

Monday 2 November 2020

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Members present: Meg Hillier (Chair); Sir Geoffrey Clifton-Brown; Barry Gardiner; Dame Cheryl Gillan; Peter Grant; Mr Richard Holden; Sir Bernard Jenkin; Sarah Olney.

Gareth Davies, Comptroller and Auditor General, Siân Jones, Director, National Audit Office, and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-101

Witnesses

I: Alex Chisholm, Chief Operating Officer for the Civil Service, Cabinet Office, Rupert McNeil, Government Chief People Officer, Cabinet Office, and Cat Little, Head of the Government Finance Function, HM Treasury.

Report by the Comptroller and Auditor General

Specialist skills in the civil service (HC 575)

Examination of witnesses

Witnesses: Alex Chisholm, Rupert McNeil and Cat Little.

Q1 **Chair:** Welcome to the Public Accounts Committee on Monday 2 November 2020. We are here today to look at specialist skills in the civil service, and we thank our colleagues at the National Audit Office for their excellent Report, which came out in July. Our session has been rather delayed, for obvious reasons, but it is particularly pertinent that we are looking at the skills needed in the civil service to deal with all the issues that we face today, and at whether the day of the expert generalist is over and we now need more specialist skills. This is something the Committee has looked at many times over recent years, as has the Public Administration and Constitutional Affairs Committee. We would like to talk to our witnesses today about civil service reform, what that really means and whether what Ministers want and what officials want is actually the same thing. We are also interested in how the covid-19 pandemic has affected the specialist functions that exist in the civil service.



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I would like to welcome our witnesses, and then I have some general questions around covid preparation for you, Mr Chisholm. Then we will get into the main session fairly quickly. We have Alex Chisholm, the chief operating officer for the civil service and permanent secretary at the Cabinet Office. We have Rupert McNeil, the Government chief people officer and head of the civil service human resources function—one of the specialist functions at the Cabinet Office. We also have Cat Little, who is the director general for public spending at the Treasury and head of the Government finance function, having taken over fairly recently from Mike Driver at the Ministry of Justice. Welcome to you all.

As I say, I want to ask some questions at the top end, Mr Chisholm, about covid-19 preparation. This is playing back on something that you told us at the last evidence session, when we were talking about Whitehall preparations for EU exit. You said then that you were looking at various different scenarios and how multiple risks might impact on each other. I won't quote the exact words that you used, but I wonder what data you have to monitor the risks and the impact of those unprecedented events—things like covid—and how those risks might interact. You said you were looking at that interaction. Can you give us more detail now?

Alex Chisholm: Thank you, Chair; I'm delighted to be here. On your question, I have a few remarks. First of all, one of the interactions is clearly to make sure that we have enough people in the right places to cope with pressures on multiple fronts. One of the exercises that we undertook in the summer was to look at total resourcing demands for covid-related work and EU transition work across Government. We looked at that in parallel. We looked at where some Departments were under particular pressure on both of those. We put additional resources into those areas. I am happy to say that we are on track with our plans and that we do not have concerns about the availability of our workforce to fulfil their responsibilities in relation to both of those very demanding programmes. That is maybe the first thing to focus on.

The second thing is that we are very aware of the impact on devolved Administrations, local authorities, businesses and citizens. In some cases, you are asking people to do two difficult things at the same time, and that has obviously been one of the reasons why, where possible, we have been able to make changes to our plans for the EU transition, to reduce that load—for example, in the phased approach to the border, but also in the careful Government communications and the availability of support schemes.



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Q2 Chair: You mentioned local authorities. When you are juggling these multiple risks, how robust are your mechanisms for dealing with those organisations that are critical to the delivery of a lot of the projects that come through Government? Local authorities obviously spring to mind, as the local deliverers of many services. How in tune are you? We have had interesting evidence from other Departments about how well that is working, so I would be interested to know your view from the Cabinet Office.

Alex Chisholm: We do not lead on local authority work. Sir Jeremy Pocklington answered those questions at the previous Committee. I have seen significant efforts being made by MHCLG with the Treasury to provide additional financial support for local authorities. We in the Cabinet Office team have worked very closely with local authorities particularly affected by the EU transition and border areas. It is possible that my colleague, Cat Little, might want to say some more about the additional financial support. We have also been very aware that a number of the local resilience fora have been working really flat out for a long period of time, and that has certainly given us some pause for thought about whether or not we want to put some longer-term institutional strengthening in place there, because they are essentially informal agreement coalitions, and we might need to have some more permanent capacity. That is a thought for the future. In the meantime, we are doing everything possible to make sure that we support local authorities on the ground with those parallel pressures.

Q3 Chair: I will go to Ms Little on some of the finance issues, but you have thrown us a bone there to do with more permanent arrangements in resilience. Is it an arm of Government you are looking at, or is it bolstering local authorities to provide them with funding and support to have a more stable, long-term and larger set-up for dealing with these sorts of issues?

Alex Chisholm: Probably a bit of both. This is obviously thinking that is still developing, but I am very conscious of how the response has required not just action by the authorities themselves as part of the Government system, but very close interworking with local health authorities, in some cases with local police forces, and also with community groups, the voluntary sector and utilities. That has been the power of the local resilience forum. It was set up to deal with responses to, presumably, typically quite short-term events such as flooding, whereas what we are experiencing now is a marathon, not a sprint. It is sustained pressure for a long period of time.

Q4 Chair: That's what the difference is. We appreciate that you recognise that difference. We look forward to probing that in more detail. Ms Little, on the financial point, how are you assessing those risks? I will not just talk about local authorities—we have talked to Mr Pocklington about that before—but how are you assessing that and getting the data that you need to make sure that the money is available for organisations at

grassroots level to deal with the risks?

Cat Little: Obviously, the most important thing right now is getting resources to where they are needed most. In the case of local government, we work closely with MHCLG. Every month we collect data on the financial position of local authorities, and that includes loss of income and how they use the additional funding provided to manage social care and other critical services. We have provided over £6 billion to local government so far, and over the weekend we announced a further £1.1 billion. For public services overall, my spending teams are talking to all frontline services on a regular basis. At the Department of Health it is daily, and we continue to monitor and respond as necessary.

Q5 **Chair:** Do you have a grid of the risks coming up? We have covered a lot in this Committee the financial impact on lots of organisations, particularly on local government and the NHS. How far out is your horizon, given that things are changing very quickly? Do you have a grid?

Cat Little: We are building up that grid over the course of the spending review because we want to make sure that we provide funding certainty where we can for next year and where necessary in the years beyond. We will be able to say much more about that at the spending review in the next three weeks. We are due to publish on 25 November. We also have a fairly good idea of what sorts of costs and risks are likely to materialise in the next three months. Again, we will be able to say more shortly.

Q6 **Chair:** We know the spending review that you mentioned is going to be a one-year spending review. Is there any certainty or comfort that you can give, from the Treasury today, to bodies out there that have a longer-term planning range than a year and will have to make very tough decisions if they do not have any certainty over funding for the next three years? A three-year programme has been quite well embedded in local planning, and now this one year on top of no spending reviews for several years is quite a blow. We understand the challenges, but it is also a blow.



Cat Little: Indeed, and I have been in front of this Committee before expounding the virtues of multi-year funding certainty, so I really appreciate the impact that a one-year SR has on a number of capitalintensive Departments, in particular. The first thing I would say is that we already have multi-year settlements for the NHS and schools, and we will look to fund a number of capital priorities on a multi-year basis. Again, we will say much more in the coming weeks as we publish the spending review publication.

Q7 **Chair:** We recognise that you are a bit constrained at the moment, but there is some comfort in the fact that there may be some multi-year settlements as part of the spending review.

Back to you, Mr Chisholm. We have obviously had big announcements on Saturday about a further lockdown for the UK. When did you know that there was going to be a further lockdown?

Alex Chisholm: The new national restrictions were only agreed at Cabinet on Saturday. As you would expect with a set of announcements and decisions as important as that, there will have been a whole host of preparatory meetings, and different bits of analysis were prepared, presented and discussed. The decision was taken only on the Saturday afternoon, and once the press conference was able to be staged, it was communicated in that way.

Q8 **Chair:** You obviously have the risk register—these risk assessments that you do. What information were you feeding into that decision from the Cabinet Office directly, and where were you getting it from?

Alex Chisholm: It would probably be wrong to suggest that I am the source of main advice in relation to covid. You have seen a lot in this Committee previously about the whole structure of SAGE, SPI-M and so on, which goes into Ministers.

Q9 **Chair:** That is on the health side, but there are a lot of other risks, as you have highlighted, so what about the other issues? Where is the input coming from?

Alex Chisholm: Indeed. There is a great deal of economic analysis on the impact on jobs, businesses, communities and so on. That is the role particularly of the covid taskforce within the Cabinet Office, which tries to integrate that advice and provide a consolidated picture to Ministers to take decisions. That is what went into support the decisions that were made at Cabinet—on the call on Saturday—and again there was a Cobra this morning with the devolved Administrations.

Q10 **Chair:** So you have information—guesstimates, estimates or best and worst-case scenarios—about the number of job losses as a result of this further lockdown?

Alex Chisholm: I haven't seen something that tries to project what the effect of a 27-day new set of restrictions would be. The point that I was trying to get across is that in all this decision making, the Government are trying to weigh up very difficult decisions, which are about not purely the

direct effects on public health but the indirect effects on public health—the effects on the economy, prosperity, etc. All that goes in to present as complete a data picture as possible.

Q11 Chair: In terms of the monitoring of risks, do you collect any information about the impact of very fast changes? Obviously, we will have to move very fast at times like this. Is that part of what you feed into the decision-making process? Changing the furlough rules on the day that furlough was supposed to end has obviously had an impact. Many people have lost their job because they were made redundant because their employers didn't know that furlough was going to be extended. Is that something that you look at when you look at the risk of when decision are made, and do you feed it into the whole decision-making process?

Alex Chisholm: Yes, I think, along with everybody else in this response to covid, that it would have been much better to have had a more gentle and orderly process, but unfortunately the rate at which the disease has been spreading hasn't allowed for that.

Q12 Chair: Do you model the scenarios, Mr Chisholm? Did you model the scenario that this might happen, and what would happen if the decision had been made a week or two before, for example? Do you not put that sort of information in when you are looking at your scenario planning?

Alex Chisholm: There has been a huge amount of modelling of scenarios. You will be aware—it was well reported in September—that advice began to be prepared then about the different scenarios that could take place from a disease perspective as it spread through the UK, and what the various alternative responses to that would have been.

Q13 Chair: Trying to speed through now, in the past this Committee has looked at the dashboard that you produce privately. Can we see the latest version of that dashboard of risks? I know it is a living document, but can we please see it privately?

Alex Chisholm: In relation to covid?

Chair: In relation to the scenario planning you do about the interaction of different risks. We are going through Brexit, we are going through covid, and there are other things such as the US election and world events that can have an impact on our country. Those are all things that you will put on that dashboard, so it would be very helpful for the Committee to see it. It would help to inform our work. We have seen a number of private papers in the past and we are very responsible in our handling of them.

Alex Chisholm: Perhaps the interactions between covid and EU exit would make particular sense. I am conscious that with the US elections and things like that, the situation is changing daily.

Chair: That is not in your control. You control a lot, Mr Chisholm, but not quite who is President of the United States; there is something called democracy coming in there—let's hope. I will leave it there for now, but we

may come back to some of those points. I will now move on to the main session about the specialist skills and capabilities. As I say, we have looked at this before.

Sir Bernard Jenkin: May I chip in a question?

Chair: Sir Bernard, please do come in.

Q14 **Sir Bernard Jenkin:** It has become rather a familiar theme of the present civil service that whenever there is some unfamiliar activity to tackle, such as covid or Brexit, the system resorts to armies of consultants, which cost a great deal of money and rather advertise the lack of skills for taking on new and fresh tasks that the civil service has. What do you say about that?

Alex Chisholm: A few things, if I may. First of all, I agree with the sentiment that I think is behind the comment, which is that we should make sparing use of consultants, only where we need to and only where it is justified because they have particular skills that we do not have inhouse, or for short-term expansion capacity. You will have probably seen that the Minister I work with very closely, Lord Agnew, has initiated a recent effort to try to control that spending further, which I fully support— and, indeed, to build up further the skills and capabilities within the civil service, which should mean that we will have less need of consultants. That, of course, has been a big drive, encouraged by PAC, PACAC and indeed the NAO, to insource more specialist skills, which, of course, is the subject of this NAO Report. That has been successful in reducing the amount of dependence on consultants.

Particularly, I would highlight the digital area, where 10 years ago we were probably 50% dependent on consultants and contractors. Three years ago, that was down to about 40%, last year 30% and this year, as far as we can see, we are down to about 20%. The effort to try to build up skills and capabilities within the civil service, in some cases requiring some change to pay, but also to training and the way we recruit people, has begun to be successful. We would like to do some more of that, and I agree that we should not rely on consultants and contractors for things that should be core skills within the civil service, so thank you for your comment.

Sir Bernard Jenkin: I think colleagues will want to pick up on that. Thank you.

Q15 **Chair:** We will pick up on that shortly. One quick thing before I pass to Dame Cheryl, who is going to lead on the main subject: we have just mentioned access to furlough. As I said, furloughing was extended on the day it ended. Did you, in any of your scenario planning, point out or give advice to Ministers about what the impact of decisions would be on people if there was a change to that at short notice? That has had a material impact on people's livelihoods.

Alex Chisholm: Is that a question to Cat or to me?

Q16 **Chair:** To you, Mr Chisholm, unless you would like to defer to Ms Little?



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Cat Little: I am happy to come in, given that this is a Treasury scheme. Of course, as the Chancellor has said, we wanted to ensure that we responded quickly and efficiently to any changes as the scenarios evolved, and we did that very quickly on Saturday. We have provided advice on the best way to taper off the original furlough scheme, and of course we were ready to implement the new job support scheme. We were prepared for a number of scenarios.

Q17 Chair: Ms Little, there has been a lot of talk about further lockdowns; there has been for some time. And there has been one in Wales for nearly two weeks, for example. Did you, as the Treasury, provide advice and scenario planning about what would happen if there was a further lockdown, and whether there was a point of no return before which it would be helpful to make decisions about an extension of the furlough scheme?

Cat Little: As Mr Chisholm said, we have provided advice to the covid taskforce throughout on the range of different permutations of scheme available, and that was taken into account in decision making. That has been the case throughout the whole period.

Q18 Chair: But did you provide advice about whether there was a point of no return? If so, what was that point for businesses that would have to, practically, make decisions about their employees ahead of furlough ending? I am thinking of the redundancy periods and that sort of information, and the impact on different business sectors.

Cat Little: We have always taken into account the redundancy notice periods in the way in which we tapered off the furlough scheme, for example, so that advice has been given.

Q19 Chair: Is that in your risk planning, Mr Chisholm or Ms Little? Where does that figure in the risk planning? It is a very big risk to people's individual livelihoods and to the economy if skilled people—and indeed unskilled people—lose their jobs and therefore cannot support themselves through the next many months of this pandemic.

Alex Chisholm: I look at it more as a sort of sequence, in the sense that it is pretty clear that the Government was trying to avoid introducing a national lockdown, because it imposes a lot of economic hardship on people; if it had been possible to avoid that, the Government would clearly have chosen to do so. Once it became clear that we had to introduce this new set of national restrictions, the next best thing to do was to quickly put in place the economic measures to soften the—

Q20 Chair: Mr Chisholm, I don't think we dispute that, but that is partly a political decision, obviously, because in the end Ministers make the decisions about whether there should be a further national lockdown. No one wants to see it, but were you, the civil service, planning for both scenarios and providing advice at the right moment—informing it earlier than the point at which the final decision was made to have a further lockdown? It seems—well, if you were, maybe that advice was being ignored.

Alex Chisholm: A huge amount of good-quality advice has been given at all points. I don't think there has been a lack of advice, but the decisions are very difficult to make, because they do require some very difficult trade-offs.

Q21 Chair: But was somebody providing advice about the impact of the end of the furlough scheme, and that people would still lose their jobs if it was suddenly extended at the last minute? Was that even being factored in, and if so, where from?

Cat Little: As I said, we have provided advice on the furlough scheme from the Treasury directly into the covid taskforce throughout. Obviously, our job is to do everything we can to protect as many jobs as possible, but I think we have been really straight right from the start that we would not be able to protect every job or every business.

Q22 Chair: We recognise that, but were you particularly factoring in the impact of an extension of furlough if it came in at too late a date for people to act upon? What I am driving at, very clearly, is that if businesses had known even a month before that furlough was being extended, or was likely or possibly going to be extended in the event of a lockdown, even if it was not definite that a lockdown was happening, they might have planned differently, to keep experienced staff on, rather than going through the process of having to make them redundant. When did you provide the advice, Ms Little?

Cat Little: Immediate advice on the intention to move to a national lockdown was provided last week, but fundamentally the main scenario we have been working to is for a period of local lockdowns, and that was the main basis upon which advice was given.

Q23 Chair: So you were not preparing advice, Mr Chisholm, on the alternative scenarios. Surely you have to be ready for all things. That is the whole point of pandemic planning, is it not? Even if there is a political decision—it is the absolute right of the Government to make political decisions, whether or not we all agree with them; we are obviously a cross-party Committee—your job as the civil service is to make sure that there is proper information so that Government can prepare for different scenarios.

Alex Chisholm: Indeed, and as soon as the decision was taken that it was necessary to introduce these new national restrictions—

Chair: No, we are going back to the decision about national restrictions. Were you providing advice for scenarios other than local lockdowns? Did you have on your risk dashboard the reality of another national lockdown? We can see it wasn't a crazy, "out there" idea because it has happened; there was a realistic prospect that it could happen, even if the Government had a policy of local lockdowns and did not want it to happen. Did you have risk advice on what would happen if there happened to be another national lockdown?



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Alex Chisholm: Yes. As Ms Little said, the Treasury forecasts would have been showing the effects of the national lockdown, which is one of the reasons why we were keen not to introduce it unless we had to. All of that absolutely was part of the forecasting. From a response perspective, it is absolutely right that as soon as the national restrictions were agreed upon, you looked to put in place as many measures as possible to soften the impact of that. The restoration of the CJRS for a further month was one of those.

Chair: Okay. I will leave it there for now, but I think this is something we will want to pursue further. Dame Cheryl has been waiting patiently to lead off questions on the Report.

Q24 Dame Cheryl Gillan: Before I do that, just to clarify with Mr Chisholm, presumably the advice you were giving was modelled by sectors and geographical area, because there was so much emphasis on geographical lockdowns with tiers 1, 2 and 3. If so, will you tailor your support to the implications for various sectors? For example, Buckinghamshire is badly affected because the aviation industry is so severely affected. Will you tailor support geographically and by sectors?

Alex Chisholm: Geographically speaking, you are right that the analysis has very much differentiated parts of the country. Indeed, in the Prime Minister's presentation with the chief scientific adviser and the chief medical officer, that was very clearly brought out. There has been a lot of analysis, certainly within Government, about the impact on different sectors, which has been reflected in the response from the Treasury, BEIS and other economic Departments to date. I am sure that will continue to be the case.

Q25 Dame Cheryl Gillan: Can you assure me then that the civil service is looking at the gaps in support and will come forward with some support packages—I hope so—for those individuals and areas that have received no help at all so far?

Alex Chisholm: Yes, exactly that. Cat might want to come in further on that, but yes, that is—

Q26 Dame Cheryl Gillan: I am sure Ms Little wants to come in. I think this is really important to all of us. Because of the geographical breakdown with tiers 1, 2 and 3, I am hoping that that modelling was done and you clearly identified all the areas where we have those gaps in support.

Cat Little: The simple answer is yes. As Mr Chisholm says, we have done comprehensive local and sector analysis and we continue to listen and respond as we progress through the current situation. We will be agile and respond as the situation necessitates.

Q27 Dame Cheryl Gillan: When will we know what the outcome is of that modelling for the differential factors—say, geographically?

Cat Little: I am afraid it is not as simple as setting out a forward decision date. There are almost daily discussions about what the analysis shows us

and therefore what Ministers might choose to do about it. But I assure you that the analysis is there and we are working very closely with Ministers to make sure that we progress through decisions quickly and rapidly.

Q28 Dame Cheryl Gillan: Good—that will give colleagues an opportunity to put more pressure on Ministers to come up with more solutions. I think a lot of us have seen reflected in our email traffic—particularly in the last

two days—the great anxiety that is out there, and I think you should be aware of that.

On to the main subject, back in 2017, the NAO Report “Capability in the civil service” said that, “Government projects too often go ahead without government knowing whether departments have the skills to deliver them.” Mr Chisholm, where do you see the key specialist skills gaps in Government at the moment?

Alex Chisholm: First, let me take the opportunity to thank the NAO and the Committee for their work in this area, which has been really helpful to us. If we look back, I think we have made great strides in developing professional specialist skills within Government, and that has been very helpful in managing the major projects that we have to deal with.

To answer your question as best I can, from when we looked at it, I would pick out particular areas. First, science: we did a science capability review in 2019 and concluded that we needed to strengthen our overall science and engineering capabilities across Government. Secondly, commercial: although we have made great strides in the last several years in commercial, the demand for commercial input and the scale of procurement activity we have had to undertake have put further stress on that.

The third area is digital, data and technology. Again, it is an area of great improvement, but one where the external market is obviously incredibly strong and where the range of things to which you can be applying those skills has grown exponentially.

I particularly pick out those three areas, plus project management for very large projects. As in the private sector and in other countries, we find that these huge programmes, which sometimes take over eight, nine or 10 years and cost billions of pounds, are difficult beasts to manage. The number of people within our system who are super-expert in that is not as great as we would like.

Q29 Dame Cheryl Gillan: Do you agree with that, Mr McNeil? Is it just science, commercial and digital technology where you have the skills gaps, or do you think there are other areas?

Rupert McNeil: I absolutely agree with Alex’s analysis. The science one is quite interesting because of the pandemic. We were already aware of it, but it has reinforced the importance of science.

Projects covers a wide range of roles. There are people doing project management roles and people doing SRO roles at the top of projects. With project delivery particularly, we need to address that whole spectrum, which the project delivery profession has done. Both project delivery and the commercial function are pathfinders for us.

Interestingly, the project profession has a good framework that they put in place—the PDCF—which has about 12,000 users and about 7,000 people who assess themselves using it. We are getting a better view of how many people there are and where the skill gaps are within the profession. Those are the four most acute areas, plus underlying skills, that apply across the whole piece, such as automation, data analysis and making sure, as Alex has referenced, that we can use the digital technology that is available for helping citizens.

Q30 Dame Cheryl Gillan: Are not those weaknesses in those specific sectors quite alarming in the light of the pandemic and the skills that are required? Are not skills gaps in data analysis, digital technology and science in particular rather worrying signs at the moment?

Rupert McNeil: That is an interesting question. What has been quite extraordinary over the past three and a half years has been the way in which we have managed first the risk of EU exit, and now EU transition. On top of that, this year we have had to deal with the concurrent risk of the pandemic and what that has meant. Moving perhaps 1500 people around Government, as well as bringing in people from many different routes to deal with EU transition, has honed our thinking about skills. Had we not done the work that this Committee, the PACAC, the NAO and Ministers have put in place over the past decade, we would have been in a very difficult position, but we have managed to keep our heads and necks above water.

Q31 Dame Cheryl Gillan: And yet you are on the record in *Civil Service World* saying that “the creation over the last four years of civil service functions and professions...have led to better planning and movement of people...‘undoubtedly’ aided” by Brexit. Do you think that Brexit has improved the efficacy of the civil service at these levels?

Rupert McNeil: It undoubtedly has in the area of strategic workforce planning. It forced us to put in place facilities and capabilities, such as hubs to move people around and cross-civil service campaigns, for example for policy and project management professionals, many of which have brought in people from outside the civil service, and to explore more innovative ways of doing things. For example, in the pandemic we put in place the industry partnering voluntary scheme, which took a number of people who were on furlough and brought them in to support in key areas. It has definitely honed our machinery very well. We would not be able to do it, though, if the functional model had not been laid in place and if the work, such as the career frameworks and the capability frameworks, that the functions and professions have done had not been developed and established.

Q32 Dame Cheryl Gillan: What work is at risk or is compromised because of the skill gaps, apart from dealing with the pandemic crisis?

Rupert McNeil: Again, it is interesting. After learning from the EU transition and over the course of the pandemic, we now tend to approach this in sprints. A lot of this is to find out the particular demand needed in particular Departments. Some Departments, such as DEFRA, or DHSC in this case, have to deal with both the pandemic and heavily with EU transition. How do we lean in to help them particularly?

I would not say that that is necessarily revealing any gaps. As Alex said, we feel that, in terms of the resources, we will have what we need as we move through the winter, but it does raise questions about how we make sure that we replenish those skills and rotate people as needed. However, I would not say that there are any immediate burning gaps, beyond the overall ones that Alex described.

Q33 Dame Cheryl Gillan: Surely the gaps in skills has affected the delivery of major projects, such as—I make no apology for saying this—HS2 or Crossrail. There has been significant churn attached to those projects, and skills shortages have resulted in very high remuneration packages being offered to people to run these projects. There is a lack of continuity and, quite honestly, some basic disciplines for delivering these projects that you would expect to see. You would certainly have to see them in the private sector, but we are not seeing them in the public sector.

Rupert McNeil: It is interesting. There is a set of meta-projects—you mention HS2 and others—that are done through separate bodies. If I think about the ones that we are most intensely focused on in the Government's major projects portfolio, I think we have seen an improvement, thanks again to the IPA and the Treasury and their support for this in terms of the training for SROs and how long we expect them to be in post. That is definitely one of our concerns, and it drives some of our thinking about what we need to do in the area of remuneration and, above all, about building the supply and the pipelines of people able to do those roles in the future.

Dame Cheryl Gillan: Mr Chisholm, would you like to answer some of those questions?

Alex Chisholm: Just a little bit more about the management of major projects. Cat Little and I are the co-chairs of the major projects review group, so we give a lot of thought to this. We see both the happy and the unhappy projects—particularly, unfortunately, the unhappy ones; a bit like your own Committee, there is a sort of adverse selection problem. Of course, lots of projects work successfully in government, but those tend not to be the ones that you hear a lot about.

I will give a few reflections about the nature of the challenge and what we plan to do about it, if that is all right. First of all, it is worth saying that when we talk with our counterparts in the private sector about major projects—we get brilliant people in from the private sector, such as Nick Smallwood,

who now runs the IPA—they say that the projects that we try to do in Government are exceptionally difficult. They are often first-of-akind projects, not cookie cutter-type projects. They are often ones in which very ambitious political goals are set and where the public environment in which we work is changing and shifting. They do not find it surprising that we find these projects especially difficult, even above the complexities that apply to all very large programmes. The private sector often runs late and over budget for major programmes.

That said, we are not satisfied with that. We think too many of our projects run too late over time. There are a few things that we think particularly contribute to that, which we want to try to tackle. The first, as Rupert was just saying, is the availability of the skills needed for running major programmes. They really are at a premium. Our view is that we should be prepared to pay that premium rather than have those programmes undermanaged. Secondly, and related to that—again, this will be a phenomenon that the PAC will recognise—troubled programmes often have a succession of different project directors and SROs. We would like not to put in place manacles, but to encourage people to stay in place for the duration of their programmes, or at least for an agreed period of time.

Q34 Dame Cheryl Gillan: Does that mean you are looking at golden handcuffs—more pay on top?

Alex Chisholm: We think we can make more use of pivotal role allowances. Those are allowed within the current scheme.

Q35 Dame Cheryl Gillan: That is a fancy term for golden handcuffs.

Alex Chisholm: This is the public service. I would not want you, Dame Cheryl, to get carried away with the goldenness of those.

Q36 Dame Cheryl Gillan: They look pretty golden to an awful lot of people.

Alex Chisholm: There are certainly some incentives. Also, a longer period of time where you are expected to be in position rather than casting around for another job will really help, because you learn a lot from running the project and getting into the complexity of it. If, after grappling with that for a year or two, you move on to another role, there is bound to be a loss of momentum. That is one thing we can fix.

Rupert rightly spoke of the successful efforts of the major projects leadership academy to train up over 500 people in running these major programmes. We are trying to extend that now to a middle management group, so it is not only leadership positions. We are putting a lot of effort into the up-front project definition, because, again, our analysis shows that if you set off in the wrong direction, it takes a long time to get back.

Often, when we see a project is running late, we look at the initial design and see that it was hopelessly optimistic. We are trying to put more work in up front before you decide to go ahead on each stage of the so-called gating

process. That is part of the tough discipline we need to ensure that we run these projects on time.

Q37 Sir Geoffrey Clifton-Brown: Permanent secretary, a lot of these big projects come before this Committee. What seems to go wrong is that they are not scoped out properly at the beginning. The unknown knowns are not discovered properly. The Elizabeth Tower was a classic example of that. They had no idea at the beginning how they were going to scaffold it, let alone whether the ground conditions were sufficient to take that scaffolding. What could be done to improve this for big projects?

Alex Chisholm: I think that is exactly the right question. That is what I meant by the gating process. Often in Government there is a desire to do something, sometimes in response to an event and other times because it is a manifesto commitment or something you have long planned to do for good reasons. But in the desire to have the thing that you want in a short period of time and within an affordable budget, the wish becomes father to the thought, and then you have a plan at the outset, which has not been properly tested and thought through with all the different things that can happen.

Within that, veterans at running major programmes will tell you that in reality the reason they tend to run late is that there are thousands of interdependent parts moving, and if a small number of those run late, it has a knock-on effect on the others. Trying to manage against that, allow for sufficient contingency within it, make parallel processes and insulate from these knock-on effects requires great skill and design in the development of the programmes.

Q38 Dame Cheryl Gillan: Mr Chisholm, Sir Bernard asked you earlier about consultants. What does it cost to use management consultants to fill the skills gaps currently?

Alex Chisholm: Management consultants as such, according to the accounts we have for last year—we do not have the most recent year's accounts, because those of, I think, about seven Departments are still outstanding—cost about £980 million, which covers all different types of consulting.

Q39 Dame Cheryl Gillan: Will that bill go up in the current financial year? Is there now an increasing reliance on consultants?

Alex Chisholm: It is extremely likely to have gone up this year, particularly because of the response to covid, with the high use of consultants in relation to things such as test and trace, as has been reported.

Q40 Dame Cheryl Gillan: Can you estimate by what order it may go up? Will it double? Treble?

Alex Chisholm: I have not done that calculation. I am not the accounting officer for all those expenditures, so I would not make a guess.

Q41 Dame Cheryl Gillan: Ms Little, do you have any idea?

Cat Little: We are currently looking at that as part of the spending review. In our returns from Departments, we asked for comprehensive workforce data, including on the intended use of consultants, and we are currently working through that. I will be able to say more once we have concluded the spending review. As Mr Chisholm said, in some Departments we expect the use of consultants to go down if they are very heavily impacted by EU transition but not by covid. Some Departments are impacted by both, and consultancy costs inevitably appear to be rising. I will give you a consolidated view once we are through the spending review.

Q42 Dame Cheryl Gillan: If there is such a major increase in the use of consultants, are you convinced that you have the right checks and balances in place for recruiting and procuring the services of those consultants?

Alex Chisholm: We do have checks and balances in place, but whether they are sufficient is something that we are actively considering at the moment—I mentioned Lord Agnew's initiative in that regard. At the moment, the threshold for procuring a consultant is £10 million. There has, as we have said, had to be a lot of very rapid procurement in response to covid, without the full rigours of competitive tendering. Clearly, we would like to restore the situation whereby all procurement of consultants went through proper competitive tenders. We have used those heavily—both for EU exit and for covid responses—but not universally, and we would like more of them.

The other point is that I feel that we are probably at peak use. We want to shrink our use of consultants. We are most of the way through the long, drawn-out Brexit process. I would not like to say at this point that we are most of the way through our response to covid, but we are certainly—

Q43 Dame Cheryl Gillan: Do you agree with Lord Agnew that it infantilises Whitehall and has a deleterious effect on civil servants, their capabilities and their skills?

Alex Chisholm: I think he makes a really good point: we have very, very talented people in the civil service who have great skills and want to develop them. There is no lack of talent or of people who want to work in the civil service. I mentioned, possibly before this Committee, that this year the fast stream scheme had 68 applicants for every post filled. Those roles are super competitive and as competitive as any other role in the country. There is no lack of talent, so what is really important to us, which is why the subject of today's NAO Report and PAC discussion is so important, is adding to those people's skills and enabling them to develop their professional aptitude. In that sense, I agree 100% with Lord Agnew that we should be doing more and more of this work in-house, and that capabilities that used to be seen as things that you would get external consultants to do, particularly in the digital domain and in some of the project management roles and commercial roles, should now be regarded as core disciplines in the civil service.

Q44 Dame Cheryl Gillan: Thank you. I want to move on to the functions. There are rather a large number of functions split across the Cabinet Office, the Treasury, the Government Legal Department and the ONS. Do you think that the cross-Government functions are working well on developing their specialist skills?

Alex Chisholm: In short, yes. That is really the finding of the NAO Report and also of the survey that we do ourselves. For the last four years running, we have done a major survey, across Government, of all senior civil servants and their experience working with the functions. That has gone up in each of the years and shows a very high level of satisfaction, including of the quality of interworking between the functions.

Q45 Dame Cheryl Gillan: Which functions do you think have been the most successful, and which do you think have faced the most challenges?

Alex Chisholm: When you look at them, you can see very long-established functions like HR, finance and legal functions—if you like, the old brigade—and newer ones that were formed as a conscious response to perceived gaps in Government or where we lacked capability, so you are not quite comparing like with like. When we look at the impact and what is valued, it tends to be that people value HR very highly, of course. We are people organisations. We need to do that very well. Communications, again, is very highly valued. Then there are ones that I think are very important—and that Cat Little would say are very important—but that probably do not have the same level of, if you like, popularity. For example, counter-fraud work or internal audit perhaps do not set pulses racing for everybody in the way that they do for me, but it is incredibly important and necessary work.

When we try to estimate the impact of the functions, the biggest figures tend to be associated with the commercial function. The ballpark savings are probably about £5 billion a year, and the single biggest contribution there is probably commercial, because they are responsible for huge procurements and are able to point to direct savings from that. It would be harder in an area like HR to be able to price that up and say, "I've saved so many hundreds of millions," but if you did not do that to a very high standard we would all feel the lack of that, so one should not rely exclusively on financial estimations.

The functions have very different levels of maturity, as we would say, and the blueprint was set out in 2018, which is covered in the NAO Report, with six different things that we look at for the functional blueprint. I will not list them all, but some of those, like the commercial one, have been at that for five or six years now and have made great inroads. The level of their accreditation and of their impact in departments, and the build-up of their own capabilities and processes, have been honed over several years of effort, whereas something like counter-fraud only got going two years ago, so it is less mature but equally important.

Rupert McNeil: I want to build on one thing Alex has said in response to your question. One of the great things we have learned over the past period

with these concurrent events—EU exit and the pandemic—is the high level of inter-functional working and working with, for example, chief operating officer departments. Alex is chairing his civil service operations board, which was started this year, which means that we can be much more agile in how we work together as functions, for example on security. I work very closely with Cat in terms of finance and HR processes.

That is one element. The other element, picking up the earlier theme about project management capability, is the pervasive capabilities. Once you have an expert function, they can build intelligent users out in departments and in other functions. For example, the commercial function has deep commercial specialists, but it is also growing an army of people who can do contract management effectively. The same is happening, really, in all the functions, like project delivery, so that people can think about how they set up projects from the outset. Those two elements supplement what the functions themselves do as individual functions.

Q46 Dame Cheryl Gillan: I think the NAO acknowledges that. They certainly agree that there is progress on the functions and that they are more embedded than they were before, but there is still a way to go, particularly on the data that you collect on these activities because the costs and benefits would prove the functions' values, but the data is poor. That is certainly what was found by the NAO. Do you agree with that, and do you have fixes for that?

Rupert McNeil: Again, I would emphasise what Alex has said. The NAO Report was extremely helpful, as was the 2017 report, and we completely agree. I think there are two aspects to this. Our best source of data about individual employees—the functions and professions they are in—is the ACSES. This year we have added functional membership, as well as professional membership, as something that we are asking about through that, when we ask organisations about their workforces.

That then sits on top of a broader issue, which is very much at the front of my mind, Cat's mind and the minds of the other functional leaders—namely, the data generally about the civil service workforce and departmental workforces. At the moment, of course, central Government is a sector made up of multiple employers, with the wrapper of the civil service and the civil service functions around it. What we are very keen to do is to make sure that the data that we are using between those Departments and functions is using the same definitions and same approaches.

Q47 Dame Cheryl Gillan: But that is the workforce data. What about costs and benefits?

Rupert McNeil: Costs and benefits is an area where I am really pleased that we have made a reasonable amount of progress, through the way we think about, for example, the impact of EU exit and also the pandemic, as we consider what we have been able to do. We have been looking at the savings that we can make, for example as we have done in the technology

area, when we move to permanent staff over contract labour, which can be broadly only half as expensive, and also retaining skills in the organisation.

What has also happened is that through the increasing standardisation of processes across Government, particularly finance and HR processes, we are able to really capture areas where we can generate savings, for example from automation. So, I think we are getting better at it, but we have a long way still to go.

Alex Chisholm: I will just add a couple more words to what Rupert said. First of all, you mentioned the ACSES survey this year and the number of people in professional functions. We estimate from that survey that the number is about 120,000. Going back to the Chair's point at the beginning about saying goodbye to the kind of old-fashioned generalist civil service, more than one in four of all the people working in the civil service are now members of the professional functions. That is a big change that has really occurred in the last decade.

Chair: One in four in the last decade?

Q48 **Dame Cheryl Gillan:** Do you think that will now increase, with the wider reforms in the civil service?

Alex Chisholm: I think it will continue to increase, but that is a massive change. These are people with very deep professional skills, so it's great that we have them to do this very difficult work.

Secondly, on your point that was more about the benefits side, there has been a lot of work with colleagues in the Treasury about cashable savings, which everyone is very interested in—*[Inaudible.]* In addition, shortly after I arrived in this new role, I invited the head of the Government internal audit function to develop a new project to enable us to make these cross-comparison assessments of the impact of each of the functions in Departments. They have come up with a good methodology for doing that, so—

Q49 **Dame Cheryl Gillan:** Can I just ask when you will have a full account of costs and benefits across all functions?

Alex Chisholm: If you go back to the previous era, it used to be published and I think it was good in parts and not so good in other parts. One of the reasons I asked for this to be done is that I want to make sure that each of the functions are measuring the impact in the same money—to the same expense—so that you can really make the comparisons. Obviously, that is with a view to making sure that we do more of what is most useful and less of what isn't.

I was also conscious that once you start measuring things, you can get impacts from that, and you need to make sure that your measurements are correct. For example, something else that Cat Little and I have been working closely on is, in reviewing legacy IT, which is one of the crosscutting areas highlighted in the NAO Report, if you were taking a pure, cashable-savings

perspective, you might not actually invest at the right level, because one of the reasons you are doing it is to reduce future risks, and it is hard sometimes to put a value on those, but you know how important it is.

When we are looking at the impact of all the different 14 functions, we are making real efforts to develop this standardised methodology and metrics, which we will hopefully have in place for the new financial year. I will be delighted to write to the Committee—without invitation—when we have that ready in the spring.

Q50 Dame Cheryl Gillan: On those 14 functions, are you thinking of adding any more? For example, are you thinking of making risk assessment a separate function?

Alex Chisholm: It is possible. We keep an open mind about that. Some of the functions are actually pretty small, and it might be that they would be better combined with other things, so it is not set in stone. What I feel strongly committed to is the so-called functional blueprint, which is a good range of things for each of the functions to be doing. Precisely what name or shape they have is something that we can continue to elaborate over time.

Q51 Dame Cheryl Gillan: I have one last set of questions before I hand over to everybody else—I am afraid I am top heavy at the start of the session. This is about attracting people, retaining skills and what actually happens on pay. We touched on it slightly in the earlier session. Mr McNeil, do you think that the current rules on pay enable the civil service to attract and retain people with specialist skills to the level that we require?

Rupert McNeil: Alex has alluded to some areas where it is more challenging. Some skills are very scarce—large project leadership skills are one of them. However, we found that the use of the flexibilities of the Government Commercial Organisation has been an effective way both to bring in external talent and to consolidate internal talent.

Our main goal on pay, for dealing with the issue of retention and attraction, is to look at how people progress once they are in the role. We want people to stay in their roles as far as possible and to grow in them for the three to five years that it takes for someone to be successful and get the mastery of their current role. That is something that we put in our evidence to the Senior Salaries Review Body. We are very glad that they have been helping us with that and have endorsed it.

That is itself very closely linked to the question of professional skills. For the senior civil service, where we are looking at this at the moment across a number of professions and functions, we are looking very much at a professional axis—the technical skills—and a leadership axis, and making sure that is well embedded in people's actual practical experience so that we know we are rewarding people for the ability to deliver the right outcomes.

Dame Cheryl Gillan: The NAO in their Report said that they were told by several Departments that there are—

Chair: Sorry, Dame Cheryl, can I just interrupt? Mr Chisholm was going to contribute. It is difficult for me too, and I have it on the screen.

Dame Cheryl Gillan: It is easier for the Chair to chair from there than it is for me.

Alex Chisholm: We are all adjusting. Thank you very much, and I am sorry to interrupt you.

A useful point to make here is that two of the areas where we experienced the biggest level of churn were commercial and DDaT—digital, data and technology—and it is not surprising that there is a strong private market in those skills, so we are bidding against people offering more money. We focused on those areas in putting in place pay arrangements, and they have been pretty successful. It was very striking that for digital, data and technology, where over a dozen public bodies have benefited from the so-called GDS pay and capability, the likes of DVLA and Companies House have been able to trade out their dependence on expensive external contractors and build up their own in-house capability. That has saved money net and has greatly improved their retention levels for their existing members of staff.

On commercial, if you look at the figures published in the ACSES returns for this year, the turnover rate is about 7%, which is actually a bit lower than the average for the civil service. That is a dramatic improvement. It used to be an area where we were losing 20% to 25% of people a year, so it was very wasteful. I think that the pay action we have taken has improved not only attracting people but, crucially, retention.

Q52 Dame Cheryl Gillan: But what about retention internally, which is what I was going to come to? Several Departments told the NAO that there were real disparities in pay, creating an internal market for people who have specialisms. How are you managing that? For example, the project delivery function said that they had established a robust pay exception case process to address the current disparities. How do you pass that learning across to all the other areas that are suffering from internal disparities?

Rupert McNeil: Alex and Cat might want to add to this, particularly Cat on the finance side, but we have approached this in a number of ways. One is that, as the functions have become established, such as commercial, finance, my own function and others, the heads of the functions are exercising more control, certainly over the SCS pay ranges, putting in place exception processes and sharing and looking at data for their profession or function between Departments. That was not something that was readily available before, so that is a very important change. We also put in more restrictions where we could at the SCS level about the ability of people to move at level—that is, without being promoted and the pay increases they



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could get for that. That, again, is being overseen by the heads of the professions and functions.

In the delegated grades, Alex has alluded to the DDaT function or profession, which is a very large one and has more than 30 individual job families, because there is such a broad range of specialisms in there. For six of those, where we had particular issues of retention both within Government, because of people moving around, and outside Government, we put in place the framework that Alex has mentioned, which basically allowed us to make allowances that levelled up across the Departments for the same type of job. That was an important way of stopping arbitrage and of retaining people. One of the other things we will be doing is to look increasingly at the coherence of pay between Departments in locations, functionally and professionally. From our perspective, the NAO is spot on in what it has called out.

Dame Cheryl Gillan: Thank you very much. I think that finishes my section.

Chair: Thank you very much, Dame Cheryl; there is a lot for us to mine in future there, so thank you for those questions and answers. I will go briefly to Sir Geoffrey Clifton-Brown.

Q53 Sir Geoffrey Clifton-Brown: Mr Chisholm, as a professional person myself, I was somewhat surprised to hear you say that the whole of the civil service only has about one quarter of professional, trained people. Can you, as far as it is possible to generalise, tell us at what levels those professional people are? Are they at graduate recruitment level or are they higher up the experience scale?

Alex Chisholm: It is partly a question of terms, as we use both expressions, profession and function. Everybody in the civil service effectively belongs to a profession of one kind or another, and we have done quite a lot to try to make sure that people who work in operations and delivery feel that professional pride and have access themselves to good opportunities to add their skills and development. That in theory is 100% rather than one in four.

What I was particularly picking on was these professional functions, such as commercial, counter-fraud, finance and HR, that do not include people working particularly in policy roles, operations or delivery, but are there as a kind of cross-cutting professionalism that—*[Inaudible.]* My point was that one in four of the total number of civil servants is actually quite a high proportion, when we think of all those people working in different operational and delivery roles, as a professional cross-cutting number.

On your point about at what level, the honest answer is that it has to be at all levels. We have seen that the impact of professional work, as you know from your own background, is greatest when it can be involved at the beginning and not just come in at a late stage, and also that the most powerful teams tend to be cross-disciplinary teams where you have professionals working alongside the policy makers, advisers and people with



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understanding and experience of how to deliver something. That is the method of working that I think has been honed quite successfully, partly under the pressures of Brexit and covid referred to previously, and we wanted that at all levels in the service. That is also reflected, for example, in how the fast stream—

Q54 Sir Geoffrey Clifton-Brown: One important question, Mr Chisholm, is this. Is there a case for fewer, but highly specialised, qualified people in certain parts of the civil service? We have talked extensively about commercial and IT. Is there a case for going out and deliberately using whatever flexibility you have—SCS payments and so on—to get some really highly-skilled people in those areas where the civil service is a bit short of skills?

Alex Chisholm: In short, yes, but I would say that that in itself will not be sufficient. The bigger effort needs to be in further enhancing our own skills internally—the two in combination.

Q55 Sir Geoffrey Clifton-Brown: I am talking about internal recruitment, not going out and getting consultants.

Alex Chisholm: Sorry, I thought you were asking whether there was a case for getting very highly qualified people to come into the civil service.

Sir Geoffrey Clifton-Brown: Correct.

Alex Chisholm: My point was that, in addition, we want to take the many thousands of people working on contracts management today, for example, and increase their skills and put them through an accredited training programme where they themselves have the qualifications that they should have to be able to make a success of managing contracts efficiently. That will probably be 80% or 90% of the solution of what you describe as bringing in people who have already acquired all those skills, and the right qualifications will be a further 15% or 20%.

Q56 Sir Geoffrey Clifton-Brown: The only way you will bring about change in those vital areas is by bringing people in from outside. You can train people up within the civil service, which might help, but ultimately, in order to bring about real change, you need really qualified people from outside—not many, but a few—right at the top to bring about change.

Alex Chisholm: That will certainly be part of it, I agree.

Chair: We can go around this forever. Richard Holden MP is going to come in briefly.

Q57 Mr Holden: On figure 8 of the Report, page 23, on the specialist staff's functions that we are talking about here and the geographic spread across the UK, why is it the case that those specialist staff, and obviously the pay that goes with them, is between two and three times in London and the south-west compared with north-west and north-east England?

Alex Chisholm: It probably reflects a few things. First, as we have talked about in this Committee before, overall the civil service is overly

concentrated in London and the south-east, and we have a big programme of trying to extend it across the UK, which you have heard everyone from the Prime Minister down talking about. There are serious plans to make that a reality.

Q58 Mr Holden: I get that bit, and I think everybody, across party, is supportive. But it is clear that we do have large numbers of civil servants outside London at the moment. In some of the Departments it is way over 90%. We want to do more, but why is it the case that those specialist skills, and therefore the extra pay and support that goes with them, are so concentrated away from the north-east and north-west?

Alex Chisholm: Again, I think that reflects this over-focus on the south, particularly for financial skills, which would be a big part of the financial/commercial skills. Also, on the digital technologies, big, successful centres have been produced outside London, particularly in Bristol, but we are very keen to try and develop Manchester, Edinburgh, Belfast and Swansea, which are all promising centres as well. There is more capability. We recognise that the map of opportunity and of using the underlying skills base is not yet where we want it to be, and that geographical re-setting is a big part of what we want to do.

Chair: Last one from Mr Holden.

Q59 Mr Holden: As you are doing that, can you make sure that it is not just the major cities that get these extra jobs, but that it is broadly into the regions? I will let Ms Olney come in shortly, but the disparity is clearly a major issue between the Departments. Looking at paragraph 2.25 on page 24, what concerns do you have about this internal market? The actual difference can be almost double in the levels of pay for the same role in different Departments. Is that not a major concern when we are looking at such major projects in so many different areas?

Alex Chisholm: Yes, I think it is a concern where it reflects genuine disparities. As you heard from Rupert earlier, we have efforts to try to address those. In some cases I do not think it reflects genuine disparities, in the sense that different projects have different values, different complexities, so it does not surprise me to find that somebody who is running a £1 billion project might be on more than someone who is running a £10 million project. That is what you would expect to find. You will see, particularly on the project delivery side, that there is a very big discrepancy, but I would not expect them all to be paid the same amount.

Chair: Thank you, Mr Holden. Mr Chisholm, I remember that your previous Department, under a previous permanent secretary, moved a number of civil servants from Sheffield to London, which this Committee focused on quite a lot, so I hope this is not a hokey-cokey policy—some in, some out; some north, some south—and that we go back to it. I think you got the message from Mr Holden loud and clear, which echoed the Committee's previous concerns. I will now hand over to Sarah Olney MP.

Q60 Sarah Olney: Mr Chisholm, I wonder whether we could back up a little bit. I have been listening very carefully to everything you said, and I just want to ask you again about the consultants. I know you have already answered a few questions on that, so I hope you don't mind a couple more. In one of your previous answers, you talked about the unique challenges of public sector projects, and how some of the things that you are dealing with are really unlike anything else in any other sphere or sector. It made me wonder what, in your view, is the value of having consultants from the private sector if a lot of the things being delivered in the public sector are so very different. I guess my question is this: when you are taking on these consultants, is it because you want the skills that they bring with them, or is it that they are filling a vacancy, if you like, that you cannot fill? Are they adding extra resource?

Alex Chisholm: It is both of those things, I would say. We recognise that within the overall scheme of activity undertaken by the state, being able to have permanent staff doing 100% of those activities would not be efficient. That should not be something that we are driving towards, because there will always be some skills that we need occasionally that will be much more efficient to rent, effectively, than to own the responsibility for. There will be cases where we get short-term demands for services where, rather than having a permanent employee, it is more efficient to have somebody for a few weeks or months. There will always be a level of use of consulting and contracting. I also think that it can be good to bring in someone to bring an independent perspective and a review, or somebody who says, "Here's something I tried somewhere else" in another country or in a like situation. It can be good for getting a better solution.

I am sure that the Committee is no more anti the use of consultants or contractors than me. We want to try to reduce their use where we think it is inefficient. I was speaking before the Committee about ventilators and the response to covid, for example. We worked with a group of consultants who had a lot of experience in working with health manufacturing and R&D, and we were able to utilise that skill in the space of 48 hours when we were looking to put in place the whole complicated tender scheme meant to help manage incredibly complicated supply chains for the ventilators that, as you can see, we are going to need.

Q61 Chair: Is that the ventilator challenge? We know that was a very specialist, technical area, but Ms Olney made quite a different point.

Alex Chisholm: I am using that as a good example, because you would not have expected us to have people sitting there just in case we needed to do a ventilator challenge.

Q62 Chair: No, which we acknowledge. I should make it clear, Mr Chisholm, that this Committee is not hair shirt about the need for sometimes using consultants, but Ms Olney's question was rather differently focused. Perhaps you could answer that question, and then we can move on.



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Alex Chisholm: I am trying to use that as a good example of a sensible use of consultants. In another case, we would need to be able to quickly add to our capacity if we didn't have the available numbers. Another area that has been quite controversial in the media—I am sure you have focused on it yourselves—is test and trace. One reason why they have made extensive use of consultants is because we needed to expand very quickly.

Q63 Sarah Olney: Funnily enough, I was going to ask about test and trace, in the context of whether it is additional resource or skills coming in that the civil service does not have.

Alex Chisholm: It is a mix. You will obviously want to study that more closely. It is not my project. Two elements have gone into that. One is that we needed to have hundreds—if not thousands—of people working in the service centres, both in the direct facilities and also calling people up. We didn't have that amount of spare capacity in our own call centres. We have big call centres for sure for things like tax and benefits, but those were busy on those activities; we did not have that level of spare capacity. So the prime spend area was quickly adding that spare capacity, which the private sector was able to provide to us.

In addition, there was, if you like, more high-end type consulting of how best to organise this activity and how best to put in place the new organisation was being put in place before we had a full permanent executive team in place, which—

Q64 Sarah Olney: Do you think that kind of expertise on test and trace was more available in the private sector than internally in the civil service so you had to go outside for that expertise? Although test and trace had not been built in any capacity anywhere, either private or public sector, you still felt that the expertise was more likely to be found in the private sector than internally in the civil service.

Alex Chisholm: As you say, there was nowhere—certainly in the west—where people could say they had experience in building the entire system necessary for test and trace. But in terms of some of the relevant skills—certainly digital technology skills, logistics skills and supply chain skills—you would have more likely found some of those in the private sector rather than in the public sector. When it came to health assessments and how best to approach people to get a good reaction, many of those skills would have been within the public system.

My third area was clearly around the need for capacity. We needed 10,000 people in a few weeks and we did not have them sitting around or able to be diverted from other activities. That is what explains the use of them in that case. That is why I was saying earlier on that I think this is a high point in the use of consultants and contractors, because covid has required a lot of that, and that should not be regarded as a permanent part of the system. Even the Test and Trace organisation is now in the process of insourcing those skills, making permanent appointments and so on, and that is how it

should be. So it provided a useful source of short-term capacity expansion. I think my colleague Rupert wants to come in.

Rupert McNeil: Thank you for a really interesting question. Actually, having been very closely involved in the past two months with NHST&T management in terms of resourcing it, we have definitely, for the capacity and capability reasons, exactly as Alex said, had to go outside of contingent labour and draw on multiple things, including external recruitment campaigns. We have probably been able to get more in from some of those other channels and from moving people around within the civil service than external sources which is very good. I am also really pleased, particularly given what Alex has said, that, as we move through the winter period, they have a detailed workforce plan looking at the way in which, as the new entity becomes a sustainable, enduring capability for Government, the contingent and more temporary forms of labour can be replaced with permanent civil servants, particularly with PHE and others. That is going to be a really good template for the question of how we identify a capability gap and a capacity gap in Government and work in a very systematic way to fill it.

Q65 Sarah Olney: Mr Chisholm, in response to Sir Bernard's question at the beginning of the session, you talked about how you have been successful in reducing dependence on contractors in digital, with a fall from 50% to

20% dependence. You talked about changes you had made in recruitment being instrumental in that. Can you talk me through what changes you have made in recruitment and what prompted you to make those changes? Mr McNeil, that may be a better question for you, but Mr Chisholm mentioned it earlier. I am interested in what changes you have made to recruitment, particularly in digital.

Alex Chisholm: The key thing there—

Chair: Mr Chisholm, could we keep answers a little bit shorter, please? We do not necessarily need every example we have had in the Committee before. Do you want to answer or do you want Mr McNeil to answer?

Alex Chisholm: Well, either way.

Chair: You tell me who is best. It sounds like it is being passed to you, Mr McNeil.

Rupert McNeil: Again, this is one of the really important features of functions, setting very clear standards for recruitment and then using the changes we have put in place in the past couple of years with our new recruitment platform, which has got much better data, and crossGovernment campaigns, which functions have been instrumental in putting in place. Digital and commercial are good examples of doing that early. Also, a function can brigade the people who need to sit on assessment panels and can look at the market data and go out and basically make sure that the pipelines are being stimulated and generated, including—this is particularly important—right at the start, not just the graduate pipelines as

they come through the fast stream but apprenticeships and now, in the world that we are moving into, in a very exciting way with T-levels.

That is something that functions have been able to do. The success profiles, which we have referenced, and the career pathways, which were referenced in the NAO Report, are all part of that, and they are interoperable between the functions.

Alex Chisholm: Digital skills used to be, going back, regarded as a minority pursuit, whereas now anyone working in a modern organisation understands that that is one of the most important things to be good at in order to deliver the services that you want to. That is expressed in our system. You can see the evidence of that if you look at the seniority of roles that we are currently recruiting. We are interviewing this week, indeed, for a Government chief digital officer at permanent secretary level. We now have five chief digital information officers at the director general level and many others at the top end of the director level. I am not being gradist about this, but it is an indication that within the civil service, like other organisations, we really recognise that digital, data and technology skills are incredibly important, and that too has helped in the recruitment effort.

Q66 Sarah Olney: Have you been able to recruit a more diverse workforce as a result of your changes to recruitment, and can you give me some data to back that up?

Rupert McNeil: I am very happy to write to the Committee.

Sarah Olney: Yes please.

Rupert McNeil: One of the important things is that the fairer and more rigorous you make your recruitment the better it will be in terms of diversity and inclusion. I have absolutely no doubt about that. By introducing a range of changes, which I am very happy to write and explain, we believe we have improved that dramatically.

Q67 Sarah Olney: To tie the last two questions together, when you were talking earlier about track and trace and needing to recruit 10,000 people, why didn't you make more use of local resources in order to pull those people in, instead of going back out to the private sector?

Rupert McNeil: To some extent, that is what we have done. Those are people being recruited from around the country—people moving between Departments and resourcing it from around country. Again, one of the great lessons for us from this difficult period has been how we can move people between Departments and how we can run campaigns and source people in one part of the country who can then be used to do activity or work that might previously have been in another part. That has been a lesson that we will certainly take out of this period.

Q68 Chair: Mr McNeil, you talked about local. Obviously your responsibility is for Government. Perhaps I can go to Mr Chisholm. You have talked about the consultants. You needed the 10,000 people Ms Olney has just referred to



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to do tracing, but local authorities have people able to do this. Leicester was one of the first out of the traps to do this. In Cumbria, they did it locally and they have had a very good success rate. Did you give any advice from the Cabinet Office about, when this whole new system was being set up, whether it needed to be centrally controlled and privately contracted or whether there was a local option through local authorities and other local agencies?

Alex Chisholm: It was a policy choice to make it a national scheme.

Chair: Thank you very much. That is very clear.

Q69 **Sarah Olney:** We were talking about functional working. A key priority was to develop departmental capability blueprints of organisational capacity and capacity plans. Currently only the commercial function has completely developed a departmental capability blueprint. What is the progress with the other functions, Mr McNeil?

Rupert McNeil: This is now under way, for example for my function—for HR. Again, the NAO is quite right that this is very important. In a sense, it is a starting point for all this functional work. What is the operating model for the functions? For example, in my own function—Cat may want to say in the context of finance; they have a similar situation—you have a core of activity that is done collectively at the civil service level and all the stuff that is done in Departments.

That mix might change, depending on the size of the Department. Some are large enough to merit having their own teams, for example areas like reward in HR; in other areas, they will draw on the resources from perhaps the centre or from another department. It is really important, in terms of value for money—

Q70 **Sarah Olney:** So why have the blueprints been delayed? Why have we got only one?

Rupert McNeil: This is something we are actively discussing now across the functions. It links to the work that Alex referred to earlier. I think it's going to be a very important part of the next year, as we move through getting ready for 2021-22 and '22-23, and we have got a lot of activity under way to do that, because—

Q71 **Sarah Olney:** When do you think the other blueprints will be available, if they are such a fundamental part of how you operate?

Rupert McNeil: On the HR side, I am expecting—that blueprint is a key part of my responsibilities for this year, so I would be very happy to come back and talk to the Committee about that when it is done. We hope it will be one of the next wave.

Cat Little: Could I just add this, on the finance function? In all but name, we have all the components of a blueprint already available for finance. We have a target operating model that we expect Departments to comply with; we have all the leadership and top design structures; and we have the

finance standard and the talent management all done centrally. So in all but name, it is there for finance. And we are going to work very closely with Rupert and the other functional leaders so that you are able to see something consistent across all functions that allows us to benchmark and test how functions are doing.

Alex Chisholm: We have just completed that process for communications right across Government, and we have like activities under way.

Q72 **Sarah Olney:** Thank you. Ms Little, obviously the functions are meant to be operating together, collaborating, sharing best practice and so on, but how are they working together on some of the common issues—for example, in presenting a collective view on skills issues to the Civil Service Board—or how are they contributing to the spending review process? Has that been worked out? Is that part of the blueprints, or is there another operating model for that?

Cat Little: We have made quite a lot of progress this year. Alex and I have jointly made it a priority to make sure that functions are integrated into major investment decisions, as well as key events like the spending review. For example, for the SR, we jointly worked up the guidance for how Departments should interact with the spending review with the functions, and there were specific templates and processes where functions took part. A good example of that would be that Alex and I cochaired panels with every Department on their data, digital and technology plans. We have involved all functions in our capital appraisal of all capital programmes that have come forth for the spending review; and for all major procurement decisions, we have involved the commercial function. But I think we have to make it sustainable, and the key to it is making sure that all our processes and major decision points have a multifunctional approach.

Certainly for the MPRG, which Alex and I co-chair, we embed all functional expertise ahead of getting to an MPRG decision point. The same is true for all Treasury approval points, and increasingly you will see the functions work very closely together on very specific programmes. I currently colead something called Project Speed, which is all about how we accelerate and improve governance for major programmes and deliver programmes quicker. I am doing that jointly with the chief exec of the IPA and the Government Chief Commercial Officer.

Q73 **Sarah Olney:** Don't you think that a lot of this co-ordination would be easier if the blueprints had already been put in place and were already providing guidance?

Cat Little: I personally would argue that the behaviours, the collaboration and the way in which leaders do things are more important than the blueprints in some respects. It is great to have the metrics, to have the performance indicators, to be able to learn and share in a consistent way, and we will definitely do that, but my experience in this role has been that the biggest game changer has been the desire and the common purpose to do things collaboratively and to make things better.

Q74 Sarah Olney: Is the blueprint not an important control tool, though, in terms of managing relationships?

Cat Little: I agree entirely that it is a really important control tool, but you need both.

Q75 Sarah Olney: Moving on to workforce data and planning, there is obviously a big focus at No. 10—we hear a lot about this—on data-driven policy. What impact is that having on civil service efforts to improve its workforce data, Mr Chisholm?

Alex Chisholm: I think you heard before that we have, for the first time, gathered data on functions in the ASCES this year. That is why we have that figure about the number of people I mentioned with functional professions, and we already have good data on professions. That is about the availability of people to do the skills. As we discussed before, the area where we need to do better is measuring the impact of that professional advice. That is certainly one big area of opportunity.

Rupert McNeil: To add to what Alex has said, there are so many ways in which this data agenda affects everything that we are doing. I believe we will come on to this in the context of the curriculum for all civil servants in every function, to make sure they are data literate and able to do analysis. Linking it to the recruitment point—we will put this in the letter—by using automated systems, we gather much more real-time data. That is our aim, particularly on workforce data. I think it is true of any data that your aspiration is to get to real-time data—as far as possible—that you can analyse in real time, and to take decisions in a very agile way. We are certainly learning a lot about that, particularly in the domains that Cat and I are in. For example, finance data and HR data are very closely interlinked. How do we get those talking to each other? What is the actual vacancy rate, for example, at the moment in—

Q76 Sarah Olney: Do you have the right data to help you analyse your skills gap at the moment?

Rupert McNeil: I think we have more data than we have ever had, but we are still on the journey—that is exactly what the NAO are saying—to the level of granularity about data demand. Who has those skills in Government? Over the course of the next period—the next years—we are looking to put in place ways in which we can identify the skills that an individual civil servant carries with them, so that we can know where they can be best deployed. What is very encouraging for us is that, again, the commercial profession and the project delivery profession are the real pathfinders in this. The assessment tool, and the capability framework that the project delivery profession have put in place having not just 12,000 people using it, but 7,000 people across Government in that profession assessing themselves and recording where they are in it—that is what we need to see in every profession.

Q77 Sarah Olney: But you haven't got that across all the functions yet.

Rupert McNeil: We have not, and it is a very interesting question for us. This is true of any organisation globally, where there is an iteration between what your systems allow you to do and what you can interpret from the data that your systems are giving you. A very exciting part of the next few years, actually, is how our systems are going to be improved and will be able to talk to each other much more clearly.

Q78 **Sarah Olney:** But currently you do not have the data to fully assess your skills gap in every function.

Rupert McNeil: I would say it is down to granularity and precision. I think we have an accurate view, but not as precise a view as we need.

Q79 **Sarah Olney:** Okay. Mr Chisholm, what effect has the inability to recruit a Government chief digital officer had on Government data and digital issues?

Alex Chisholm: It is hard to measure, because we did not have that in place, but the fact that we are going again shows that we think it is very important to have that person. I see that we have interviews on Friday, so I am hopeful that we will have that person in place shortly. I am sure that they will be in front of the Committee on future occasions.

Q80 **Sarah Olney:** Dare I ask whether you will be recruiting from inside or outside the civil service—just as a matter of interest—without giving too much away?

Chair: And can you afford to recruit outside the civil service?

Alex Chisholm: It is a very open competition, so probably more than that I should not say at this point.

Sarah Olney: Fair enough.

Q81 **Chair:** But seriously, if I can just chip in, Ms Olney, there is a point here about the salary cap. For a job this specialised and this significant, surely it must have an impact on the ability to recruit. We have seen a rocky ride with this position, as this Committee has recorded over many years.

Alex Chisholm: It does. The market research that we have done has shown that the sort of people we are looking for would be earning multiples of what we are able to pay, so although in our terms this is top whack, it is probably also right to recognise that the person who will take this job, if they come from the outside world, will do it because they think it is a job worth doing, rather than for salary.

Chair: Okay, good luck with that, then.

Q82 **Sarah Olney:** Mr McNeil, you were just referring to the limitations that you are currently facing with data. What progress are the functions making in improving workforce planning overall?

Rupert McNeil: It is a big change. Everything the NAO said in its Report is absolutely spot on, and we are on a journey with this, but EU exit and

transition, the fact that we have needed to look at how we can share resources between Departments, and now the pandemic have dramatically improved people's thinking about strategic workforce planning.

At the same time, working very closely with colleagues in finance and elsewhere and with individual functions, we have been building the capacity and skills within the HR function to do strategic workforce planning. It requires certain standard methodologies, certain ways of thinking and the ability to think short, medium and long term. There are some really interesting things that we have brought in from places that do this very well, like the Metropolitan police, the military and others, and those organisations that use contingent labour in parts of their sectors very well. We have built that up, and I think we are going to come out of these two national events with that significantly improved.

Q83 Sarah Olney: What impact do you think these new cross-Departmental ways of working—you talked earlier about hubs, cross-service campaigns and so on—will have on recruitment and retention, particularly of those with specialist skills?

Rupert McNeil: It's a great question. If you think about pre-EU exit preparedness, over 30 Departments could be running campaigns for policy specialists or commercial specialists, before the functions were in place, and two candidates might be above the line; that was about the average. They were both appointable but, rightly, we would take the most qualified. But actually the second person, who was qualified, could have been moved and deployed into a vacancy elsewhere. That type of defragmentation of our supply has been very helpful—one of many levers, like cross-Government campaigns, as I have mentioned, that have been helpful in covering these gaps that we have found. We were not doing that before this period.

Q84 Sarah Olney: Thank you. Finally, what impact do you think improving the quality of training and internal development is going to have on that?

Rupert McNeil: I think it is already having an effect. Again, I break it down into two different groups: there is training, which is for specialists like deep commercial specialists and deep project management specialists, but there is also making sure that there is enough of an intelligent client base for all those areas—contract management is a good example—across Government.

The answer, which is something we are looking at very closely through the Government skills and curriculum unit that we have just set up, is that in any organisation globally, your skills erode over the course of the year because things are moving so fast, so it is about a culture—and this is where functions are very important—in which we are defining continuous professional development and setting the expectations, as Alex mentioned. For example, there is not really any function or civil servant who is not touched by digital skills or required to analyse data effectively, so we are making sure that that is being deployed there.

The training is extremely important. Where that becomes very exciting for me is when we are taking people in at all stages of their careers and working lives and bringing them in, for example as apprentices, and building really quite thick pipelines of people into our areas where we need those skills.

Sarah Olney: Thank you.

Q85 Sir Geoffrey Clifton-Brown: Ms Little, you used a very interesting phrase about improving the civil service: you said, “desire and common purpose”. Can you explain what you meant by that?

Cat Little: I suppose I was just talking about the functional leadership behaviours and the overall agenda for civil service reform. Where we work best is where we have that common set of beliefs and a common vision for the civil service going forward. That is why the reform agenda and the work that has been instigated from the Chancellor of the Duchy of Lancaster’s speech at Ditchley is so important.

Q86 Sir Geoffrey Clifton-Brown: Mr McNeil, how do you measure voluntary courses—things like diversity and unconscious bias—and HR functions across Departments to ensure that those courses are at the correct level and that some Departments are not doing excessive amounts of such training?

Rupert McNeil: That is an important and good question. There is finite capacity in the year to do all the development work we can, so we need to get very granular about that. We also need to be very rigorous and clinical about whether or not training is effective. You mentioned one— unconscious bias training—which, as we look at that, the evidence says that, compared with other interventions to the same purpose, it is not necessarily effective and actually we could do other, better things with that time. The issue is also one of prioritisation and whether, at the current time, we want to prioritise project management, commercial skills or digital skills, taking into account that people are adapting to new ways of working. So all of that needs to be examined.

Also, we need to look at efficiencies. One of the main tasks of the new Government Skills and Curriculum Unit is to do exactly that and look at the curriculum—we are talking about a new curriculum with five levels in it— and make sure that it is being properly deployed.

Q87 Sir Geoffrey Clifton-Brown: Thank you for that really helpful answer. Given that these courses are largely voluntary in the civil service, is it ever appropriate that promotion should be based on the number of these courses attended?

Rupert McNeil: Again, that is an excellent question. We have a general feeling of where we are in the functions and among civil service leadership— this was very much the spirit of the Chancellor of the Duchy of Lancaster’s speech at Ditchley—particularly as we look at links between capability and pay, for example, that we need to be mandating more. We need more clear accreditation, using professional organisations, and particularly external



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ones, for example my own professional bodies. Every function, whether HR, accountancy or commercial, has its own external reference point.

In the UK we have a very good body, the Chartered Management Institute, which has very good standards for leadership and management in organisations, linked to apprenticeships and other standards. I am also very pleased to say that the operational delivery profession, led by Peter Schofield and Angela MacDonald—two great permanent secretaries with big operational workforces—will be the host of the leadership and management training as it is deployed out to most civil servants. So there are lots of very exciting ways we can get much smarter about the way we do learning and training in Government.

Q88 Sir Geoffrey Clifton-Brown: While I am not knocking this training per se—this HR training has a role—if the *Mail* report is correct, the MOD is looking to recruit a diversity and inclusion director at a salary of £110,000, which is more than a colonel who commands a battalion of 800 soldiers. Are we not getting the balance a bit wrong, with the tail wagging the dog?

Rupert McNeil: I would make a distinction between having the right skills to manage diversity and inclusion—or any other aspect of the organisation or cultural processes—and the training required for the workforce at all levels in those processes. I would not want to comment on the MOD case, but I would say that, taking into account my answer to Ms Olney, we know that as we improve the fairness and objectivity of recruitment, we get better outcomes in terms of representation, and the overall capability in the civil service gets better, so I think there is a virtuous circle there.

Sir Geoffrey Clifton-Brown: I think there is; it is just a question of how much priority you give it, but thank you very much for your helpful answers.

Q89 Chair: Thank you, Mr McNeil and Sir Geoffrey. On the diversity point, we know that there is a poor track record. For instance, more women are coming into the civil service at different levels, but there are still gaps and problems there. In terms of ethnic diversity it is still very weak. Some of the issues that Sir Geoffrey raised would not be such issues if the civil service was more diverse. What are you doing practically? Can you talk us through a couple of examples of where you have had a proactive approach to try and get a more diverse civil service—the sort of thing the Home Secretary has spoken about in the House? How do you actually go about implementing that so that it is real and embedded and means that people will stay long term in the civil service, or have the prospect to do so?

Rupert McNeil: Absolutely. Taking the example you have given of the representation of people from ethnic minorities, for example, in the senior civil service, although we have improved it—I will write to you to show that improvement—it is nowhere near where it should be, given the share of the population that it represents and particularly, for example, the populations emerging from universities. In terms of what we are doing practically, one of the bonuses of doing these cross-Government campaigns, particularly in

areas where we have not done it before, like policy, is that we are finding we get a good balance of internal recruits, people on promotion and external recruits as well. Through that, we have seen improvements by looking very carefully at the recruitment process and at where we advertise, and how we do the interviews and selections. We have seen a real improvement there. That is what we call pay band 1, SCS 1 roles particularly.

The place where we are in a sense able to experiment most with that and where we similarly see a good improvement on what was not such a good place is in the civil service fast stream. That has involved some fairly fundamental review of each stage of the recruitment process, from the advertising and who applies through to the gates at which people fall down. Sometimes the mix of assessors has not been diverse enough. We are now seeing that come through in better representation. Of course, people coming through the fast stream are the senior leaders of the civil service in the future.

Chair: That might be the case, but if you have specialist functions, they might not all come through the fast stream. Hopefully, some of them could be the senior leaders of the civil service in the future.

Rupert McNeil: Quite right.

Chair: I have views on the fast stream.

Rupert McNeil: Specialist fast streams are a very important part of our model.

Q90 **Chair:** I point to the excellent work being done by the National Audit Office, an organisation that we on this Committee know well, which has recruited young people to be summer interns. They come from university a year before they graduate. They then go on to be trainees. It would be worth looking, if you have not already, at what the National Audit Office is doing. You can learn from them because they have, suddenly, a cohort that is far, far more diverse.

Rupert McNeil: I am keen to look at that. The other thing that has happened, which is very encouraging, is the way in which those early programmes that we offer, those internship programmes, are also reaching out into other groups, such as people from more different socioeconomic backgrounds than is traditional, and also people with neurodiverse conditions.

Q91 **Chair:** We would be interested in seeing the latest figures. Obviously the fieldwork for the National Audit Office Report was done a little while ago. We are keen on this Committee, as you know, to see what the staying power is and how many people are being retained and progressing. When Sharon White left the civil service as a senior black woman at the time, there was a very big gap then among senior people. When I have done work with senior civil servants below permanent secretary level, it has been very noticeable how everybody in the room, particularly women as it

happens, were all but one in both the cases where I did some work were white and not diverse at all. Is that on your radar, Mr McNeil?

Rupert McNeil: Definitely. I look forward to writing to you and to getting your thoughts as well.

Q92 Chair: If I may, I think I agree with the Home Secretary on this one: the more diverse the people in an organisation, the better run it is and the better decisions it makes. We look forward to receiving that.

Mr Chisholm, we have been around the block many times on civil service reform. The politicians come in and say one thing, and the civil service sometimes resists that or comes up with its own suggestions. In summary, what do you think needs to change to make the civil service more effective? What big things would you like to see in your time in the job?

Alex Chisholm: I do not feel that there is any resistance at all. In fact, I think there is a very strong, common analysis of what we want to achieve here. A big part of that is the topic that we have been discussing for the last two hours: the further improvement and the professionalisation of skills in the civil service, and the ability to rely on good data and good systems as part of that. That is massively important. It was important anyway, but it has been further reinforced by the experience of EU exit and covid.

A second point, which I would highlight a lot, is that, as a service, I think we are very good at responding to things. People are very good at rolling up their sleeves, dealing with the latest set of challenges and, sometimes, improvising in relation to that. We are not as good as we should be at systematically innovating, which is something that we need to be good at because it is key to finding rapid, creative interim solutions.

Q93 Chair: How are you planning to inculcate a culture of innovation given that you are bound by however many coloured books there are—the Green Book, the Magenta Book and so on? We hold you to account on those things, and you have your accounting officer assessments, yet covid has given you the chance to innovate—we are about to look at some of that in more detail—but there have been some challenges, as you have loosened the rules on things such as procurement. How will you encourage innovation while staying on the right side of probity and ensuring that it is embedded?

Alex Chisholm: I am really pleased that you in particular have asked me that question. This Committee can do a lot to help because it focuses, understandably and rightly, on when things go wrong. It would also be great to draw attention to risks that have been taken and worked out well. If you look at it from an incentives perspective, if someone takes a risk and receives no reward or they take a risk, it goes wrong and they are publicly sanctioned for it, it sets a deterrent effect on justified innovation. There is a useful balance and you could help us get that right.

Q94 Chair: There is a useful balance. You talk about justified innovation, but there are reasons that the Green Book and codes exist: you spend and are



accountable for taxpayers' money; you are holding the ring for good governance, whichever party or parties are in power; and you are there to see some sensible continuity so that we do not see such chop and change that damage is done to public service. Those are all legitimate constraints unless there is a very big, strong political decision to completely tear that up, which there has not been, to my knowledge. The Green Book and things like that are very important. What would you define as justifiable innovation?

Alex Chisholm: I actually think the experience of and response to covid has seen a lot of good examples of that. I will not bore the Committee with ventilators again, but in relation to the response on jobs, right from the get-go, the whole of Government was very focused on the potential impact on jobs. There has been very great innovation right across Government, initially with the response of the coronavirus job retention scheme, and then applying that to the self-employed, and lots of skill-type schemes, schemes focused on youth, and a continuing desire to adapt the design of those schemes in relation to a changing situation. The key trait that we want to encourage in people is to experiment safely using data, to see what works the best, and then to do more of what works best and less of what does not.

That is the potential transformation that we could achieve in the performance of public services. In the past, in a more analogue world, it has been necessary to commit to a very specific version of how you want your programme to unfold and what you expect to achieve from it, only to find out several years later that it has not quite worked out in the way that you had intended. In this much more digital world, with much shorter learning cycles, it is possible to learn quickly, which should encourage more justified risk taking and innovation. I think that will be a big change in the civil service.

We talked a lot about better project management. I will not repeat what we said there, but I want to emphasise the point about being a civil service across the whole of the UK, which is a very fundamental point of change. It is something that, again, we have made some promising progress in. I think 81% of jobs are outside of London and the south-east now, but we want to move some of the core civil service departments and the senior civil service, including the functions.

Chair: You are suggesting we are more Shoreditch, and a little less Whitehall, but there can be risks involved as well. On that point, I am going to bring in Sir Geoffrey Clifton-Brown.

Q95 Sir Geoffrey Clifton-Brown: Mr Chisholm, obviously the Committee sees the very worst mistakes, and while I would encourage innovation at every point, it is how you apply the innovation that is really important. Some of the most expensive mistakes have been where we have tried to build bespoke situations of our own rather than going and looking at what is out there in the world. Two real examples are the emergency services network and track and trace, both of which had good solutions out there in the world



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that we could have taken and adapted in the UK, rather than trying to build from scratch our own system.

This goes back to my scoping argument at the beginning, in an earlier question. What could we do better to scope a project before we go out there and procure it?

Alex Chisholm: You are pushing at an open door there, if I can say so, Sir Geoffrey. You are exactly right that when we in the state choose to procure something that is bespoke, we should do so very self-consciously and sceptically, and challenge that from a number of perspectives. Even if something looks economically wise, if you look at the total cost and the total risks of doing so, it may not actually be so. If you look across healthcare and defence I think you would find a lot of such examples.

I see that Cat wants to come in. You must be right with the example that you chose of the emergency services. The development of the Airwave system on a bespoke network, a reserved piece of spectrum, which belongs to the firm who provided that, puts the Government in a whole series of difficult situations as a consequence. That is before we even begin to move into the new technology. Like you, I am pretty wary about bespoke solutions, which I think come with a high price tag, even when it is sometimes hidden.

Cat Little: Two things from me. First, we are right in the final throes of concluding on the Green Book review. One of the things that we are really keen to provide more guidance and detail on is exactly how you go about scoping and assessing major investments early on. It will include the idea that you must assess and understand what off-the-shelf solutions are out there, as well as the inclusion of multi-functional experts in coming to that decision.

The other thing that I would say, with my former Defence hat on, is that in Defence procurement they had already started to build into the strategic outline case assessment the need to look at off-the-shelf solutions before going nap on a decision. There are some really good examples out there, but as Alex said you are absolutely right, and there is much more that we need to do to build it into our system processes in Government.

Q96 Chair: I hope that, in that Green Book review, that off-the-shelf appraisal is also communicated early to the decision makers—the Ministers—and is not just a civil service thing. Otherwise it can be too late by the time a policy announcement has been made in a manifesto or press release—I say, cynically and wearily. I am sure that you can, perhaps privately, agree with me.

The last couple of questions from me are about the workforce plan, Mr McNeil. When are we going to see it, and what is the timeframe from your perspective of when we will actually see the changes that will make the difference, for specialist skills in particular? We have talked a bit about diversity and so on, but on the specialist skills, when will we see this plan?

Rupert McNeil: If we look at the journey that we have been on since the early 2010s when functions first came in, they came in sort of in sequence—there are more mature functions and newer functions; I have mentioned commercial and project management. In a way, it is almost a series of waves. I think we will see one wave over the next 18 to 24 months, but then over the next four to five years we will see a massive step change as all these enablers are put in place, including the ones we have talked about with data. Alex may want to say something about the broader and very important issue of reform and modernisation, because that is actually galvanising civil servants all over the UK to think about what they want the civil service to look like, and skills and capability are a very important part of that.

Q97 Chair: But you have quite big gaps, as Dame Cheryl highlighted—perhaps she will come back in a moment—on science and data interpretation. How are you going to fill those gaps? Some of it is around salary, some of it is around skills, and some of it is around whether you recruit externally. In the workforce plan, will you actually have real, detailed lines about how you will fill those? You talked eloquently about the proposed graduate recruitment and all that, but some of those skills surely need to be brought in at a higher level.

Rupert McNeil: I think it has to take place at both the graduate and apprenticeship level, and also at the top of the shop. As Alex mentioned, the appointment of a Government CDO will act as a great galvanising piece on that absolutely critical DDaT function. The Committee should expect to see not only the blueprints for the functions but the blueprints for how the functions are working together, whether it is HR and finance or, particularly for recruitment, HR and security, where we have lots of interdependencies, with technology as the wrapper around all that. I think this year will be a very important part. Alex referenced some of the work that is under way on looking at functional effectiveness and how we assess the value delivered. Those blueprints will then form the basis of the workforce plans, informed very much by what we have learned about the workforce and where our skills are through EU transition and covid. Alex and Cat may want to add their takes on that.

Q98 Chair: Perhaps I can ask Mr Chisholm a question, picking up on that—I am aware that time is running on. We have seen a lot of changes in the civil service, but slowly, so pace is one issue. We just heard about Brexit and those changes. What lessons have you learned about skills from these big projects, and how will you make sure that you can be fleet of foot, so that while you are going through these silos, if you like, of specialist skills, which is something that we welcomed as a Committee, you are also adapting to the changes that have arisen over the last couple of years?

Alex Chisholm: I think the core skill is adaptation. As I say often to colleagues in the civil service, the idea that the pace of change will slow down, and that this combination of Brexit followed by covid, and before that the global financial crisis, is an aberration—not at all. It will be something

different in the future, but we should expect change to remain constant and rapid, and we need to be ready and able to lead people through that. As part of that, skillsets are bound to continue to evolve. If you had looked 10 years ago at how many positions were advertised for data scientists or data analysts, it would have been quite a rare thing. Today, it is one of the most common things that people are looking for, right through the public sector and the private. Right now, if you are looking for someone with deep skills in artificial intelligence, that would be quite rare. I suspect that, in 10 years' time, there will be many such people. Within, as we say, digital, data and technology, there are actually 30 or 40 different skillsets. We want to own some and have them as core competences within the civil service. For others, it will be more efficient to buy them in. That is a point to make there.

Secondly, Rupert mentioned the response from civil servants. At Civil Service Live, we launched the blueprint or prospectus for reform. It was an open civil service consultation, and we have had 14,000 responses. It has been amazing to see the strength of positive feeling. People are really up for change and for doing things differently, fundamentally to serve the public, but to do that they would like better skills and better systems, and better pay, of course. They really recognise the need for professional training as being a big part of the change, which is why I think this particular hearing is rightly focused on professional expertise.

Chair: Professional training sounds like a good first step.

Q99 **Sarah Olney:** Following on from that, I wondered if you were thinking yet about what long-term structural changes to civil service working are implied by the lessons learned from both covid and Brexit, in terms of preparing for future challenges.

Alex Chisholm: I have been asked before by the Committee about that, and we will do a proper "lessons learned" independent exercise, as the Prime Minister has said. One thing that links covid and EU exit is that we have been very focused on projects—in the sense of something with a beginning, a middle and an end, and a defined set of objectives—as opposed to people just occupying a particular policy domain. We have been focused on multi-disciplinary working and system-level working—working not just between central Government but local government, external private-sector players and local communities—and I think those have been great features. We have very much been moving from policy thought to delivering reality, and a kind of operational focus—how are you actually going to make this work in the real world? Obviously, as part of that, we have been embedding successful engagement with the public and the end users, to make sure that we are doing the job we want to do, which is to serve them.

Q100 **Sarah Olney:** Mr McNeil, what do you think are the implications of those changes for the way you are recruiting and retaining your staff?

Rupert McNeil: All of those have an implication for the curriculum, for how we design jobs and for how we test how well people are performing in jobs. Alex has mentioned systems leadership—how do you work with local



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authorities, with business and so on if you are a director general, a permanent secretary or some other senior civil servant? How do you actually integrate on the ground? It is interesting talking to Gareth Williams, who is the HR director at NHS T&T. They have got teams working well and hard who are made up of contingent labour—temporary workers, civil servants, contractors and so on. I think that is all very important.

That is a part of a broader theme, which for me is the big lesson professionally from this period, which is interoperability. We need to be able to move people around the public service system in the UK in a much more agile way—in a sense, capturing what we have been able to learn to do, particularly through the pandemic. That is why I am working with the National Leadership Centre, which Dame Sara Thornton chairs, and her board. It is very important to think about how we shape our curriculum in Government, not just for the civil service but for how it fits into the broader public service. For me, interoperability is the key thing.

Q101 Chair: Thank you very much for that. I have one last question for Mr Chisholm. You said earlier that there was great alignment between Ministers and civil servants about the way forward. Lord Agnew is undertaking a review of how things work in the civil service, and he has made some very pronounced statements about consultants, which we have repeated today. Lord Maude is obviously also involved in that. What are you expecting from the Lord Agnew review that will change what you are doing now, or are you so aligned that he is just going to give you a big tick and say that it's all fine?

Alex Chisholm: No—we are all part of the change process, so I don't think anyone here has a strong status quo orientation. I know that we are used to looking to see who is in which corner, but here I really do see a very strong alignment, because we recognise that the civil service has got some core strengths, particularly around its integrity, the tremendous passion that people bring to public service and the amazing talent that we are able to attract; but equally we do need, and it is a common analysis, to bring that up to the next—

Chair: So, in short, you are saying that Sir Humphrey is dead on your watch, Mr Chisholm, and you are aligned completely with your political masters. I shall let that smile and slight laugh speak for itself.

I will draw it to a close there. Thank you very much indeed for your patience and time, especially given the news at the weekend, which must have meant you are particularly busy. However, this is important, because we must get this right. It is a cross-party matter, such that Governments of different hues will need to work with you to get it right so that the best use of taxpayers' money is handled by the civil service and we continue to attract good people to do great jobs.

Thank you very much indeed for your time. The transcript will be up on the website in the next couple of days, as usual, and we hope that we will publish a Report by Christmas.



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