



Public Administration Select Committee

Oral evidence: [Building Civil Service Skills](#), HC 112

28 October 2014

Ordered by the House of Commons to be published on 28 October 2014

Written evidence from witnesses:

- [Richard Anderson, Institute of Risk Management](#)
- [Professor Colin Talbot](#)
- [Watch the meeting](#)

Members present: [Mr Bernard Jenkin](#) (Chair), [Mr Nigel Evans](#), [Paul Flynn](#), [Mrs Cheryl Gillan](#), [Kelvin Hopkins](#), [Greg Mulholland](#), [Lindsay Roy](#), [Mr Andrew Turner](#)

Questions 1-105

Witnesses: Professor Simon Szreter, Director, History and Public Policy, Cambridge University and King's College London, Professor Colin Talbot, Professor of Government, University of Manchester, and Stella Manzie CBE, Honorary Senior Research Fellow, The Open University, gave evidence.

Chair: Can I welcome our first panel of witness today to this session this morning on skills? Could I ask each of you to identify yourselves for the record, please?

Stella Manzie: I am Stella Manzie, Honorary Senior Fellow of the Open University.

Professor Szreter: I am Simon Szreter, Professor of History and Public Policy at Cambridge University and founder of History and Policy.

Professor Talbot: Colin Talbot—I am Professor of Government at the University of Manchester and Director of the Policy@Manchester network.

Q1 Chair: You may have to speak up a little bit because the air conditioning is making a bit of a noise. Can I ask to start with what you think about the Government's approach to skills training?

Professor Talbot: Shall I go first? Weak.

Chair: Next. *[Laughter.]*

Professor Talbot: That would be my summary. Abolishing the National School of Government was a serious mistake; we need some sort of organisation for skills. I think the alternative policy would have been to expand participation in the National School by including local authorities and other tiers of government in running it, as well as some universities—something similar to the way in which ANZSOG, the Australia and New Zealand School of Government, operates. They could have done that. From what I have seen of Civil Service Learning, which has replaced the National School of Government, it is a fairly lightweight online one-to-one or one-to-computer training mechanism, although it is very difficult to know exactly what it is doing because access to the website is denied to anybody outside the Civil Service, so, unlike the National School of Government, we cannot actually see what it is from doing from outside. As is normal in these situations of cutback regimes, training budgets generally across the Civil Service have been depleted; it is very difficult for people to get access to training now, and a lot of very experienced people have left the service because of the numbers—

Q2 Chair: Why do you think the People Survey shows an increase in the number of people who say they were able to access appropriate learning and development?

Professor Talbot: I do not know. I am not sure about that.

Q3 Chair: It is up six percentage points to 61%.

Professor Talbot: I do not know. It may be because Civil Service Learning is more accessible to a wider range of people, but I suspect, without seeing what the programmes it is running are, they are fairly low-level skills programmes.

Q4 Chair: What was wrong with the National School of Government?

Professor Talbot: What was wrong with it? I think what was wrong with it was it was run as an exclusively Civil Service operation. It could have been expanded to include the Scottish Government, the Welsh Government and the Northern Ireland Executive, local authorities and the health service in a much more structured way, and some of the universities. If I can just explain, the Australia and New Zealand School of Government is a joint venture between 12 universities in Australia and New Zealand, and five governments—three provincial governments in Australia, plus the Federal Government and the New Zealand Government. That works extremely well as a structure for central training. We are probably the weakest country, certainly among the big OECD states, in terms of having a system for developing our senior public leaders, not just senior civil servants.

Chair: We will come to leadership and development in a moment.

Professor Szreter: I do not have a particular expertise and overview of government training. My expertise is in history and the attempt to bring history into the public policy arena.

Chair: We will come back to you in a moment, because we are going to come on to that.

Stella Manzie: The fairly narrow comment I would make, but an important one, is that in the research we did in interviewing senior public servants, including Permanent Secretaries, they highlighted that the expertise they had developed over the years in working with politicians and dealing with complex policy issues in general they had acquired through observation, clearly, of their seniors, working with politicians and, interestingly, through mistakes they had made. They said that there had not been much structured, taught discussion of those kinds of complex issues and the interaction between policy, management and so on. That is a very interesting point, and perhaps something that points to the need for a good focus on the public administration context of what senior civil servants in particular do.

Q5 Chair: That would also suggest that they were brought up during the era of the National School of Government and its predecessor, the Civil Service College, but that was not addressing that particular requirement.

Stella Manzie: It is true that those things addressed a number of more managerial issues. One of the important issues to draw out is the difficulty people find because of the sensitivity of the issues in terms of working with politicians. The interviews we did were one of the quite unusual opportunities where people spoke freely about working in those kinds of environments.

Chair: We are going to come to that later.

Stella Manzie: Sure, but I think it is very important that some kind of teaching and learning focus is brought to that in a very structured way, and I have a lot of sympathy with what Professor Talbot is saying.

Q6 Chair: So what are the key skills gaps in Civil Service leadership?

Professor Talbot: I would say there are two key areas that need to be looked at. The first is experience of delivery. Very few senior civil servants have experience of delivery of the key areas of public service. There have been lots of programmes for farming people out to the City and private sector industries and so on, but there has been very little attempt to get people to make sure they have experience of frontline operations in education, health and criminal justice.

Q7 Chair: How effectively is the Government now addressing that?

Professor Talbot: Not at all, as far as I am aware.

Chair: Not at all?

Professor Talbot: I am not aware of anything that is going on.

Q8 Chair: You do not think this business of making sure a Permanent Secretary has at least two years' delivery experience is an effective remedy?

Professor Talbot: No, because it could be simply within the Civil Service. The Civil Service is only 10% of public service in the UK, and it is only responsible in terms of service delivery for three major areas.

Q9 Chair: So how should it be addressed?

Professor Talbot: It should be addressed by making sure people go to work in the big service-delivery areas, like education, health, criminal justice and so on. That is one thing. The second, which relates to the point Stella was making, is that experience by itself is not enough; people can have all sorts of useful experiences and not use them at all. People need to have some space to reflect on and understand the experiences they have had. My view would be that the best way of doing that would be for people to have some sort of higher educational development beyond just having a first degree. Most OECD countries have some sort of development programme of that nature. The most popular globally is having things like Master of Public Policy or Master of Public Administration courses—in the United States, for example, there are 250 or so of each. We have been extremely weak in this country in that area, across the whole of the public service and specifically for the Civil Service.

Q10 Chair: What do you think of the NHS Leadership Academy's programme to send teams of people off to Harvard for leadership training?

Professor Talbot: Not just to Harvard. Some of them come to Manchester.

Q11 Chair: Is this a good thing?

Professor Talbot: It is a good thing, but I think that more developed things, like a master's programme, would be much more useful.

Chair: A master's programme?

Professor Talbot: A Master of Public Policy or Master of Public Administration programme of the sort that has recently been launched in places like Oxford and Cambridge. In America, for example, there are probably some 500 of those courses across the whole of the United States and very few people make it into senior public leadership positions without having done one of those.

Q12 Chair: But the public leadership positions make particular requirements, as Stella Manzie was describing. How do these programmes address that, or are we just training people to be business leaders?

Professor Talbot: No, these are Masters of Public Administration and Masters of Public Policy.

Q13 Chair: How do you train them for these very special political situations?

Professor Talbot: They are aimed very much at people who are going to be running public services and making public policy, which is something the Civil Service Reform Plan admits is a problem, particularly the first point I was making about the implementation side of things. Implementation is not taken into account sufficiently in policy-making and I would argue that that is mainly because most of the people doing the policy-making, certainly on the Civil Service side, and I have to say on the political side as well, do not have experience of running public services.

Q14 Chair: Key skills gaps in leaders, Simon Szreter?

Professor Szreter: There is a real issue about historical understanding and training. I would say a leader of a Department, for instance, does really need to know something about the history of that Department. In a couple of Departments of State—the Foreign Office and the Ministry of Defence—they employ historians; I think they are the only Departments that do so. Those Departments do have enormous continuity, experience, knowledge and self-confidence as Departments in what they do. There is a problem in a number of the other Departments that, unless the Permanent Secretary has worked in the Department for a long time, which is not always the case, there may be very few other members of the Department who have much more than a few years’ knowledge scattered around. They may not be in particularly senior positions.

The Department, if it does not have a historian, probably does not have very good curating of its own archive, so that access to what happened before may be not very available. Even if somebody says, “Well, hang on, didn’t we try that a few years ago? Where can we find the records?” we do not know. We do not have an archive; we do not have an archivist; we do not have a historian whose job it is to make us aware of that. Leadership is not just a generic characteristic that can be trained anywhere and everywhere. Leadership is always of a specific organisation. In the case of Departments of Government, it is very obvious what those specifics are. Most of them have a history, some of them a rather recent history. Leadership does need to include a real effort at historical training, and it requires a resource in the Department to enable the leadership to have that history at its fingertips.

Stella Manzie: There have been changes in the expectations of leaders in the Civil Service. You can see that through the bringing in of more people from outside, a lot from local government, for example, so there are more people at senior levels of the Civil Service with more managerial experience. One of the things people highlight is the need both to have the political skills to broker solutions with different stakeholders, whether it is within Government or outside, and to have that managerial capacity. To answer your previous question about how you gain that specific public policy and political environment understanding, one of the things that has been missing is safe spaces for people who have that experience or, for example, where something has gone wrong, to be able to share that with other civil servants who are coming up the ladder. In the interviews we did, people were able to do that because it was a confidential environment. Clearly, some of those are played out within the Public Accounts Committee or Select Committees, very appropriately in lots of ways, but, in terms of developing people, you would want people who have had those kinds of senior level experiences to be able to share them in a free and open but structured way, so people gained that learning as they were coming up through the tree and did not have to learn it by making a major mistake with some huge project.

Q15 Chair: Just to follow that up, what has happened to the Permanent Secretary class? Why do you think they give the impression that they lack something of the self-confidence of their predecessors?

Stella Manzie: I am not sure I can comment on that. The interviews we have conducted indicate that they very much have at the forefront of their mind delivering the political objectives of their political masters or mistresses, and that is still very much at the forefront of their mind. I would say that the context of where Permanent Secretaries are operating now, in terms of 24-hour media, the way in which Committees operate, the focus, is different from, say, 25 years ago, and that puts people under more scrutiny. I would say, though, that Permanent Secretaries, both from the evidence of my interviews and from my personal observation, still act courageously, not in the “Yes, Minister” sense of the word but properly and appropriately, at appropriate times.

The problem is that the evidence that Committees are seeing or that is in the media often tends to be where things have gone wrong. It does not show you where competent professional advice has been given on the basis of evidence or historical principles, it has been accepted by Ministers and something successful has been implemented. We do not tend to hear about that, because it is the things that have gone wrong that we tend to hear about, not the things that have gone well.

Q16 Chair: What emphasis do you think, in the training of potential Permanent Secretaries, should be placed on how Permanent Secretaries lead and engage their people? The engagement scores across Government are very variable.

Stella Manzie: That is a very important emphasis. In our research, we used this phrase “dancing on ice” to describe the partnership between a politician and somebody like a Permanent Secretary. What that means is that you have dual leadership going on. The politician is always in the ascendant; however, there are times when the politician will be in the front, but, for example, with the staff of a large Government Department, you would want the Permanent Secretary to be giving key messages about what the political objectives that have come down from the politician are and how, managerially, those need to be carried through.

Q17 Chair: How does this excuse low engagement?

Stella Manzie: I do not think it excuses it. Low engagement is a bad sign.

Q18 Chair: Then what do we need to equip Permanent Secretaries with in order that they can obtain high levels of employee engagement in their Departments?

Stella Manzie: The key thing is that they have to be visible, and they have to communicate. They have to be visible internally, in their own Department. Obviously, quite a lot of their time is externally focused with Ministers, but they need to be visible, because they need to be translating the political and managerial objectives that they want their staff to deliver in a proper way. So a lot of it is about visibility, bringing people into discussions about the running of the Department and how that fits with the external environment, Parliament, stakeholders, etc.

Q19 Chair: Why do you think civil servants do not feel listened to by their superiors?

Stella Manzie: When you look at the data, it varies from Department to Department. Even within Departments, I know from my own experience you will have some areas where people feel very high levels of engagements, and, as you say, some where it is very low. That has to be about the individual managerial—

Q20 Chair: Okay. What are the behaviours and attitudes that we need to encourage or change?

Stella Manzie: We need to encourage approachability, devoting sufficient time to staff management, including performance management, and being able clearly to express what the political and governmental objectives are in a way that is understandable not just to the most senior staff but to the most junior frontline staff, whether it is drivers or experts on air quality or whatever it happens to be.

Q21 Chair: How good are they at listening and hearing?

Stella Manzie: I cannot answer that question in a generalised way. The answer is that some will be very good at it, and some will not be.

Q22 Chair: But is that not the behaviour we need to encourage?

Stella Manzie: Absolutely.

Q23 Chair: Our report, “Truth to power”, is about senior leadership not listening and hearing, or not wanting to listen or hear, and not giving people permission to be heard.

Stella Manzie: In some cases, there will be a confusion between making sure people are properly aligned with the political objectives and allowing people to ask questions, express doubts.

Q24 Chair: How do we resolve that confusion?

Stella Manzie: That is about personal behaviour of managers and leaders.

Professor Talbot: This is a longstanding problem. If you go back to the “Next Steps” report in 1988, which launched the setting up of the executive agencies, the diagnosis in that was that there was a major problem of senior civil servants continually and only looking upwards towards Ministers and policy formation, and very rarely downwards towards how you actually do things. That diagnosis has been around, and I do not think has changed very much over the last 35 years, or whatever it is.

Q25 Chair: How should we change it?

Professor Talbot: We should change it partly by looking at some of the examples of where we have had very good leaders in the Civil Service.

Q26 Chair: Would your Master of Public Administration degrees address this?

Professor Talbot: Absolutely, yes. They would be looking at leadership issues, trying to construct case studies of good public leaders using case studies. There are huge amounts of material from other countries. Unfortunately, our system is so un-transparent, it is quite difficult to get to the bottom of who has done well and who has done badly at the top of the Civil Service. There are some really good examples. Sir Iain Lobban, who has just retired as Director of GCHQ, I happen to know and have followed his career closely over the last 10 to 15 years. He is a very good example of somebody who was extremely good at engaging with staff within his organisation, and did a very good job of it.

Professor Szreter: In history and policy, we do not of course have a representative engagement with the Civil Service, because it is very much to do with individuals who have responded to what we have to offer. What I can tell you, though, is that Sir Nicholas Macpherson, who is Permanent Secretary to the Treasury, has been very interested in what history can do for his Department and so on. He has allowed us to run a series of seminars, organised by Rachel King, in the Treasury over a couple of years now. I get the impression that those seminars are quite helpful for team-building and for him—he is often present at them—to engage with other members of the team.

Discussing something that is historical but is of direct relevance to the Treasury, often involving the Treasury's activities in the past, people can express a wide range of opinions politically in relation to a historical case study they are examining. One recent one that was extremely successful was a colleague of mine in Cambridge gave them a workshop, rather than a seminar, on the decision back in the 1970s over the possibility of the famous Maplin airport, which in fact your father was involved in; he comes through in some of the primary sources, rather interestingly. This was run as a workshop in which different civil servants were given briefs from different Departments at the time, back in the 70s, and the primary source documentation was placed in front of them. They were roleplaying the Treasury, the Department of the Environment or whatever.

This was a learning experience in which they were saying, “My God!”—of course, some of them were rather horrified at what had happened, because the Roskill Commission was I think at that time the most expensive public commission ever, and the Government of the day ignored its inquiry. Nine volumes of evidence were shelved. It was very interesting for them all to learn and see about this, in the light of an absolutely current topical debate about another airport for London in the Isle of Grain or somewhere else. In addition to that, it provided the Treasury and its officials with a context to interact with each other, in which the Permanent Secretary was involved. That is another way in which the use of history in Government can help with leadership through shared activities.

Chair: Kelvin, are you moving on to the next topic?

Q27 Kelvin Hopkins: Just briefly, on your topic, Chair, I am fascinated by what the witnesses have been saying. I have long held the view that for the last seven decades, we have had wilful politicians with notions not based on evidence, and they have told civil servants just to get on with it. Now the problem has been exacerbated, from what you say, in that we have had a lack of recent memory of similar events, so mistakes in the past no longer have any bearing on what is being done now. We also have the problem with early departure, a surge in churning and so on of senior civil servants, who should have had some frontline

experience of teaching before taking senior roles in the Department for Education. Is that fair? Does this seem to be our problem?

Stella Manzie: I do not see the situation being as black on the leadership front as some do. In the interviews I have conducted, and also in my own personal observation, there are good leaders in the Civil Service. We have to remember that people do not suddenly become a Permanent Secretary; they have to be a director, a director-general, etc, unless they have come in from outside. There is now, in my view, more nurturing of leadership skills. As Mr Jenkin was saying, though, there is still a way to go, because it is not consistent enough, and it is highly variable, not just between Departments but within them.

The issue may not necessarily be about them being a teacher, for example, but it could be about them running an education department. It is to do with how you manage large groups of people to get them to deliver objectives and understand what the pressures are of doing that, rather than just being responsible for legislation and the legislative concept behind an objective. I would say things are improving. There is more of an understanding of the fact that leadership and management skills are required, but I would agree with my colleagues that we are not yet in the right place as to how we deliver that.

Q28 Kelvin Hopkins: Two little things: first, we recently had a former Special Adviser saying that, six months or so after having left office, civil servants were telephoning him to ask what happened at particular meetings, because there was no record. That seems to support what Professor Szreter is saying. This lack of record, lack of history, lack of memory of what has been happening in the past is a serious problem.

Professor Szreter: That is disastrous. It is true also that communication through email and so on is creating a whole range of new problems about archiving often really rather important records. Sometimes of course the individuals involved do not want a record to be kept but, where it is appropriate and so on, it is a problem if records are inadvertently lost just through carelessness or not keeping them. If each Department had some kind of historical adviser, then they would be able to form a much clearer strategy on what kind of materials to retain and what to sample.

As a historian, I would say never throw documentation away, but I do understand there is a space problem. I would say obviously keep all the documentation for something that is evidently very important. Where there is something that you cannot see is important, always keep a random sample. A random sample is the only thing that will ensure the survival of something of everything. If you try to be clever about this stuff that does not look important, you will end up with an extremely non-random sample from the period. Random sampling of material for archiving would save masses of space. You could make it a 1% sample; you could make it a 0.1% sample, if you feel that the space problems are important, but it is really important to keep something that is representative.

Kelvin Hopkins: A comment: Tony Blair's sofa government comes to mind, I have to say.

Q29 Chair: Stella Manzie, what do you think about the National School of Government closure?

Stella Manzie: In principle, I have reservations about it. In my past life as a local authority chief executive, from time to time, I did have experience of being brought in from the

outside to Civil Service activity. I would agree with Professor Talbot that there is a place for something that is jointly run between public services—I would agree with him: broader public services than just the Civil Service—and an academic consortium. One of the problems is that there does not seem to be a very clear focus for where that leadership and guidance is coming from nationally if you do not have some kind of entity like that.

Q30 Chair: To what extent is Civil Service Learning filling the gap?

Stella Manzie: I cannot comment on that, I am afraid, because I do not know.

Q31 Mrs Gillan: You have been talking and concentrating very much, as we are here, on the Permanent Secretaries, but how much of this is also a weakness in leadership from the politicians in each individual Department? Should the politicians be having intensive training in leadership and historical skills? There are two leaders in all instances.

Stella Manzie: It is a very interesting question. Certainly, it is important that politicians understand that dual leadership concept and that, although the politician is in the ascendant and is the boss, nevertheless it is about a partnership and it is likely that the best policy or management outcomes will come from strong political input and strong professional and managerial input working together. It is difficult to comment. It is perhaps the case that some kind of explanation or induction about the principles behind the joint working between the body politic and the Civil Service, and indeed perhaps in local government, and those relationships and the differences between them might be a good thing. I would not want to comment specifically on politicians being “trained”; it is a delicate area.

Mrs Gillan: That is why I asked the question.

Professor Talbot: I understand the parliamentary service is looking at this at the moment in relation to training opportunities for Members, and I would welcome it. It is a great idea. Obviously, you cannot compulsorily make Members of Parliament attend training courses on how to do leadership, but, if they were available, I suspect at least some people would want to take them up. My view would be that we have suffered from a bit too much and too little leadership from politicians, in the sense that under both the previous Government and the current one, there has been a tendency to push ahead with particular policies regardless of any evidence to the contrary or difficulties about them, and to see all opposition as simply somehow politically motivated when sometimes it is people just trying to be sensible and realistic, saying, “Yes, this probably can be done, but you will have to invest more money in it and it will take longer than you are suggesting is available in terms of timescales.” So sometimes people are being too pushy in terms of trying to lead change.

Again, the problem is that both the senior Civil Service and politicians to a large extent do not have experience of what I would call organisational intelligence, in the sense of having a deep understanding of the way in which organisational systems operate, particularly in complex areas of public service delivery, and how you can make them move in the sorts of directions you want to. That is something that is sorely lacking.

Q32 Chair: We have an Armed Forces Parliamentary Scheme. There is a similar scheme to give Members of Parliament exposure to the work of the police. There is the

Industry and Parliament Trust, which gives Members of Parliament the opportunity to go and work in industry. Why do we not have a Civil Service parliamentary scheme that allows young Members of Parliament to go and get exposure of how Government Departments work and so on? Who is going to run it?

Stella Manzie: I think it is a good idea. At the moment, I am not sure who would run it is clear because of this ambiguity about where the focus is. There is an issue about understanding this phrase “blocking”. There has been a lot of quotation of politicians saying civil servants “block”. In fact, when I did an interview with a senior civil servant and I said, “What advice would you give somebody more junior coming up behind you?” this person said, “If there is an idea that is being put forward and you are absolutely sure it is not going to work and you can base your advice on sound principles and evidence, then, for goodness’ sake, say it is not going to work and say it quickly. Do not wait for the idea to gain legs and so on.”

One of the most important things is the understanding of the fact that people are putting forward advice in good faith, but of course that has to be linked to the senior civil servants having the skills to do that in such a way that they are not “telling” politicians in a negative and irritating way. It needs to be about a proper dialogue. That is something you can also train in. It is not something that is natural to everybody; somebody may have very good intellectual and analytical abilities, but they may not be so good at the softer side and they may need some training and development in that. That, again, is something that needs to come through that Master of Public Administration process.

Q33 Mr Evans: Do you perceive that sometimes politicians get a bit frustrated? We are back to the old “Yes, Minister” scenario, whereby the civil servant thinks that it is a “very brave idea, Minister,” instead of saying, “This is not going to work.” There may also be a perception now and again on the part of a politician that the Civil Service have their own policy, and MPs and Ministers get in the way.

Stella Manzie: I absolutely understand the point of view. Two points: one of the Permanent Secretaries I interviewed said, “The very worst kind of civil servant is the sort that thinks they are in charge.” That was his point. The second point is that all the senior public servants, both Permanent Secretaries and local authority chief executives, that I interviewed, without exception, in different ways expressed the view that they were there to put in place the political objectives of whichever leadership or Government was in place at that time. One of the key things that makes senior leadership in the Civil Service or local government different from, say, leadership in a company, is that there does need to be an empathy with politicians and their objectives, an understanding of the political environment in which they are operating and what forces are being exercised on Ministers.

You are absolutely right; I am sure most civil servants would agree that, at times, the Civil Service has been too cautious. Within your Civil Service, you do need people who are able to translate innovative ideas of politicians in a way that will work on the ground and will not instantly say, “No, that is a terrible idea.” These Permanent Secretaries I interviewed were absolutely making that point.

Q34 Mr Evans: You can imagine, on this issue of the £1.7 billion that we should be paying to Brussels, the political reality of what that is. Do you envisage some sort of

intellectual tussle on that as to “what you can and are able to do, Prime Minister” or, “Very brave of you, Prime Minister, to say you are not going to pay this on 1 December,” as opposed to the Civil Service actually getting the political reality as to what a politician is able to do?

Stella Manzie: I would not want to comment on that specifically but, in that type of issue, you would expect a good and effective senior civil servant to be able both to give the Minister the nuts-and-bolts facts of the issue and to fully understand the political context and drivers, and to be working with the Prime Minister or whomever to try to navigate a path through that. You would not expect them to be doing either/or. You would expect them to have an understanding of the full picture.

Q35 Chair: We are going to come back to this question of developing trusting relationships between leaders, be they political or civil service. I just want to ask Professor Szreter, from a historical basis, what we have learned about how the Government develops its skills. Do you feel that the Government is reflecting that historical experience in its present policy? That may be asking for too much.

Professor Szreter: Interestingly, history, from the classical era probably through to the middle of the last century, was regarded as being the prime discipline for statesmanship, learning and knowledge. People turned to history, reflected on it, and thought about it. Of course, they knew it was different. They did not draw on it in an uncritical way. We can be pretty sure that thinking in history right up to the time of at least the premiership of Churchill was something that all Governments and their civil servants were deeply involved in and reflective about, and that they were thinking of their own place in British history as they were thinking about policies and so on. It is probably the case that the abandonment of that and the much greater respect for analytical social sciences, for political science of economics in particular, and so on, has come up over the last 50, 60 or 70 years, and has become quite dominant now.

We certainly would not be arguing that these other important knowledge endeavours—the sciences, economics and so on—should be dropped or that history is more important than them. What we are saying is that there needs to be a leavening of historical understanding alongside them. Historical understanding is all about respect for context, for the exact sequence in which things happen, for difference between now and five years ago, even, or now and five years hence. A lot of these other disciplines tend to have theories or schools of thought that they believe have the answer. Historians never really ask, “What is the problem? I am going to provide you with a solution.” Historians will first of all ask, “What is the story? How have we got to where we are?” Historians like thinking in terms of multiple causation, multiple temporalities of things happening at the same time. They like to home in on “what if”—

Chair: I am going to have to stop you; it is a very long answer, and we have had a very full discussion so far. We will need shorter questions and shorter answers from now on.

Professor Talbot: Just very briefly, Chair, one important thing in terms of the historical context and leadership development in the Civil Service is that, up until roughly the 1980s, people in the Civil Service did not think in terms of leadership inside the Civil Service. If you asked a civil servant then, they would say, “Leadership is not our job. That is for Ministers.” It was from, roughly speaking, setting up the Civil Service College—slightly later actually: I date it to the setting up of the Top Management Programme in the early

1980s—that we started to address leadership seriously. To some extent, that era has come to an end, because we have got rid of the Top Management Programme and got rid of what was the Civil Service College, the National School of Government. I am not clear what has replaced it.

Chair: Yet the expectation of younger civil servants for how they are going to be led is much more demanding on leadership than it was in the deferential society of the 1950s, '60s and '70s.

Q36 Kelvin Hopkins: My questions are about attracting and retaining skills. The Cabinet Office tells us that, since 2010, the Government has created a leaner and more efficient Civil Service by downsizing by 17%—a staggering amount. Have they also created a weaker Civil Service as a result?

Professor Talbot: The use of headcount to control Civil Service numbers, which has been going on in parallel with controls on spending, usually results—and we have seen this in previous episodes before, although it is probably more acute at the moment—in the Civil Service losing a lot of very skilled people. It certainly did in the 1990s. The ones who were most marketable left and got jobs in the private sector, or sometimes other parts of the public sector. Departments were forced to employ lots of consultants, sometimes the same people coming back on a consultancy basis for higher amounts of money, which was slightly self-defeating. It clearly weakens.

We are conducting interviews at the moment with members of the senior Civil Service. The evidence we are getting from them is that, particularly in policy areas, experienced policy-maker civil servants have been leaving in droves, and that is creating huge gaps in the middle. People who do the real spadework on creating policies are around grade 6 or 7, and the documents I have from the policy professionals suggest there is a big problem around that area.

Q37 Kelvin Hopkins: We have also seen churn surge to 16.9% in the senior Civil Service, which the Chair has described as “dysfunctionally high”. We have also seen a very high rate of early departure, which means we are losing people constantly who have skills and historical memory of previous policies and whether or not they worked, to go to Professor Szreter’s point.

Professor Talbot: There is one particular problem, which I do not think is necessarily to do with austerity, which is that we happen to have a situation where several Permanent Secretaries were asked to stay on and see through the transition to the new Government in 2010, and then we lost quite a few people at senior levels. It got to the point where Lord Adonis said to me at one point that he thought we had now Ministers with greater longevity than Permanent Secretaries; the balance was in favour of Ministers for the first time in history, probably. There has been a very particular problem around that, but I would take your point. Yes, there is a serious skills problem, particularly at the middle ranks, I would argue.

Q38 Kelvin Hopkins: We have had some written evidence presented to us about the Ministry of Defence, which has ploughed ahead with a programme of voluntary redundancies. The Government, it seems now, is struggling to recruit up to 2,000 specialists

to plug gaps that have emerged. One of the consequences has been the explosion in consultancy costs, so they are not only losing skills but actually increasing costs as well.

Professor Talbot: That is entirely predictable; it happens in the private sector as well. If you run a big voluntary redundancy programme, the people who are most marketable will leave, take the redundancy money to pay off part of their mortgage and go and get another job, and you will end up with skills gaps. It is always a problem.

Q39 Kelvin Hopkins: What is the impact of the pay freeze on the skills profile of the Civil Service? They have suffered constraints on pay that are not necessarily the same in other, private sector, areas where they might work. Has this had an effect?

Professor Talbot: I do not know about any direct evidence on that, sorry.

Stella Manzie: I cannot comment on the pay freeze specifically, but there are different problems in different areas in terms of the loss of staff and so on. One of the impacts is that there is now quite a lot of pressure on people in the policy-making area at a number of different levels, because there are fewer of them. The big issue with this, whether it is specialist skills or policy areas, is that there is no evidence that the pace of government and new policy generation or the tackling of issues, whether it is deployment overseas in the MoD or whatever it happens to be, slows down while you are reducing the staff. Inevitably, at some point, there will be a dichotomy between the amount of flow that is being developed politically and the numbers and quality of people you have to deploy in dealing with those issues on the policy side.

On the specialist skills side, I believe that there is a longer-term issue not necessarily related to so-called austerity and so on, which is that we need to get more specialists into the Civil Service, but train them from the bottom upwards, a bit like you might do with accountancy trainees. What you do is you get people who are working on procurement, IT or whatever those specialist skills are, but you bring them in so they understand what they need to be doing in a political environment, which is different from being an IT specialist in a big global multinational, for example. I think you would get better value for money, and you would get people who were better able to interact in the world they were in.

Q40 Kelvin Hopkins: Is there not a powerful case for building in-house capacity and retaining it over a long period, particularly in things like IT? We have had our own researches on IT, which suggest that the Civil Service is completely in the hands of the private companies that provide IT, whereas if they had really strong in-house capacity, they could deal with it better.

Stella Manzie: I would agree with that. Interestingly, there are some very strong internal people. I used to be in charge of procurement in the Scottish Government, and there were some outstanding procurement specialists there who were in-house. You are right; you need a combination of in-house and, yes, some outside expertise.

Q41 Kelvin Hopkins: Then there are consultants being brought in. We have had evidence again that recruitment from the private sector, bringing in staff, is disruptive and demoralising to an extent to the career civil servants. Also, they cost more. In a previous

report of this Committee from a previous Parliament, there were suggestions that the people brought in from the outside were less good than the career civil servants anyway.

Stella Manzie: It is about horses for courses, isn't it? What you do not want to be doing is bringing in outsiders to be running day-to-day services and clienting things. There are times when you do need to bring in outsiders with very specific expertise for very specific things, but you do not want to find yourself completely in the hands of outsiders.

Q42 Chair: How do you think leadership should address the growing pay gap between civil servants and the outside world, particularly in the areas where key skills tend to get siphoned off to the private sector?

Professor Talbot: Traditionally, the way that has been dealt with is to introduce various forms of pay supplement, where you can identify particular specialist skills areas in which you are losing or failing to recruit staff.

Q43 Chair: Do you think the pivotal role allowance will be an adequate protection of these core skills?

Professor Talbot: I do not know. That is going to be an experiment.

Q44 Chair: Is the emphasis on project managers and a few key posts going to be sufficient? How sufficient will that be?

Professor Talbot: I would say I do not think it is going to be enough in the sense that the more the Civil Service moves towards delivering services, particularly in the areas it is directly responsible for and also in terms of funding other areas of public service where contracting out is becoming more and more prominent, the more it needs very strong in-house skills to manage those sorts of processes well, and I would suggest longer-term experience as well. What we definitely do not want to get to is the sort of situation that has arisen in America, who are slightly ahead of us on the curve of these things, where it is now pretty widespread that you have public bodies having to hire external contractors to manage the contracts, so you end up with two layers of contracting, which I do not think solves the problem.

Q45 Chair: What needs to change in this area in order to address the pay gap?

Stella Manzie: I am not an expert on the pay gap, but my observation would be that pay for the public service will always be highly political and a tool for politicians to express themselves in a particular context, particularly an economic context. The issue often is less about the levels of pay than the signal it gives about the value set by the political class of those who work for them. That would just be the observation I would make.

Q46 Chair: So pay does not matter.

Stella Manzie: No, I would not say that, of course.

Q47 Chair: I am asking about the pay. How is the Government going to address pay? You just said it was very difficult. It sounds like a counsel of despair. Does the Treasury

not need to let go and allow Departments to set pay, so that they can recruit and retain the right people?

Stella Manzie: I would say there does need to be some kind of overarching strategy. I am afraid I am a bit more in a Stalinist tendency, in that if you allow Departments to completely do their own thing, you will end up with lots of resentment-making inconsistency.

Q48 Chair: Is this the Civil Service resisting change or is this Ministers resisting change?

Professor Talbot: In this case, it is Ministers. I have made this point to the Civil Service Minister. It is quite ironic that, in the early 1990s, the last Conservative Government was busily decentralising pay and grading across the Civil Service. Towards the end of the last Labour Government, we suddenly started recentralising it all, and that has been pushed forward strongly by the coalition Government. These things tend to go in cycles, so I suppose, if we wait another five or 10 years, they will start decentralising again.

Q49 Kelvin Hopkins: Do we not need to really look back to recruiting people from universities, the best minds, who see their role in life as serving the public through public service, and not necessarily people who are just interested in cash? I know people who want to work in the public sector because they believe in public service. I am not saying they should not be paid properly, but they will never have the pay of bankers, if they are economists or mathematicians.

Professor Szreter: There is a clear distinction. A long-term historical view shows that economies are growing into what is broadly called service-sector-type jobs. There is a range of functions, many of them performed in the public, like education, healthcare, social protection, et cetera, which are people-intensive things, if they are going to work well. The public sector is involved in a lot of those things, though not exclusively. There is some kind of unrealism about always expecting efficiency, in the same sense of more out of each employee, in these kinds of economic activity, because they are people-intensive. You need good, well-run teams. I would suspect that public servants, if they were in well-manned teams doing the jobs in the most efficient way, would probably be rather less concerned about their own personal pay, because that is the sort of people they are. Where you have a situation where you are not paying them and you are also cutting them because there is some sort of ethos that that is a good thing, that is a recipe for disaster, because these are services that are not amenable to the same kinds of efficiency criteria as a lot of commercial corporations are.

Stella Manzie: The evidence of our research in Australia, New Zealand and the UK, right across the board, was that a huge proportion of public servants are motivated by a belief that politicians in general want to improve society and that public servants, by working with them, will be able to participate in that. I would say that public servants expect to be remunerated reasonably, but, in general, you do not go into the public service—not at a high level, anyway—looking for large remuneration. That does not tend to be your primary motivation.

Chair: We have to be very quick on learning from failure.

Q50 Mrs Gillan: My section is “learning from failure”, which tells you everything, because I think it should also say “learning from success”. Very simply, I have this real frustration that Government does not get its knowledge-management right. It retains very little corporate memory, in many instances, which I think is a complete failing. The thing that frightens me is that, when I look at what the Major Projects Authority has said on the delivery-confidence rating of projects scheduled to finish between 2012-13 and 2014-15, more than 50% of those projects fall into amber/red, and only 19 of those projects were green. Surely, we should be looking at the way in which current projects are deemed to be failing, as well as past projects, and there should be some mechanism for spreading that throughout the Civil Service as well, looking at what is making projects go successfully, and what is going wrong in those projects that are failing or have not even been disclosed to us.

Professor Szreter: When you look at past case studies, one of the strengths of history is that you often have a much wider range of information about this particular policy and why it did not work than is available to people in the present. In the present, for various reasons, not all the information is there. Some people are deliberately withholding it; some people have the right to withhold it. Sometimes there are a lot of things, and you do not realise quite how much is involved. One of the great virtues of using good-quality historical case studies is, if it is done very well, you really do see more or less the whole picture, all the different agencies and players. Often, that complexity is part of the reason for the problem. Delivery, as somebody said earlier, is often where things come unstuck, and it is because there was a good idea at the start from one point, one Ministry, but they never really conceptualised all the multiple agencies that will have to come in to make this work, and they never really understood that. Well, historical case studies can often show you precisely that; they can show you where things fell down in that case, and can sometimes show you why they worked, because people were brought on board early.

Q51 Mrs Gillan: Would this reduce the amount of perceived crisis-management within Departments as well?

Stella Manzie: There are two things I know that are going on in the present. One is that there is a big initiative on training people in how to run major projects. A lot of people are being put through that initiative, which I am sure you are aware of. The second thing is that, on current projects, which you are asking about, there certainly are regular gateway reviews done on those, and there is a much greater emphasis now on: “Where is this project? How is it doing? Where are the risk factors?” My observation would be that does go on. One of the things that needs to be borne in mind is the number and scale of these projects that the whole Civil Service is dealing with, not to mention the rest of the public sector. There are a lot of them, and you are back to the problem about how many people there are to deal with them, and how many people with relevant amounts of expertise, when there is a great diversity of those projects all happening at the same time.

Q52 Mrs Gillan: Is there not a danger also that, if you are bringing in consultants to work on it, because you are buying in those skills, they will not even have access to or any knowledge of the historical failures or successes on which to draw? They may be able to do that job of work, but they will not be able to do that job of work as effectively unless you have that home-grown leadership within those Departments.

Professor Talbot: Your point about learning from successes and failures is a very good one. If you take somewhere like the DWP, what is it that enabled DWP to manage very

successfully the merger of the benefits and employment services to create Jobcentre Plus, which all the analysis I have seen suggests was an extremely successful project, and then go so badly wrong with something like Universal Credit? Something, clearly, has happened there. Maybe it is different types of projects; maybe there are other reasons for it. The other is that, for example, there is a very generally accepted view that the public sector is bad at doing IT projects. I would say that is not necessarily the case. One only has to look at GCHQ, probably the foremost IT developer in the world, certainly one of them, and extremely successful. Why are they able to do it, and DWP not?

Chair: I am sorry to rush you. Are you finished, Cheryl?

Q53 Mrs Gillan: I just wanted to ask the leading question. Has the closure of the National School of Government impacted on the ability of the Civil Service to learn from success or failure?

Professor Talbot: Yes.

Professor Szreter: Well, it must do, without some replacement. The history stuff is not coming up at all in the CSL, as far as I can see, and I think that is a crucial component.

Chair: I think we know your answer.

Stella Manzie: Yes.

Q54 Chair: We would love to spend more time on the question of developing trusting relationships between leaders, given the work you have done on this, Stella. Trust, we have found, is very often the missing component in the relationships, whether it be between officials and Ministers or between senior officials and their subordinates. Where in the world should we look to find where the attitude and behaviour promotes much better trust? How is that achieved in the better examples around the world?

Stella Manzie: I am not sure I would accept the argument that it is better in other parts of the world. It is a much more mixed picture than sometimes the media would present. There is a lot of evidence that there are good, trusting relationships. I am not saying there are not some politicians and civil servants who are frustrated.

Q55 Chair: Where can we look for best practice? How do we learn from best practice, whether it is indigenous or elsewhere in the world?

Professor Talbot: There are some examples of better practice elsewhere. When I did research looking at the relationships between central ministries and politicians and executive agencies, we looked at four countries. Particularly in Sweden, the relationships were much better between the central ministries and the agencies. That was for long, historical reasons about the way in which they had developed, but there were certainly much better relationships of trust between the centre and the agencies who were actually delivering services.

Q56 Chair: We are going to Canada. I have hope about Canada; should I have hope about Canada?

Professor Szreter: Yes, look at Canada, but, as Professor Talbot says, you are looking at the history of Canada when you look at Canada. Do not think that somehow this is an alternative to a historical understanding of what is going on.

Q57 Chair: Stella Manzie, what about the Scottish Executive?

Stella Manzie: There are very positive relationships between Cabinet Secretaries and senior civil servants there, but there also have been in the evidence of my research in Westminster as well. What we could usefully do, with a bit of work, is work with both existing Permanent Secretaries and senior civil servants and more recent past ones and get them to do some double acts with Ministers and previous Ministers about positive working relationships.

In a local government context, I used to do something with the leader of Coventry City Council where we would go and talk to people jointly about how we worked together and how we made that work. There should be more of that here where you have good, positive examples of how people have handled tricky issues. In our interviews, people gave examples of how they had worked with Ministers and Ministers with them. They were not all beautiful or unsullied. They talked about the ups and downs as well, and we can do that here.

Q58 Chair: Why do people not just talk more about behaviour and attitude, where it is disruptive or where it is helpful?

Stella Manzie: Because it is so sensitive. It is so sensitive.

Q59 Chair: How do you break down these barriers, then?

Professor Talbot: One of the problems that we have in particular is that the old, formal institutional arrangement for accountability at the centre of Government between Ministers and Parliament or Ministers and civil servants is no longer fit for purpose. It does not work and nobody really believes it works like that anymore. That engenders a degree of mistrust, because the formal relationships say one thing and everybody knows things work differently to that in practice. In fact, it is very difficult to build trust on the basis of that.

The work you and other Committees in Parliament have done to look at trying to revise some of those institutional arrangements needs to be followed through, if we are going to establish a system that actually works between Ministers and senior civil servants.

Professor Szreter: The one thing I would add is that mutual respect perhaps comes before trust. Perhaps one should be looking at how to engender mutual respect, rather than going directly to the problem of trust. Trust is the symptom of a lack of mutual respect. That is maybe where one can get a lever and start to work at how to engender respect. These two groups are deliberately in a somewhat adversarial relationship to each other. That is how the system is set up.

Q60 Chair: I do not sense that Civil Service Learning is going to do this.

Professor Szreter: If both sides understood much more clearly their own histories of where they are, why they are in this position with each other and histories in the past of respecting relationships, because the Civil Service has had a very—

Q61 Chair: How much do you need someone from outside to facilitate that kind of conversation?

Professor Szreter: That is a very good point. You probably do, and I would say that is a historian.

Q62 Chair: In terms of structural distrust, when you have a system where the European Union can lay a demand for £1.7 billion and it does not even require a vote in Parliament for the European Union to obtain that money, how are politicians or senior civil servants meant to earn the trust of the public, when they are not in control of what is happening?

Stella Manzie: I could not possibly comment.

Chair: On that happy note, thank you all. You have been very helpful.

Witnesses: Peter Thomas, Senior Fellow, Institute for Government, Mike Emmott, Chartered Institute of Personnel and Development, and Richard Anderson, Chairman, Institute of Risk Management, gave evidence.

Chair: Welcome to our second panel. Could I ask each of you to identify yourselves for the record?

Mike Emmott: I am Mike Emmott from the Chartered Institute of Personnel and Development. I shall call it CIPD; I hope that is okay.

Richard Anderson: My name is Richard Anderson. I am the Chairman of the Institute of Risk Management.

Peter Thomas: I am Peter Thomas, a Senior Fellow at the Institute for Government.

Q63 Chair: I am going to be very unfair and say to you what I should have said to the previous panel. We will ask short questions and it would help if you could give short and crisp answers, because we are now on a rather compressed timetable. First of all, you are each allowed one observation on the previous session. What did you take from that?

Mike Emmott: If I go first, I thought that Stella Manzie was extremely believable. I thought she spoke from experience. If Permanent Secretaries and Ministers had been where she had been and applied the same maturity of judgment, they would be better able to take good decisions. Everything she said was believable and helpful, and I wish I could have—

Chair: And no implied criticism of the panellists.

Richard Anderson: There is an interesting challenge between how much you sit in the past and control from the past, looking backwards, and how much you have to address the multiple futures that you face going forwards. Whilst the context of the history and the corporate memory are obviously important, I am also interested in how you decide where the differences diverge and you enable change to happen, which a constant reference to the past can sometimes block.

Peter Thomas: I have to say we are a little bit too negative, comparatively and historically, about change in capability and skills in the Civil Service, and also how that compares with other countries. Like most efforts to improve skills and capability in the Civil Service, we talk too much about training and not enough about capability and the interaction between the nation, the institution, how we work and somebody who has a particular skill.

Q64 Chair: Why is there is so much focus on skills rather than on behaviours?

Peter Thomas: It is easier to set up a programme to teach a certain number of people a specific skill than it is to tackle the reasons why, when you put them on a major project, they cannot turn that skill into a capability the organisation needs.

Chair: That does not make it right.

Peter Thomas: No.

Richard Anderson: It is unfortunate that we focus exclusively on skills. We have a competency framework for risk management professions that looks at knowledge, skills and behaviours. You need to be able to understand and assess each of those three, rather than just focusing on skills.

Mike Emmott: “Capability” or “skill” are both appealing terminologies, although they are not identical. It is easy to look at institutions by recording days spent at college or looking at qualifications. What is more difficult is assessing how effectively those skills are being used. It is the management of skills, the institutions, and the framework within which they are being exercised that is often more important than the actual declared level of skill.

Q65 Chair: How much focus on behaviour should there be in respect of leadership’s attitudes and behaviour?

Richard Anderson: At the end of the day, behaviour is the critical factor. By the time you are in a leadership position, the knowledge and the skills should be in place. What makes the difference between a good and a poor leader, in my mind, is the way that they behave with all stakeholders, whether they are senior to them, whether they are politicians, whether they are outsiders or whether they are juniors.

Mike Emmott: Leadership is all about behaviour. As they say, if nobody is following you, what sort of leadership are you demonstrating? You have to be credible. The things you say actually have to influence people, and that is pretty critical to the quality of leadership.

If I may say so, as reflected in the earlier discussion with your previous panel, there is sometimes a bit of a disconnect—this was referred to by Stella Manzie as “sensitivity”—between the political rhetoric and the internal management requirements. Managers need to be believed; they need to actually get buy-in, but people have a pretty good instinct for when stuff is really being said for the record. Politics is not quite like that, because you have to balance and you have to try to find a middle course. You have to use language that is infinitely serviceable, and those two narratives, as it were, or those two lots of language do require different skills.

Peter Thomas: The key thing is: what do successful and effective leaders do? We know we have lots of them and we can find them by looking at the engagement survey. You look at what they do and you adapt their practice to your practice. That is how many people learn to be effective leaders: you look at how other people do it well and you adapt that into your own practice.

Chair: Is it just about what they do? Is it about what sort of people they are, what their values are and their integrity?

Peter Thomas: Yes, sure, but that comes out of how they deal with particular situations. It is much better to look at something tangible: how did they deal with a difficult question from a member of staff in a large conference? Were they honest and open in a way that is credible, or were they just spouting rhetoric that no one found plausible? It is what they do that matters more.

Q66 Chair: My last brief question: could you give a score out of 10 for abolishing the National School of Government?

Mike Emmott: I could not comment. I do not think it is the most important way to look at the question of Civil Service capabilities. I could not answer it.

Q67 Chair: What has been the effect of the abolition of the National School of Government? Has it been positive or negative?

Mike Emmott: I suspect it is neutral. I doubt if the National School of Government was in itself responsible for a large percentage of the degree of competence demonstrated at the top or—

Q68 Chair: Is Civil Service Learning adequate for skills and leadership training in the Civil Service?

Mike Emmott: I agree with what Stella Manzie said: experience is the single most important thing. If you are looking particularly at Permanent Secretaries and their ability to manage their relationship with Ministers, that experience is far more important.

It is important to have a broad sense of what is happening in the economy, what is happening in demographics and labour-market stuff. However, that can be got all sorts of places commercially. It was never clear to me that what was taught in what used to be the Civil Service College and eventually became the National School of Government was something that was so distinctive. If it was distinctive, it was about putting people together

from different backgrounds with different perspectives at the right sort of level and giving them a framework to have a good exchange. That is what matters.

Richard Anderson: I am not sure I can give it a mark. I can also only really comment from a risk-management perspective. I do not believe that the National School of Government was teaching risk management in the modern and effective way we believe it should be delivered today. Maybe there is an opportunity to ensure that the right skills and resources are brought to bear in risk management training now.

Q69 Chair: Do we need the National School of Government? We have the IfG.

Peter Thomas: There are some needs that were met by the National School of Government and all of its predecessors. It is a systemic problem. CMPS—the Centre for Management and Policy Studies—was a much bigger fiasco and a much more rapid failure. The National School of Government did some things well and did not do some things. For me, a lot of the challenge you are talking are things that they never did, things that CMPS never did and Civil Service College never did.

TMP was handed over to the National School of Government and most people who believed in it thought that was the end of TMP as a meaningful senior management programme. Things have remained outside the National School of Government, like the High Potential Development scheme. It is a really good scheme that has worked very well and has now been expanded to SCS and also, in some form, to grades 6 and 7. That worked really well, but that was run out of the Cabinet Office. When TMP ran well, it was run out of the Cabinet Office. That takes you to the obvious conclusion: the problem with the institution is not the institution. They have their strengths and weaknesses. The problem is: how clear and committed is the leadership of the Civil Service to its job to support and drive and resource leadership develop? The best stuff has been done in the Cabinet Office.

Q70 Kelvin Hopkins: I am slightly surprised at your lack of enthusiasm for the National School of Government. Professor Talbot says he thinks it is very important for civil servants in the early days to have post-graduate qualifications, i.e. a Master's in Public Administration or something of that kind. Certainly, when I was young, only the very best academics went into the Civil Service. My modest 2:1 was not enough; you had to have a first at Oxford. However, even after recruitment they had extensive training, particularly in things like economics, which they may not have studied at university. There was a very intensive attempt to get the best minds and then it trained them on how—

Chair: Can we have a question please?

Kelvin Hopkins: Is that not what we need now?

Peter Thomas: The Civil Service is not that bad. If you talk to someone who has been in the Fast Stream of the Civil Service who has moved sectors, and ask them to compare and contrast the support to their learning and development, they say the Civil Service is a fantastic place to get training and development. Fast Stream is very variable, often depending on which Department you are in. That has changed a lot—I know Lin Homer did review it and it is a much better offer now. It is actually pretty impressive. The issue is what happens to those people in their career and how their career is managed and what we

do with that talent. However, that offer stacks up pretty well. We cannot be too embarrassed about the Fast Stream scheme at the moment. It stacks up well to the rest of the public and private sectors in many cases.

Richard Anderson: I would have some scepticism at necessarily having to do a Master's as an academic follow-on qualification. Professional follow-on qualifications can be equally useful, but then I would say that as both a chartered accountant and a Fellow of the Institute of Risk Management. However, the professional disciplines that bring to bear real day-to-day activities into the workplace, rather than simply an academic perspective can be useful. I suspect you need a blend.

Mike Emmott: If you look at HR skills, which the public record says are improving—there is more professionalising of HR—one thing you can do is use institutions that are strong on HR. For example, CIPD encourages all fast-streamers in the Civil Service doing HR jobs to get post-graduate qualifications. It is currently at Aston University. The demise of central, institutional across-the-board machinery does not necessarily prejudice continuing to build the professionalisation of specific areas.

Q71 Kelvin Hopkins: Are we still attracting the very best minds into the Civil Service? What does the Government need to do to attract and retain those minds and those best staff for the long term?

Mike Emmott: I would say it was always attractive. I have to confess I was once a civil servant, an increasingly long time ago. It was attractive, because it was seen to be intellectually challenging, important and worthwhile. It is still seen to be worthwhile by the people who do it.

We know from our research at CIPD that attitudes in the Civil Service tend to be more negative across the board. I am not just talking about the senior people, necessarily, but across the board central Government is not a hotbed of enthusiasm and positive attitudes towards management, but one core that it actually retains is that people think the job is inherently worthwhile. They do not feel they are necessarily well managed and they do not think the framework is necessarily one they would choose to work in, but they think it matters. That is still important and pay continues to be rather less important.

Q72 Kelvin Hopkins: The Cabinet Office says that they have been downsizing by 17% since 2010, which is a staggering drop, and they have created what they call a “lean and more efficient” Civil Service. Has this actually put more pressures on staff? Has it demoralised staff? Have we seen more churn and more loss of skills? Is that not a damaging force?

Mike Emmott: My guess—and this is a guess, because I am not there—is that people take the downsizing as a political statement. It has a symbolic quality, which is something Stella Manzie was saying earlier. People actually focus on the job they have to do, and that is the challenge. They may shrug at the environment and they may regret some elements of it, but they will just get on with it. That is my basic assumption.

It is not a good thing to take out 20% or 17% or whatever of the resource and tell people to ignore it and just carry on. However, it is a challenge that Departments are used to. It is not exactly new. It has always been the case that efficiency has been easier to measure

than quality. It is a just a long story. It may be more acute at the moment, but people carry on.

Q73 Kelvin Hopkins: How important is what I call the public service ethos in driving civil servants for the long-term future, rather than seeing it as a stepping stone to big cash in the City?

Richard Anderson: There are a couple of things, when one is looking at managing risk in the public sector, which is my particular interest. One needs to know what it is that does drive individuals. Clearly, people can be driven by things other than cash, bonuses and long-term incentives, but the recognition and support of civil servants for the good work they often do is, I suspect, rather quieter than it could be at times.

You also have what I might describe as a very strong ethical and behavioural dimension to the Civil Service, which is vital in delivering public benefit. They are very important and very strong.

Q74 Kelvin Hopkins: That being said, there is a growing pay gap between the Civil Service and comparable life outside. How is that impacting on the Civil Service at the moment? The pay freeze has really not been an encouragement. The public service ethos is one thing, but—

Chair: Ask the question; do not answer it.

Richard Anderson: Perhaps I can respond to what I think the question is, which is the sense that, yes, of course there has been a pay freeze, but there have also been an awful lot of people in the private sector who have seen their incomes reduced over the last number of years. Indeed, is that not one of the issues that the Government is facing? The tax take has not gone up, because people, while they continue to be in work, are earning significantly less. I know many, many of my contemporaries and colleagues who would be in that position, not just in the public sector.

Peter Thomas: There are some roles where it really matters, like some of the specialist roles. Equally, however, having watched the outcome of previous efforts to pay specialists large sums of money that then sticks with them when they go into generic jobs, it creates a two-tier system and a real sense of frustration amongst career civil servants: “Why should somebody else in a generic policy job still have their £20,000 IT specialist bonus?”

It was a big problem. David Normington did a review of it in about 2008. You have to be very careful about paying people more, but the sense of a cap at the Prime Minister’s salary does not seem to me obviously sensible in some territory. The way the Cabinet Office puts it is correct: you want it to role, not to person. The problem in the past is these kinds of differentials have just attached to a person and then you have a two-tier Civil Service. If you look across at someone doing a similar job to you in another Department and they are earning £30,000 more, I suspect that is more frustrating than some random banker making £400,000 more than you are. People are well aware of that in the system and it can be quite divisive. That is where you have to be careful with a specialist in a specialist role, rather than someone with a specialist background.

Q75 Mr Evans: I was going to ask you about that, although I must say if the Prime Minister's cap on his own salary is supposed to lead as an example to everybody, then clearly many chief executives of local authorities are ignoring it, because they are sweetly earning twice as much as he is. Looking at comparators on chief executives of local authorities, some are earning £200,000 or £300,000 a year. It is eye-watering. There must be many civil servants looking at that and thinking, "What the hell am I doing here?"

Peter Thomas: Yes, absolutely. However, if you actually look at the analysis of the local authority chief executive jobs, they have come down over the last four or five years. There are some spectacular outliers in places that struggle to get a chief executive, but now there are people who are taking admittedly £170,000 or 180,000 who could have easily got £200,000 five years ago. That is not the issue it was, but, if you look at the Permanent Secretary pay, and you look at the role, you think it does look a bit underfunded sometimes.

Q76 Mr Evans: What do you mean?

Peter Thomas: It is quite low paid for the level of responsibility Permanent Secretaries have.

Q77 Mr Evans: You mean the Permanent Secretary role. How much is the Permanent Secretary?

Peter Thomas: I assume it is between £130,000 and £190,000. It was the last time I looked.

Q78 Mr Evans: You mentioned consultants as well. I just had a look at a *Daily Mail* article where it says that there are some consultants earning as much as £3,000 a day. Do civil servants tend to know how much the consultants are earning?

Peter Thomas: You would hope so, if they have commissioned them into their Department. All that data is published these days.

Mr Evans: You think this is having a negative impact.

Richard Anderson: Can we differentiate between what consultants' firms are paid and what they take out of the firm, which are often substantially different? Whilst I am here representing the Institute of Risk Management, at the risk of putting my head into the lion's jaws, I am a consultant in my day-to-day work.

Chair: It is called declaring an interest.

Richard Anderson: There you go. I am declaring my interest in the consulting profession. Some of the numbers are plainly ludicrous and, of course, there are ranges. Partners in large law firms and partners in the big four accounting firms earn substantially more, of course they do.

Q79 Mr Evans: As far as the churn is concerned, looking at civil servants last year as a whole, there was 7% turnover; for senior civil servants it was 13.1%. Apart from those who are retiring—I do not have the breakdown for that—where are they going?

Richard Anderson: I am afraid I have no idea.

Mr Evans: Does anybody know?

Peter Thomas: It varies hugely. It depends on their age. Plenty are doing work in the voluntary sector or taking a series of public sector non-executive roles. Some are doing part-time advisory and consultancy, but not at those kinds of rates, I would not have thought, these days. Some have gone into other jobs.

It is a variety, depending on age. The younger ones, as you would expect and actually as they have been encouraged to do for a number of years, have gone out to take up industry jobs elsewhere, and one would hope some of them will come back. It is a very variable story, depending on age.

Q80 Chair: We will come onto the consultants again in a minute, but hearing one Permanent Secretary describe to me his efforts to get a director-general in charge of a £600 million programme a pay rise so he could be earning slightly more than £85,000 a year and being unable to do so—that is surely a problem, is it not?

Richard Anderson: Yes.

Q81 Chair: What do we learn from other countries where senior civil servants seemed to be paid significantly more than we pay in this country? I am thinking about France, Australia and America. We are miles behind the international league of what developed countries pay top civil servants.

Peter Thomas: I am not sure about that; I am not sure one wants to learn any lessons from France on that one. However, DGs are a real issue. DG jobs are a huge responsibility and challenge. I always thought the DG running immigration had a bit of a tough day job compared to some Permanent Secretaries in other Departments. There is something about some of the jobs being very much more demanding or requiring a particular mix of skills. There is scope for thinking differently about some of those roles. The DG role has often fallen a bit behind, but I am not sure we are that bad.

Q82 Chair: CIPD draws our attention to the fact that individual civil servants do not seem to spend enough time in their job to develop real expertise and understanding of the area because, in order to retain them, the philosophy of the Civil Service is to keep moving people around to give them lots of lovely experience, otherwise we lose them, so we finish up with very high levels of churn in the senior Civil Service. That is regardless of this 17% that are leaving every year.

Mike Emmott: Not all problems are solvable and that may be one that is not. If there is a solution, it is to enable people who are clearly strong in a particular area, a function specialist maybe, to stay long enough—maybe for 10 years or more.

It is not unprecedented in the private sector to find people sitting on jobs where their expertise is respected and continues to grow down the years, and their pay reflects that, but they do not actually have to fit in to the hierarchy. They do not expect further promotion; they do not necessarily want promotion. Their benefits package reflects what they put into

the organisation. However, I am not sure the Civil Service—I am not sure; Peter will know better than me—is able to accommodate that kind of specialist.

Q83 Chair: How would you do that? That would address the—

Peter Thomas: There is a proposal in the Civil Service Reform Plan that people actually get promoted in role.

Q84 Chair: Is it happening?

Peter Thomas: That is the question. I have not seen the data on how many cases that has actually happened in. Certainly in the Major Projects Authority that is a significant issue: how do you keep people?

Q85 Chair: I bet the Treasury hates it.

Peter Thomas: Yes, you will always have an issue with the Treasury on that. That is a challenge, because Treasury is part of the leadership of the Civil Service. That is their challenge. If they really want to make that happen, it is the answer to the question when you as Permanent Secretary ask, “Can I do this?” and if it is still “no”, nothing is happening differently.

Q86 Mrs Gillan: Going on from that, the Government is bringing in people on very high salaries, almost part-time, to lead our projects. They will be there for two or three years. They may not even see that project to fruition and then they will be off. Are they not laughing all the way to the bank, without having any responsibility?

Chair: Mr Anderson, defend yourself.

Mr Evans: He is still laughing.

Richard Anderson: I have recently been, unfortunately, brought in to that position. Where there is a skills gap and you do not have the in-house skills, there are two alternatives. You can recruit it or you can bring it in on a temporary basis. Is it something you are going to need over the longer term? It is yes or no. That is part of the decision: recruit or bring in a consultant.

Being able to bring the transferable skills that a consultant can bring—as you know from your previous history, as well—can add considerable value to an organisation. It is not true to say that consultants will just sit in a room on their own trying to understand the context of the work that they are doing. If they are, they are not good consultants.

Mike Emmott: If people come in at a senior level to do a job, they often see themselves as cashing in on their expertise that they have developed in the private sector. They may have made as much money as they really think they need and they want to pay back. These guys come in full of hope that they can actually make a contribution. Sometimes it is frustrating. If people come and then go after two or three years, that says something about how they are being managed and whether they have coped with the culture. There is a real cultural shock for people coming in about accountability, about knowing what your budget

is and about timescales. These can be a shock to people who have been very effective in other environments.

Actually, it is a challenge for the HR Director or for the Permanent Secretary to see how those guys are getting on and, if they want to keep them, they can do something to persuade them, to help to explain why things are frustrating and maybe give them more support, rather than just leaving them sitting there as people who are a bit extraneous to the standard civil servants and saying, “They can look after themselves. It is their problem.”

Q87 Mrs Gillan: I will declare my interest: I used to work for EY. The Government came in making much of the fact that it was going to reduce the use of consultants without quantifying it in any way, except now we are beginning to see that. Back in 2013, the BBC actually said that the Government was bringing in consultants such as EY and Deloitte, et cetera, to finish off projects. The BBC specifically picked out my bugbear, HS2, but there were also projects like Universal Credit. Looking at what the NAO tells us, that the pay distribution between the senior civil servants and consultants is hugely different, is there a danger that Government is not using its own senior Civil Service correctly, or is it making intelligent use of consultants?

Richard Anderson: Can we differentiate between using consultants to fill a particular skill gaps and outsourcing a project? Just because you have outsourced something to one of the big four or one of the big technology companies does not necessarily mean to say that you are using consultants. To me, consulting is about bringing particular expertise or skill to bear on a particular issue. This overall idea that you should just eliminate consultants from Government to me seems to be absolutely ludicrous.

Peter Thomas: I would agree with that. My own experience is of having worked in teams that had a mix of civil servants and consultants on secondment, usually at hugely reduced cost—we were paying £50,000 or £60,000 or £70,000 for somebody who would be charged out for £300,000 or £400,000 across a year. In places like PMDU or the strategy unit, it was a really crucial part of our mix. If you look at the more successful reforms over time, bringing in that mix is very productive. Some of them went back and some of them are actually now directors-general in Whitehall Departments bringing a different range of expertise.

For me, a really good way to get different skills and expertise into the organisation is to have teams and to accept there is value, so long as you are not doing it on a day rate at massive cost. Most of these businesses will also see a benefit in having their people understand and see Government from the inside. I have seen that work really well and we lost that when that cap came down on using outside people and the Cabinet Office suffered very badly from no longer being able to work like that, in a way which was cost-effective and productive for the Civil Service. One has to be measured about it.

Q88 Mrs Gillan: There is no doubt about it: there is a benefit from civil servants going out and working within a major consultancy practice and then coming back, and vice versa. You are basically saying that, at the moment, the Government does not have it right.

They have been looking more at just reducing the usage, but not looking at the intelligent use of the way in which we—

Peter Thomas: Quite a lot of what we do is just binary. We switch that spend off or that spend on. In CSL, for example, I am sure we spent an awful lot less on training.

Chair: It is £100 million less.

Peter Thomas: Yes, because it is a complete pain in the neck to go through CSL. A lot of providers think, “I do not want to work with Government anymore. This is a ludicrous process.” Good managers who want to get good developmental support are perfectly happy to stack a business case. After six or seven months, they think, “I cannot do it anymore.” You reduce spend, but you are not improving the quality of training and development.

Q89 Mrs Gillan: You are the Cabinet Office Minister. You are running this. What would you do on putting out a general policy for how Government and Departments should relate to consultants and how they should bring them in? What would you do?

Peter Thomas: There is a tendency to centralise controls and then there becomes a very high bar for making anything happen. I would use a training and development spend that has similar controls on it. I would make sure the people who spend the money in their Department on it are transparent and held to account for it, and have to make good decisions and justify them. It is their money; it is their budget; it is their people. I would make sure they have to account for that, rather than it being controlled centrally in a rather bizarre way through CSL.

Mike Emmott: I support that. It is a shame that decisions about consultancy seem to be taken primarily on how it will play in the press and how much is paid in consultancy, as if this is a sad reflection on the quality of the people in-house, which it clearly is not. As Peter said, it should really be a judgment for the Permanent Secretary. There are skills out there that people have built up over a lifetime as consultants, and you actually want to have access to those from time to time.

I have benefited from that in the past, when I was a public servant, and you get really fantastic change-management capabilities. The Civil Service has moved on in the years since I was there, and there are more people in-house who have organisation and development backgrounds. There are more people who are competent and credible and comfortable and confident leading change management. Probably there are not quite enough, but things are moving—this is my impression—in that area.

Richard Anderson: I would not restrict it to change management.

Q90 Mrs Gillan: My last question in this section is really for you, Mr Anderson. Is using external consultants in the way that has been discussed, or not using them correctly, helping or hindering the Government’s ability to take on and manage risk?

Richard Anderson: It hinders it. The management of risk within Government tends to be delegated to mid-ranking civil servants and is not necessarily seen as a leadership role. The whole management of risk needs to be escalated far higher within the Civil Service, probably to a leadership role, and there should be a profession, and probably a head of

profession, of risk management. However, until you have been able to embed that throughout the high levels of the Civil Service, you are going to need to beg, steal or borrow from a range of consultants.

Q91 Mrs Gillan: If that was intrinsically mainstreamed within the development of civil servants, would that reduce the need for Government to buy in these terribly expensive people at the top for a couple of years, to manage what are perceived to be very risky projects?

Richard Anderson: Yes, I am sure it would. At one of the companies I used to do some work for—it was Unilever—there used to be a concept they used to describe as “unileverage”, i.e. how are you actually going to pool the risk-management competency, or whatever competency it was, within the organisation? That should be the objective of using consultants in the way that I have just suggested.

Q92 Lindsay Roy: To what extent has the growing blame culture impacted on the Civil Service and its work?

Mike Emmott: As the guys in the previous session rather implied, it is built into the system that it has to be somebody’s fault. “You are out there; you are a politician. I am over here; I am a civil servant.” Although civil servants are endlessly willing to give space to Ministers and to not do deliberate damage, the temptation to blame somebody is almost inevitable, and of course the Government has political capital at stake. Ministers have their careers at stake. If the relationship is not strong enough to forgive and to share and to manage through the situation, blame is a default where somebody needs to get out of an awkward situation.

I am not suggesting it is new; I am not suggesting it is criminal; I am not suggesting it is anything other than human nature—where you have a very complex situation, where responsibility is quite often very obscure and shared very widely and, as the former panellists were suggesting, where often no serious effort is made to find out what went wrong—certainly not while things are still alive. Even historically it is often difficult to find out what went wrong. However, as I say, people’s careers and credibility are on the line. You do not want to do wanton damage.

I would make one positive point and that is simply this: the relationship between the top team in Departments, particularly the Permanent Secretary and Ministers, is a bit of an area where, again, the ideology does not support the reality. In the private sector, you have corporate governance and there are models of how the Chairman and chief executive relate to each other. They are not necessarily followed to the letter and they are different in different organisations. You have a sort of inside-outside breakdown. Where you have two people sharing a responsibility, it does help if there is a model for how that is going to work. I am not sure at the moment if there is a model comparable to what the private sector has as to who is finally going to be responsible.

Q93 Lindsay Roy: What can be done to address this, then?

Richard Anderson: The blame culture is extremely damaging. Blame culture will potentially reduce the likelihood of risks being explored at an early stage. I would encourage an atmosphere of openness and honesty, what I would describe in

risk-management terms as being the disruptive intelligence that pierces perfect-place arrogance, which I suspect we probably see both in the Civil Service and sometimes, dare I say it, among some of the political class as well.

Peter Thomas: I would agree with that.

Q94 Lindsay Roy: How can we improve risk management skills in that kind of climate?

Richard Anderson: The first thing you need to do is recognise that there is a body of knowledge and skills and behaviours—a competency framework—that is required for all senior civil servants around risk management. The acknowledgement that it is strategic as well as tactical and operational, but there is not enough focus on the strategic risk management at the moment. I would highly advocate the creation of a risk-management profession within Government. There are 20 or so acknowledged and recognised professions at the moment and risk management should be one.

We have started within my own institute by inviting a series of what I would call more senior middle-ranking civil servants to attend a special interest group. It is fascinating to see that of those we have invited already we are having people decline because their line managers are refusing to let them attend.

Q95 Lindsay Roy: Who should take on the responsibility of setting this up?

Richard Anderson: My understanding is that there is a framework for professions within Government. I do not know how you start that, but I would advocate the appointment of a head of profession and make sure it was aligned with appropriate professional bodies.

Q96 Mrs Gillan: Just looking at the Major Projects Authority's confidence rating of projects scheduled to finish between 2012-2013 and 2014-2015—I referred to this in the earlier session—over 50% are amber, amber/red, red or not disclosed. Surely that points to a huge gap in the capability in the Civil Service in terms of managing risk, if at any one given time such a large proportion of ongoing projects are in that state.

Richard Anderson: I do not believe that appointing risk managers will necessarily mean that you will cure all ills. It may also be that being the disruptive intelligence that is challenging means that you might identify more red risks. I am not sure we should be describing risks as red, amber and green; it is a bit facile.

Mrs Gillan: It is their classification, not mine.

Richard Anderson: No, I understand that. My sense, however, is that the issue is this: are the right risks being identified and are the right responses being developed? That information does not provide that comfort.

Q97 Mrs Gillan: It is the likelihood of all those projects being completed successfully that is in question. What would you recommend in terms of how we should improve the capabilities on that?

Richard Anderson: We should make sure that we embed a proper risk-management skillset within project management as well as within strategic management as well as within the operational management of the Civil Service.

Q98 Chair: Mike, you have this fantastic quote in your evidence, which I have underlined: “Ministers need to get the balance right between holding individuals accountable and stoking a national ‘blame’ culture. Failure to get this balance right leads to unproductive learning contexts and damages organisational performance.” 10 out of 10; thank you very much.

Mike Emmott: I hope you can use it. I was simply going to say this. I am not an expert on projects. I have been reading a rather good book recently about what the book calls blunders in Government. It is an excellent read. All Ministers and Permanent Secretaries ought to read it. I am reading it for fun. One of the examples of a project that was poorly managed was Individual Learning Accounts. People knew about the risks, or they knew about some risks. They did not recognise the risk that people would be taking them to the cleaners because they were engaging in criminal behaviour, or that there was just a lack of management information.

The more fundamental point that is being made in that book about the Individual Learning Accounts project, however, is that it was a manifesto commitment. It hung about for a while, because it was not really a high priority. Then it came to the surface, no doubt influenced by the political cycle, and then it was urgent and it had to be delivered in six months. The poor guys who were drawing up the rules for the project were working against a rather unrealistic timeframe. That is the problem when you get people who know about risk but who are not really allowed to spend the time getting it right.

You can compare that with Jobcentre Plus. Someone else commented earlier that that had been a brilliant success. It was a brilliant success, but I know from my own experience that it took years to get from the idea of being a gleam in a Minister’s eye to it having support from the official machine. It took many years and a lot of detailed work. Benefits is a hard place to work; it really is. After about five or 10 years, you finally got to the summit of something that had been in preparation for that long, but nobody was making a big political issue out of it for a long time. It was below the surface. It was just being managed. There was a lot of goodwill and a lot of effort.

Q99 Chair: This is an interesting question. I bet the people on that project knew what the risks were, but they did not know how to talk about them. How do you address that?

Richard Anderson: Risk management is not simply about the identification of the risks. It is through to what you do about it and how you create a culture of leadership that enables some risks to be taken successfully and others to be avoided.

Q100 Chair: It is about truth to power all over again.

Richard Anderson: Absolutely, yes. It is the disruptive intelligence that pierces perfect-place arrogance. That is the way that I put it. You have described it as truth to power. That is exactly aligned.

Q101 Chair: Peter Thomas, what can the Civil Service learn from the private sector about how to support leaders in this task?

Peter Thomas: It is about the amount of resource and senior-leadership time you put into it if you are a departmental board or a Civil Service board. My view is that they are spending more time on this, but I look at the resources they have to support themselves and the centre and that has been substantially graded over the last 15 years. If they are serious, they have to spend time on it and they give themselves the support and the—

Q102 Chair: Similar to all these big projects, time seems to be the unlimited commodity, which also adds cost. Surely it is not about time, but—sorry to bore on—about attitude and behaviour.

Peter Thomas: If you are saying something is important and then you do not spend any time on it, it is a rather contradictory message to people.

Q103 Chair: Do we not often see decisions unreasonably delayed as civil servants try to mitigate quite slight risks while not addressing the wood for the trees and also failing to make a decision?

Richard Anderson: That is why I am advocating that we should be looking at risk management as a strategic as well as a project-specific, tactical and operational issue, so that we do make sure that risk management is from the leadership, not just being pushed uphill, which is something of a Herculean task, by some poor junior or middle-ranking civil servant who is largely going to be ignored, so that at the Departmental board it ends up being what I describe as “colour me purple” risk management: “Which colour should we make this one today?”

Q104 Chair: Is there anything anybody else would like to add?

Peter Thomas: Simply to reinforce a point raised in the previous panel about how important assembling knowledge is for the Civil Service; if there is one thing that is hopelessly underinvested in, it is that.

Chair: Does that need to be institutionalised in a single institution or just needs to be institutionalised in each Government Department?

Peter Thomas: Potentially it is a bit of both. A lot of it is about creating networks for people to talk honestly and openly about their experience. That is how you hold and develop knowledge in the system, but part of that is supporting it with historians in Departments.

There are four or five Departments who are investing in learning from some hideous disasters in an open and frank way that they never publish. Four or five Departments now do that, so it is a mix of some capacity and the human networks that actually engage with that and are able to share with each other.

Chair: Could you give us a bit more in writing about that? We would be very interested in that.

Peter Thomas: I could in part, yes.

Chair: Thank you very much.

Q105 Kelvin Hopkins: I just have one simple question. The CBI, in its evidence to us, suggested that building in-house capacity is very important. There is a bit of a sea change in the private sector, I understand, towards insourcing rather than outsourcing. Are we seeing a change of view? We have seen the UK Border Agency being brought back to the Home Office itself. Are we seeing a change back towards a world where we actually bring things in-house rather than outsourcing them and using consultants?

Peter Thomas: I would not sure I would see the UK Border Agency as insourcing. It is the nth rebranding of a massive agency that has all the characteristics of an agency for tactical reasons.

Chair: The agency has no legal status.

Peter Thomas: We always forget Next Steps agencies were set up to give people room to manage and to make better decisions relating to clients, customers and outputs. It was to enable people to have the room to manage better and respond to clients and customers better. It was a very significant reform. The idea that you improve service delivery by bringing it closer to the policymakers and ministerial offices is quite a big argument to make.

Richard Anderson: Can I revert back to your question, if I may, which was about what final things I would like to bring to the attention of the Committee? That is that, whilst understanding that control is going to be a core competency and strength of the Civil Service, that will reduce the ability of the Civil Service to institute change and you need to provide a new sense of control that comes through, looking at the multiple futures that we face, which is about risk management, rather than simply looking at what happened five minutes ago.

Chair: Mike Emmott, you have the last word.

Mike Emmott: I would just put in a plug for the Next Steps agencies. It was under a Next Steps agency that the thinking about bringing together the benefit and the job-finding system was developed. It was developed at a distance from the political process and the leadership that was encouraged within that framework was quite remarkable. Some of the best public service leaders I am aware of were grown in the framework of a Next Steps agency.

In the sense of good management, it is regrettable that that distance between the management and the political process has been shrunk. It is more difficult for everybody to operate, not least senior Civil Service managers.

Chair: That is a very interesting observation, thank you, and a good one to end on. I am very grateful to you. It has been a very interesting session. Thank you very much.

