

Public Accounts Committee

Oral evidence: The work of the Chief Executive of the Civil Service, HC 806

Wednesday 26 November 2014

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Members present: Margaret Hodge (Chair); Mr Richard Bacon; Chris Heaton-Harris; Meg Hillier; Mrs Anne McGuire; Austin Mitchell; Stephen Phillips

Amyas Morse, Comptroller and Auditor General, National Audit Office, Sue Higgins, Executive Leader, National Audit Office, Keith Davis, Director, National Audit Office, and Marius Gallaher, Alternate Treasury Officer of Accounts, were in attendance

Witnesses: John Manzoni, Chief Executive of the Civil Service, gave evidence.

Chair: We are going to break with tradition—I am going to go to Stephen Phillips first.

Q1 Stephen Phillips: Welcome. Congratulations on your appointment. What is the point of you?

John Manzoni: In this role?

Stephen Phillips: Yes.

John Manzoni: The way I see it, it is to improve execution across Government, basically. That is the point. That is, of course, a big statement. It is a brand new role, so to some degree one has to define it a bit. It has not been completely defined.

Q2 Stephen Phillips: Well, that is the question I am asking you. Define it for me.

John Manzoni: Improve execution across Government.

Q3 Chair: And what are your powers?

John Manzoni: I have certain formal powers. I have all the functions reporting to me. As we go forward into the next phase, I think the functional agenda, which by definition will either be down the line or across the different aspects of Government, will prove increasingly important as the Government try to create greater and greater efficiencies. There is only so much that can be done down a single axis; we have to start creating things.

I have those formal powers. In agreement with Jeremy, the Head of the Civil Service, I sit on permanent secretary approval panels. I input into permanent secretary appraisals. I do not have all the permanent secretaries reporting to me—

Q4 Chair: Nor do you have any finance officers reporting—

John Manzoni: I do not. The chief financial officer in government is reporting to the Treasury. It is another function, so I include him in all my meetings. We are working pretty well together on that.

Q5 Stephen Phillips: To be clear, when you said that you do not have all the permanent secretaries reporting to you, you do not have any of the permanent secretaries reporting to you.

John Manzoni: No.

Q6 Stephen Phillips: So how do you propose in your new role to exercise authority in efficient execution across government in circumstances when you have no line management responsibilities for the permanent secretaries who control the way in which their Departments are delivering the policies set by their Ministers?

John Manzoni: First of all, as I have explained, I am part of their selection and their appraisal, and I have credibility.

Q7 Stephen Phillips: So you can try and influence them, but you do not actually have any power. Is that the story?

John Manzoni: I think that being part of their appraisal is power and I think that being part of their selection is power. It depends how you define “power”, of course.

Q8 Stephen Phillips: Right, but once they are selected, you have no formal mechanism of controlling them thereafter, other than perhaps giving them a poor appraisal. Is that right?

John Manzoni: That is probably accurate—no formal mechanism. It does not faze me, to be honest, but I have no formal mechanism, no.

Q9 Stephen Phillips: Can we therefore agree that your real role, in so far as you have one, is to exercise influence by virtue of your personality and such limited control as you do have over the

appraisal structure of the senior civil service, and that you do not actually have the power to direct them to do anything?

John Manzoni: Are you talking about the permanent secretaries?

Stephen Phillips: Yes.

John Manzoni: That is probably accurate. I do not have the formal power, no.

Q10 Stephen Phillips: How will your role fit with the Cabinet Secretary's role?

John Manzoni: I report to him.

Q11 Stephen Phillips: And there is no conflict in your mind between the two roles.

John Manzoni: No. I think we are doing different roles. One has to be a little careful of what you wish for with some of these things. This is a big and complicated place. I should say that I am perfectly confident, in the construct as it exists today, in my being able to create what I need to create. Should that change and should I feel that that became impossible, I would have to say either, "I need to change this," or, "I give up," but I am actually quite confident that I can. Right now, the Cabinet Secretary is my boss, but he spends most of his time, or a lot of his time, doing the things that the Cabinet Secretary does, and I do a lot of the execution. That is how we are splitting it really, and I think that that is an appropriate split.

Q12 Stephen Phillips: Who did the role, do you think, before your role as the new Chief Executive of the Civil Service was created?

John Manzoni: Well, I am not sure that it was being done, which is why this is a new role, called a new thing. Bits of it were being done, and I think it was being done in a slightly different construct, but I do not think that this role was being done.

Q13 Chair: John, we really do as a Committee wish you well—

John Manzoni: Thank you.

Chair: This is, in a sense, to tease out from you the extent of your authority. You have just said in answer to Stephen that you feel perfectly confident that you are able to create what you need to create, without any authority set down, so just tell me, knowing all these perm secs and chief finance officers—we see them all regularly; week in, week out—and given the limits of your authority, how on earth you think that you can create what you need to create.

John Manzoni: I would start with the functional axis. It is by no means unpowerful—in an organisation that I am used to—if you control human resource strategies, technology strategies, commercial strategies and property strategies. If you can do that with those function leaders, that is quite a good start, especially in a world where the environment is such that the people in the line

absolutely understand that in order to meet any goals that they are likely to be given, they will need to rely on those functional axes to meet them. So I think that that is a good start.

I will not deny that this role is credibility. It is about influence; it is about relationships—

Q14 Chair: Credibility with whom?

John Manzoni: With the permanent secretaries. The organisation is fairly adept at spitting out the next private sector person who shows up. If you set it up in a way that is too against the grain, it is likely to have less chance of success than if you build from a position through credible interventions, through building alliances, through building shared context, and by creating an outcome. That has more chance of success in this system. Many have tried before by asserting. Frankly, if I had all the functions and all the permanent secretaries reporting to me today, I would be spread so thin that I am not sure that I would have the bandwidth to deal with that in one go—I am not sure anybody would. I actually think this is the right approach.

Q15 Chair: I don't think that the chief executive of a complex multinational would take that view. They might have a lot of people reporting in for all sorts of functions.

John Manzoni: I have been the chief executive of a complex multinational.

Q16 Chair: Well, quite; you just manage it. You arrange it in a way, with delegation where appropriate. You have no—

John Manzoni: With respect, there is a big difference. If you are the chief executive of a very big complex multinational—I have been one, with 80,000 employees and 10 different businesses in 120 countries—you are basically controlling the entire agenda. That is a very different environment from the one we are living in here, where the exogenous changes to the agenda are not fully within your control as chief executive. That is what makes this more complicated and, I think, much more challenging. It is somewhat more challenging to create the conventional structures that would say, "This is going to happen in the end." Sure, you could do it, but I think that this has got as a good a chance of success as anything.

Q17 Mrs McGuire: When you say that something is challenging, that, to me, is a precursor to saying that it might not work—I do not mean you personally; I shall say when one says something is challenging. Given the history of the UK civil service, with its ability to absorb whatever changes happen out there and whatever initiatives come its way, and then either to spit them out or take them on, how are you going to manage these pretty powerful mandarins in terms of moving towards—I think this was your phrase—shared outcomes? I have a vision of "Yes Minister", with you being in the role of either the Minister or the permanent secretary—I have not yet quite made up my mind where you fit in.

John Manzoni: We have to talk about reality. It would be easy to say that if I had all the levers, I could bish, bash, bosh and knock them all around, but, you know, I am not sure that would be any more successful. I do think it is challenging and that we are in a challenging environment. I

actually think that is why this is a complicated place and why it is more difficult to create change here than in any other organisation outside.

Q18 Stephen Phillips: Isn't that exactly the reason why you need all the levers—so that you can, in your words, bish, bash, bosh people around when you need to?

John Manzoni: I am not a particular advocate of that. I think that shared context is a way more powerful motivator than bish, bash, bosh, actually.

Q19 Mr Bacon: Well, we've been hearing bish, bash, bosh for 50 years and they still keep making the same mistakes again and again and again, which suggests empirically that bish, bash, bosh might have some limitations.

You said to the *Financial Times* that "the quickest way to achieve culture change is to...focus on the business outcomes," which seems sensible. It is also reported, in the same piece, that you have "passed the tissue rejection test" of Whitehall. Now, that might be a very good thing—in fact, culturally, it is probably essential—but it could also mean that they see you as already more of a pearl than you are grit; in other words, they think they can manage you. Personally, from what we have seen of you and of the Major Projects Authority, I think it is mostly going to be more about heft and credibility in the force of the argument than anything else.

I would like to take you on to HR. At the end of the day, the civil service is one of the biggest talent pools in the country. It is plainly the case that we do not get the best out of that talent pool, so quite lot of things need to be done all the way down the organisation to start changing that. One place to start is as people come in, with the fresh, raw recruits—the brightest people out of the best universities. They have not yet been jaded by 20 years of having to implement drivel, or 20 years of Whitehall. What are you doing with that cohort that will make the difference?

John Manzoni: Well, what am I planning to do? I have been in this role a month, and you have put your finger on one of the things that is at No. 1 in my list of priorities. One of the remarkable things about the civil service is that it is full of extraordinarily intelligent people—much, much brighter, in my experience, than in the private sector. So we have raw material which is of way higher quality as it starts.

One of the fundamental issues here is that we then do something with those people. We do a lot of things with those people, but if you're a really great civil servant, you have an aspiration to be the private secretary to somebody, and if it could be the private secretary in No. 10, that would be a fantastic outcome. My view is that we ought to be saying, "You know what? Building nuclear submarines would be just as much of an achievement as being the private secretary in No. 10," or, "Creating fundamental change in the national health service would be a really great achievement." What I am interested in is showing young people, and giving to them, a career path through the civil service where they could build the experience of progressively building delivery experiences.

That leads me to my biggest priority: let's build some proper professions in the civil service. Let's take people when they are young. This ought to be the place where young people of 25 years old want to come to get the best experience you could possibly get.

Q20 Mr Bacon: This is the thing that amazes me. Look at the range of things that go on. In the *Financial Times*, you say you are determined “to create a specific civil service career path in project delivery”. One might have thought that being a young person in their mid-20s in the civil service and knowing that, in the next 10 to 15 years, you would have the chance to build an enormous high-capacity, high-speed railway, to deliver a channel tunnel, to figure out how we are going to do nuclear decommissioning, to turn on its head the sclerotic housing model we have in this country, which does not really deliver properly, or to take up a number of other challenges, would be absolutely enticing. Yet, the best people do not end up doing those things; they end up being moved every two years, with no honour or value placed on the project. The project and its delivery are not cherished. Other priorities, like moving around, are cherished. For 10 or 12 years on this Committee, I have listened to permanent secretaries saying, “Yes, yes, we’ve got to get better at giving people longer-term postings,” but things have not really changed.

Do you think there is scope—the way to do this would presumably be through a pilot in one Department—for a radical reorganisation of the way internal Whitehall Departments work? For example, you might take a Department—I won’t posit which one it might be—and say, “Organise this in the same way as a big consulting firm is organised—around the delivery of specific projects so that skill sets come together. When, and only when, the project is delivered, they will dissipate and move on to something else.” Is it possible that you could do something as radical as that inside a Whitehall Department?

John Manzoni: Well, it is not where I would start. I would start by doing properly what we have said we should do: building professions, whether that is a project delivery profession, a commercial profession or a digital technology profession, and creating career paths for those people. The difference is this: in execution, it is all about experience; it is not about intellect—it is about experience. When you have been there and done it, you can stand and say, “Trust me. This is how we are going to do this. This is the best way to do it.” It is not, “I’ve read it in this book. It is actually, “I’ve done it lots of times before, and I know this works.” There is something that we don’t have: we don’t offer the very brightest people the opportunity to build that experience in the civil service. That is what I think is so important for delivery.

I repeat: I can add no value to the policy. There are lots of clever people who have been doing policy for a long time here. I happen to have spent 30 years delivering things. I see that as a gap. I have personal experience for myself, which is burned deep in here—deep in my head—about how important that is. I believe that it is absolutely crucial for the future. We are doing such a lot of stuff, and we put generalists in charge of it. They are very clever and very good people. They are terribly committed and work incredibly hard, but we do not give them the experience.

Q21 Chair: John, let’s just take you through this, because you do not have the authority to do that.

John Manzoni: To do that, I do.

Chair: To do what?

John Manzoni: To create professions. I absolutely have the authority to do that.

Q22 Chair: What does that mean? Can you tell any perm sec that they have to send their people on particular courses?

John Manzoni: We are actually doing it. I have the heads of functions, and functions will house the professions. The head of the commercial function will create a commercial profession. We are having discussions right now about the possibilities of commercial specialists—what they look like, what you would have to do to get into that bracket and what the market rate for those kinds of people might be. All of that, of course, is in the context of all the things that have to happen to pay constraint and all of that.

Q23 Chair: So what authority do you have to make MOJ buy into that? We are currently looking at their reform programme.

John Manzoni: I could give them great people.

Q24 Chair: So you offer courses and people?

John Manzoni: Yes, but actually, they are asking and saying, “God. We’ve got all these transitions of digital and we’re falling flat on our face every time.” You know because you have been investigating. We have contract after contract where we simply do not have the internal skills, frankly, to face off against the marketplace. They are looking around and asking, “Could someone please help?” Actually, guess what? The function can help.

Interestingly, the recruitment hubs that we have set up in commercial, and now in projects and in digital, have enormous pulling power in the market. “Come and be a Crown Commercial rep.” You should see—we are attracting people. We have hired hundreds of people in digital through the digital function. Those people are hired through there. To some degree, one of the mistakes we have made in the last few years is that we thought it was important to hold them in the centre. My philosophy is: hire them in and get them out. As soon as you have put a great commercial into the MOD, and that commercial person has been hired by the function head—this is how human behaviour works. Of course, he is working for the MOD but he has been hired by the head of the function. There is an allegiance there, and that is how human beings work.

What is interesting is that where we have hired and deployed digital leaders, there is now a dialogue that has simply not happened before. Those digital leaders are in place in the Departments; they understand the need for transition and only they can judge how much risk they can take in running the day-to-day business at the same time as running the agenda called transformation. That is where that judgment takes place. When you have put the people in place, that is how you create the movement. That is why bish, bash, bosh really does not work because you can bish, bash, bosh someone and say, “You need to change,” but if they do not have the skills, it is very difficult.

Q25 Chair: Okay, let me take the example of universal credit. I think you were in the MPA by then. It was just after you arrived, wasn’t it?

John Manzoni: Happily, after the reset.

Q26 Chair: You came after reset. Maybe it is not the best example, but a clear alternative way forward was suggested by the MPA, which was rejected in the end on the whole by DWP because the authority lay with them. That is how the structure works, and I think that that was a terrible error, as does the Committee. How will you, in your role, be able to—how will that be different? Our experience here—it is really Richard’s experience—is that time and time again, we see a failure to learn from mistakes.

John Manzoni: Well, there is a tension. Of course there is a tension. One of the great achievements over the course of the last four years is that there has been a sort of disruptive force. You talked about universal credit. Some recommendations were made and the Department said no. Right or wrong, that is what happened. That is not the only place it happens, actually. It has been happening in different places. But there is enough recognition—enough momentum—in those places where people say, “You know, there may be a different way.” My philosophy says that the only way—in the end, you cannot mess with the accountability in the line. You have to build accountability in the line. The question is, what is the experience base of the people in the line in the position of accountability? That is exactly why, when you deploy somebody who has an understanding of that transformation into the line, and then you vest the responsibility with that person with that transformation, you will be amazed how fast that happens.

What happened was that we were hitting it from the outside and, actually, the quantum of skills—the Department just did not have that, it was unable. It did make a judgment; it said, “Actually, I can’t do that because it’s too risky.” You have to respect that judgment. So the question is, what is the right move? The right move is to build the skills in the Department. That is the phase we are in right now.

The most important thing, I don’t care where we look—commercial, digital and possibly most important of all, transformative leadership—those are the skills that we have to deploy into the various parts of the organisation. What happens then is they suck in the help from the centre. That is the transition that we are on. We have a moment: if we don’t seize it we will lose it, and if I don’t seize it I will fail. But there is more alignment around what I have just described today, and consensus among the permanent secretaries around that sort of concept, than there has been for a while, by the sound of it. If we do not capture it, it will drift away again, and that is the essence of this.

Q27 Mr Bacon: What are the things that this Committee could do best to help your work succeed? Which are the areas that we ought to look at most intensively to assist you in your work?

John Manzoni: In the end, it is about people. It is about what are the skills, what are the experiences? How are we deploying? You are on it, actually. I mean, my beef from the MPA was, we did not have enough people who knew what it took to get things done, who just naturally say—we don’t have enough powerful project leaders who just have that experience. We said, “Yes, we’ll do that. We’ll do it in this time frame”, and some of them are whistling in the wind, because we just do not have the people to do it.

So what is happening all over—I can see it now. I told you this before: we are doing 30% too much across the board anyway—we always have done—but even if we accept that, now we have a critical need—

Mr Bacon: You mean you are over-trading, basically, for your—

Q28 Chair: What does 30% mean?

John Manzoni: Too much activity. No company would undertake the level of transformative change that this Government have undertaken.

Q29 Chair: 30% too much transformative change?

John Manzoni: No company would do this.

Q30 Chair: How would you deal with it? You have a balance—

John Manzoni: We have to stop people having great ideas and everybody saying yes to them, I think.

Q31 Chair: Great ideas?

John Manzoni: Some of them are great and some of them maybe are not, but again that is what comes from experience and that is what comes from saying, “Okay, but it is going to take this time. Let’s not promise the earth in this period of time. Let’s be much more sensible about it.” I think we are on the right issues. You are on the right issues: front-end loading, understanding what it takes to do projects more—all of that stuff.

Q32 Stephen Phillips: Isn’t the function of the civil service to prevent the implementation of ideas until such time as they become harmless? Or have I been misinformed?

Chair: Until the politicians have gone, actually, Stephen.

John Manzoni: I wouldn’t know. I think the function of the civil service is essentially to undertake the wish of the Government of the day. That is what it said on my piece of paper. But actually, I think we have got to be clearer about where it is possible and where it is impossible, and sometimes we do get sort of sucked into things which are really very difficult to achieve.

Q33 Stephen Phillips: Can I just go back to the carrot and stick question, because I am not sure the Chairman had an answer? Let us say that you create these professions across the civil service within each specialisation, and it may be said that they already exist to some extent; for example, for economists.

John Manzoni: They do.

Stephen Phillips: And you say to the permanent secretary, whoever it might be in the Ministry of Justice, or in any other Department, “Right, this is the way we’re going. This is what you have to do.” And he says, “No, that’s not what I want to do.” You have no power to make him do it.

John Manzoni: You are right; in the end it is like all human relationships. Organisations most often work on relationships. You can put any structure in place but, in my experience, if you just issue instructions you will get reluctant compliance.

Q34 Stephen Phillips: Yes, but a good chief executive would give reasons. What is surprising or perhaps even extraordinary about the position that has been created and that you now fill is that any chief executive is going to try people with him who report to him. They will not always agree with him; if they don't, he can tell them what to do, and if they don't do that, he can terminate them. You don't have that power, do you?

John Manzoni: For some, of course, I do; for others, no, I don't. If it came to it in the end, if I cannot do what I believe is possible, I shall have to go or we will have to change the construct.

Q35 Stephen Phillips: Which is an indication—it seems that the role is entirely dependent on your evidence and your personality, and not upon the mis-described job or the powers with which the role has been clothed.

John Manzoni: But I am not sure that that is a bad thing.

Q36 Stephen Phillips: You may be entirely right. You may be the most persuasive snake oil salesman in Whitehall; I know not. However, presumably the job and function was created to outlive Mr Manzoni when he retires.

John Manzoni: Sure.

Q37 Stephen Phillips: So if it is entirely dependent, as your evidence would seem to demonstrate, on your personality, it seems to have been mis-created in the sense that it has been created with insufficient powers to carry out the role.

John Manzoni: I am sure that your questions are all in a constructive sense but I—

Q38 Stephen Phillips: What I am doing, Mr Manzoni—we all wish you well—is trying to probe to see whether you have been put in the best place to effect the change that you say, and the Committee thinks, that you need to effect.

John Manzoni: I understand that. What I have answered to is that where we are today, I am not at all unconfident that we can make substantial change. It will be interesting to find out. In this instance this organisation will reject; the trouble is for people like me, I wouldn't even know that it had happened, probably. If you go too much against the grain, it will reject it. It is not obvious to me

that we could just assert. I would much prefer that in three or four years' time, the system was changed, the informal lines of accountability, power and all those things were clear, and that was by virtue of things that have to happen. It is helped by the external environment, but if there was no exogenous need to change, it would be very difficult to do this job, from where I sit.

Q39 Chair: That is so depressing. I think that it is true but it's very depressing that the only thing that is driving the move to greater effectiveness in the use of taxpayers' money is the fact that there is less money. It is really depressing.

John Manzoni: But it is true in any human organisation.

Q40 Mr Bacon: Was Piper Alpha a BP platform? The expression "burning platforms" comes from that incident, doesn't it? It is the idea that you only change when you are forced to change.

John Manzoni: It was Occidental actually.

Mr Bacon: It was Occidental; I am sorry. The idea that you only change when you have to change is a universal, isn't it?

John Manzoni: I think that it is human nature in the end. That is why a big organisation such as this will not change without shared context.

Q41 Chair: Can I take us on a little bit to the relationship with the Treasury? That has always been at the centre—you are part of the centre now—and I always have question marks about the dysfunctionality of the centre and how they operate together. The Treasury holds the purse strings in a very loose way. What needs to change in the way that the Treasury carries out its functions to support your endeavour to improve the executive outcome, and what has to happen in your relationship with the Treasury for you and the Government to be more effective?

John Manzoni: Let's start at the top. There is a critical triumvirate comprising myself, the Cabinet Secretary and the permanent secretary to the Treasury. In today's construct, those three people must be aligned to create real drive. That is point one.

Point two is that when I came in I was somewhat surprised about how the centre of Government operates. I am used to having a much more unitary body at the centre of any organisation, which is what happens in the private sector. The headquarters of any company is the headquarters and is a unitary body. I have been told that we are enjoying an extraordinary period of co-operation and collaboration in government, compared with what happened in the past. Everybody says, "I don't know what you are talking about. This is fantastic", because it has obviously been very much worse.

Since I came in, I have worked extremely well with Nick, Sharon, John Kingman and Julian Kelly. The relationships and the collaborations are good and getting stronger all the time. I said to my team—I have been explicit about this—that I want a move to a centre of Government that comprises strong functions and functional heads, whether that is human resources, digital, finance, communications, internal audit or commercial. Those functions can control an organisation. They do not control it by diktat, although they can do. They control it, first, by the deployment of people,

which we have talked about; secondly, by the creation of standards, which can be set high or low; and, thirdly, by delegations. They also sometimes perform the function of providing services to the organisation.

The control of an organisation through a functional axis is a very important concept, but it is not well developed in the Government today. I am moving and articulating a centre of Government that looks like that. I have said to my people that that can be structure-agnostic. It doesn't actually matter, provided it is operating in a way that has those strong functions at its core. That is what we are trying to do. For instance, there will be a spending round, which is the equivalent of what I am used to calling a business plan.

The manifestation of what I started with is that a business plan that is just down an axis between, say, the Treasury and a Department will have less chance of success in the future as it had in the previous phase. That is why we need to create a functional axis with functional input—digital input, human resource input and property input. Those things have to come together in the Departments. The DWP must share with HMRC in local offices, for instance. If you just do it down the DWP line, you will get something sub-optimal.

We are trying to create a more holistic plan to achieve an outcome that has a greater chance, and to do that we must create a functional centre. The functions have to be involved in the business planning with the Departments because some of those strategies are cross-government.

Q42 Chair: In what you are painting for us, who is responsible for driving change?

John Manzoni: Ultimately, the triumvirate that I have just described.

Q43 Chair: And who do permanent secretaries look to?

John Manzoni: They look to me—we had this conversation this morning in the Civil Service Board—to drive the functional agenda. My job, in this instance, is to bring the functional lens into the Departments and say, "We understand you are doing that, but actually if you did it this way we could create a better outcome for the whole." They are absolutely looking to me and the functions to bring that in.

Q44 Mr Bacon: Will the conversations about spending—not only those about spending priorities between different Departments, but those about whether a particular budget line is allowed in a particular Department—be contingent on the discussions about Departments playing ball with this agenda? It seems to me that if you are aligned with the Treasury, there is nearly nothing that you could not achieve, but if you are not, you could be very rapidly sidelined.

John Manzoni: Here is where I claim I have been here a month. Ideally, and in a fully functioning, mature organisation, standards would be understood, delegations would be understood and these things would be joined up. We just do not have that today, so the role here is to bring those two things together—that is where we have got to get to. Will we get it in one? I doubt it, but we have got to get there.

Q45 Mrs McGuire: Is this a tanker that is having to turn very slowly, or do you see it as something much speedier? In terms of the civil service, “slowly” to me means probably over 20 years. I am not sure what you anticipate your career life span to be, and while I find you refreshingly honest in what you say and quite “challenging”, to use your own word, I wonder whether you are over-optimistic about what you and the functions can achieve in what might be a short period of time.

John Manzoni: I am in a three to five-year time frame, not a 20-year time frame. You know what? If one was not optimistic—

Mrs McGuire: You would not have taken the job.

John Manzoni: Quite.

Q46 Stephen Phillips: I want to take you back to your triumvirate. It is you, the permanent secretary in the Treasury and the Cabinet Secretary—is that right?

John Manzoni: If we get ourselves aligned, that is—

Stephen Phillips: Yes or no—those are the three that you identified as your triumvirate.

John Manzoni: Yes.

Q47 Stephen Phillips: What is the role of the head of the civil service?

John Manzoni: That is the Cabinet Secretary.

Chair: It is the Cabinet Secretary; that changed.

Q48 Stephen Phillips: I thought it was Mr Kerslake, but no longer. Okay.

What are your plans for the fast stream?

John Manzoni: They are in my sights—to be honest, I have not got to that yet. We were talking about this today—I think this is very important. We are already segmenting the fast stream: there is an HR fast stream, a commercial fast stream and a digital fast stream—or components of one—so I think we need to strengthen it, and then we need to feed it into the professions that I have talked about. I do not think that that will happen today.

What we do is we whip them around for four years—they spend six months here and six months there. We need to figure out what we do with them after that so that they can make a choice. They can either be generalists or they could choose to deepen their experience in a particular profession.

Q49 Stephen Phillips: You have been in post for a month.

John Manzoni: Yes.

Stephen Phillips: What is lowest grade of civil servant that you have had a conversation with about reform of the civil service since you took up the job? Have you been down to the canteens in the Departments and sat down with an orange and a sandwich and talked to people?

John Manzoni: No, I have not, actually, but I have spent my life running industrial entities, so I have done quite a lot of that—I have dug trenches in motorways and worked on oil rigs—

Q50 Stephen Phillips: That is fine, but you have told us that this is a different organisation, and you need to go and understand it down at the grass-roots level, don't you?

John Manzoni: Yes, I do, and I will get there. I have not got there yet.

Q51 Chair: On the Treasury issues, you did not really give an answer. You talked about there being alignment, and you said that you are getting on brilliantly, swimmingly—we will see how long that lasts. What you did not answer is: in this reform agenda, should the Treasury be fulfilling a different role?

John Manzoni: They should and they are.

Q52 Chair: We do not see it, but go on, fill us in.

John Manzoni: It depends how carefully you look. We are quite joined up right now about an autumn statement that is being prepared. There is an intent and plan to join up, and my functions are joining up. I was co-chairing with Sharon the major projects reform group chat thing, and we are going to deepen that. I have deliberately made my finance director report jointly to the Treasury and to me. So there are a number of things that I think show that it is not Fortress Treasury by any means. I think that we are doing things differently.

Q53 Chair: That is you and Treasury. What should Treasury be doing differently within Government to achieve—

John Manzoni: Accepting a functional perspective in their—

Q54 Chair: Beyond doling out the money, you are making sure—

John Manzoni: Well, they dole out the money in the context of two things. What I have done is taken the functions and put them into the businesses. I am working with the permanent secretaries to say, "Let's take the digital. We need to do this digitally, because we need to join it up across here." That will then be reflected when the spending round process comes in with that Department. All of our discussions between the function, the business and the Treasury are taking place with those three people in the room, so we are increasingly joining this up, which is as it should be.

Some of the difficulty was that the ERG was over here and the spending round was over there. We have got to get ERG from over here into the heart of the spending round. That is what is

happening. As I say, I cannot do it in one step, but it is actually happening. Treasury have to accept that, and they are accepting it, which is quite encouraging.

Q55 Mrs McGuire: Do you think you can do this in a three to five-year time frame? The undoubted disruption of the next six months to how Government manages itself cuts you down to two and a half to five years. It is an enormous task that you appear to have given yourself, or that has been given to you, to do all of this in really quite a tight schedule. That is what I am struggling to get my head round. It is not the ambition; it is whether you have been over-ambitious in your time frame.

John Manzoni: I am not sure the task is ever done. Am I optimistic in how it started? As I say, the stars are more aligned in this today. It is to do with the external environment, the cost pressures, relationships that exist with the permanent secretaries and what has happened in the past four years on creating an organisation that has at least seen a different way. All of those things come together, and there is now more chance now of making progress. It is a bit like a snowball. If you get it right, it builds and then starts building momentum, which is why trying to create that big snowball straight off is more difficult.

Sir Amyas Morse: I am glad you referred to the past four years, John, and I just want to reflect on the successes that have been achieved by the centre. Quite considerable change has been driven compared with anything we had seen before. I guess that came from a number of things, not least very consistent sponsorship. It may not have been accepted by everyone, but there is consistent sponsorship at the centre of Government at the ministerial and the official level.

When people ask about how much power you have got, the truth is that so long as people want you to be successful in the job, you have a lot of power. The day that they don't want that, you won't have very much at all. If that is the reality of it, as long as Government can keep it together that they really want to drive in this direction, you can move fast. However, it crucially depends on that alignment being maintained and keeping going for long enough that you really make some headway.

John Manzoni: I agree, I think that is exactly right. That is really another way of saying that when the stars are aligned they don't stay aligned all the time, so you have to act when they are because they will drift. I know there are a lot of mixed views, but in what he has done, Francis has been both brave and persistent and has created an extraordinary opportunity. If you talked to him, he would be the first to recognise that while that is great, we have got to figure out a different way going forward for the next phase, which is what this is all about. He recognises that you can't change a big organisation like this just by being disruptive. You have to get with the grain.

Q56 Chair: You came to the MPA when?

John Manzoni: February.

Q57 Mr Bacon: Do you remain chief executive of the MPA?

John Manzoni: The MPA reports to me. We are going to hire a replacement.

Q58 Chair: Why do you think—maybe you have not been there long enough—the organisation rejects outsiders?

John Manzoni: I hope it does not reject this one in the end. The truth is, it does not always reject outsiders. There are outsiders who have been successful inside.

Q59 Chair: It is hard to think about it in all my years of serving and being part of it.

John Manzoni: It is an interesting thing. We make this quite difficult. This is a big organisation. Skills to run and make change in big organisations are different from the skills required to change small organisations. This may be at the heart of the questioning. You need to be careful what you wish for. In a small organisation, if you have all the levers, you can usually pull one and it makes a difference. If you have a very large organisation, it does not matter what levers you give him or her, the organisation will be bigger than any individual. So the first point is: if you want to bring people in from the outside to make real change in an organisation of this scale, you had better be looking in really big organisations. We do not always do that.

There is a set of things that happen in big organisations that are very different from small organisations. There are people from smaller organisations who come in, get into this big organisation and think, “Wow! This is pretty complicated”, and then they shrink. They do what they can do in their own context. That, in some senses, makes it even more difficult.

We have quite a lot of people who are doing fantastic work, by the way. We have got them in a particular role and they are doing that work, and that is great. But we have a big challenge—if you deploy small organisation techniques in a very big organisation, it will not work. Some failures that I have seen are the result of trying to deploy techniques that work in a smaller organisation into a great big organisation, and everybody sort of says, “What?”, because it does not play well. I think that that may be some of it.

Q60 Mr Bacon: Can I take you back to what Richard Heaton said when he gave us evidence back in July? I quoted him in a chapter that I contributed to a book that a think-tank put out recently. He said: “It is our job, without ministerial pushing, to create a civil service that has the capabilities that the Government need”. In fact, the first time you appeared before us, you talked about the lack of distributive capability in Government. We have not yet talked about Ministers at all, but if you come into Government as a Minister, first of all you might be unaware that your great ideas take much longer to implement than you realised. You might not be at all aware of the impact of the political decisions you are taking on the management of a large organisation, so there is a learning job to do there with Ministers—generically and systemically.

Secondly, we know that on average a Minister coming in will be in office in that particular role for 1.7 years, and they have the right to expect of any political party when they come in that those capabilities are there, but the permanent secretary in the Department turns round and says, “Actually, Minister, we do not have those skills or those capabilities, and we have not had them for 50 years”, despite the fact that, as Richard Heaton says, “It is our job, without ministerial pushing, to create a civil service that has the capabilities that the Government need”. Is it any wonder that Ministers get very frustrated? What would you say to the ministerial cohort? How are you going to address this area, which we have not talked about yet, above and around the triumvirate, from the

Prime Minister and all his colleagues downwards, to make sure that the agenda embeds itself in the political culture as well as in the administrative culture?

John Manzoni: This is quite interesting. I believe that we as a civil service serving the Government of the day—it comes back to what we started with—need professionals, experience from experienced judgments, and a deep pool of that experience. For very good reasons, we have pushed all that out. There was a period when the civil service was essentially concerned with the philosophy of commissioning, and all the execution would be done by agencies. We never quite got there; we got halfway there. The result is that much experience and many skills—commercial, technical and a lot of others—were essentially eroded over time.

I am sure that felt like a good decision at the time, and it may well have been in the context of cost pressures and all of those things. My observation is that we are now sadly lacking in those skills and we need to rebuild them, and quickly. We have to determine through the functions and the professions what the quantum of those skills is, and their deployment, and we have not done that yet. We have not got a holistic picture of that yet, but we need to get one.

I think I agree with you. The civil service is a complicated organisation doing complicated things. We need to take control of our destiny and get them done. As I said at the start, this is more difficult than a private company because the exogenous environment changes all the time. The Ministers have lots of good ideas, and that is quite a difficult thing to deal with.

The leadership role in the civil service is to absorb that exogenous change and make it clear, because the primary role of 450,000 hard-working civil servants is to get stuff done. People generally get stuff done when they are pointed in a straight line and asked to move in that direction. Do you know what? They love it. By the way, if you could make tomorrow a little bit better than today when they are moving in that direction, that would be even better.

Q61 Chair: I wonder if all the civil service believe it is their job to get stuff done. I don't think so. The tradition of the civil service, going back in my lifetime, was that the policy was not to get stuff done.

John Manzoni: Well, the bulk of 450,000 certainly get stuff done, and would accept that. I accept that for the 20,000 in Whitehall there is a different role, of course. My view is that we as the leadership of the civil service, we as a collective, need to take control of our destiny a little bit. We have talked about the collective. The demands of leadership from the role of the permanent secretaries is particularly high, because they have to make it okay for those below and absorb those exogenous factors.

Q62 Chair: Do you think that you at the centre ought to have something that we have banged on about on this Committee—the power to issue a letter of direction?

John Manzoni: In the centre?

Chair: You.

John Manzoni: Me—John Manzoni?

Q63 Chair: Let's take you. We'll ask Nick Macpherson next time we see him. Let's take you, chief executive of the civil service. If you see a particularly daft policy being promoted in a daft time scale by a particular Department, should you have the power to issue a letter of direction?

John Manzoni: I must admit that I am not sufficiently familiar. I thought letters of direction came from Ministers down.

Chair: No, they come from you.

Q64 Mr Bacon: Basically, if a Minister wants to do something that is unlawful or uneconomic or uneconomic, then the permanent secretary can insist on being issued with a letter of direction by the Minister—you are correct—but it is at the request of the permanent secretary. That happened in the case of the boundary redistricting in Norfolk.

Chair: That was different.

Mr Bacon: It wasn't. In the end it was a letter of direction, because I was the one who caused it. I wrote to the permanent secretary and said, "Given that what is being proposed is unfeasible, uneconomic and unlawful, I imagine you might have some difficulty recommending it to your Secretary of State." After some pause, there came back a detailed explanation, including a letter of direction, because they had insisted to their Ministers that they got it.

The issue is really this. We had a recommendation on this earlier when we looked at the Major Projects Authority. Essentially our recommendation was that the head of the Major Projects Authority should have the ability to issue the kind of equivalent warning that would be flagged up automatically with the NAO, in the way that the letter of direction is to a Minister. So the MPA can set out their position formally if something is being pursued contrary to MPA advice.

John Manzoni: I understand the point. One of the complexities with that—I am a big fan of line accountability. Accountability is all.

Q65 Chair: To whom? We'll come back to that.

John Manzoni: In the end one wants to vest in the accountable person the full authority for the outcomes and his or her judgments in getting to those outcomes. I am a big fan of that. We can discuss whether it is strong enough. But the fact is, I was party to the conversation in the MPA when you sent that recommendation, and if there are multiple inputs to that, it will confuse the issue. I would rather build the strength of that accountability down one line.

Now in a normal organisation—an organisation out there—that is what happens at the chief executive level. The chief executive will sit. They will have the line organisation there, and they will have the functional organisation here. In the end that person is the final arbiter. If the function says, "Don't do that", then the chief executive will make a decision to back this side or that side. That does happen.

We don't have that structure, because the permanent secretaries are accountable up their own lines to their Ministers of State. That is constitutional as far as I understand it. So we have to

work around all of that. My view is that we should strengthen the accountability of the permanent secretaries. We should support them all that we can, and we should be raising all those issues very loudly. We should be having those conversations and then when somebody says, “I think we should proceed against that advice”, we should just remember that.

Q66 Mr Bacon: But the point is creating a formal structure for making sure that we remember it. Very often, we notice, things don’t get remembered. Mistakes get made again and again and again. I find it rather alarming that in some instances I am personally more of the corporate memory than people who really ought to know better. For example, in the Bowman radio communication system in the Ministry of Defence they did not have a senior responsible owner at all. There was no direction. The NAO Report said that General Dynamics did everything that was asked of it. In the inter-city west coast franchising competition, many years later it turned out that one of the key failings, apart from the fact that they did not know that they had been advised by their own lawyers that what they were about to do was unlawful, which you might have thought would have percolated its way somewhere important but did not, was that they also did not know that the failure to have a senior responsible owner was a mistake that had been made elsewhere in Whitehall. They were wholly unaware of that.

John Manzoni: In any organisation lessons learned are important, and corporate memory is important, and all of those things. I am still of the view that we need to work on accountability.

Q67 Chair: Just define who is accountable to whom for what.

John Manzoni: In my view the permanent secretary needs to be accountable ultimately to the Secretary of State. We need to build the mechanisms of that accountability. Again, look through the telescope of delivery.

Q68 Chair: What about transparency in all of this to people like us?

Mr Bacon: The accounting officer does have a separate legal responsibility to Parliament to account for the good use of public money.

John Manzoni: Oh yes, I probably strayed into—I don’t want to offend anybody. Of course they are accountable to Parliament.

Q69 Chair: But transparent?

John Manzoni: I think transparency is important as well.

Q70 Chair: An interesting case study is the universal credit saga, and trying to get openness and transparency around that here, with even the MPA calling it a reset rather than being honest about it. That was really hard. We might have got better administration, which is all that any of us

were after, if we had had accountability not just in the silos, in Government, but also out a bit to the public through us.

John Manzoni: I think one of the things in the last few years is that transparency has increased quite a lot. I think we ought to keep pushing it. There are ways in, certainly within the civil service. The MPA puts a lens in. The IU puts a lens in. There are various ways in so that the leadership can see what is going on. There are checks and balances. I think we need to strengthen the internal audit function. I think John is trying quite hard to do that. You know, that is another way in. On how it works here, I have to say, I accept your point.

Q71 Chair: Anything else you want to say to us?

John Manzoni: It's been a pleasure.

Mr Bacon: Good luck.

Q72 Chair: We look forward to lots of interaction and things on the top of your in tray improving as we hold them to account here.

Mr Bacon: See if you can get the Pitch back for the MPA. He was great when he was here.

John Manzoni: Funnily enough, I understand his daughter is better.

Mr Bacon: That is what I heard. We are enormous fans of Pitchford. We would like to see more of him.

Chair: Okay. Thank you very much.