



Public Administration Select Committee

Oral evidence: *The Work of the Chief Executive of the Civil Service*, HC 922

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Members present: [Mr Bernard Jenkin](#) (Chair), [Mr Nigel Evans](#), [Paul Flynn](#), [Sheila Gilmore](#), [Kelvin Hopkins](#), [Greg Mulholland](#)

Questions 1-70

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

Q1 Chair: May I welcome John Manzoni, the Chief Executive of the Civil Service, to this first evidence session before the Public Administration Select Committee? Welcome to your new role. Will you just confirm your identity for the record, please?

John Manzoni: John Manzoni, Chief Executive of the Civil Service.

Q2 Chair: We are covering three topics in this session: first, your role as Chief Executive of the Civil Service; secondly, Civil Service skills; and, thirdly, our inquiry into future challenges and the capacity of Whitehall to meet them. I always say this: we want you to talk but—

John Manzoni: In short sentences.

Chair: If we can keep it fairly crisp. We will keep our questions crisp as well, and it means we will get through what we need to, starting with Greg Mulholland.

Q3 Greg Mulholland: Good morning. Could I start by asking you what you think you have learned since your appointment? Of that, what has encouraged you in terms of your role and responsibilities, and what has concerned you that you think needs your attention?

John Manzoni: That is a fairly narrow question. What have I learned? I will give you a few observations. First, the quality of the people in the Civil Service is generally very high, and there is a very high public service ethos. They work very hard. There is much noise outside that tends to cast the wrong impression, but people are very diligent and work very hard. In general, and I have said this a lot, the level of intelligence of the senior leadership is higher than in the private sector. That is the first thing.

Going with that, however, there is much less commercial experience, and much less executional experience and implementation experience than I have seen elsewhere. We have very hard-working people, but we have not prepared some of those people. By the

way, I look through the execution lens. I am always looking through an implementation lens. Government does a lot of things; I am here predominantly with an execution focus, so through that lens, I think we can do better in preparing our civil servants for their particular role. That is the second observation.

The third observation is that we are doing a lot. Activity levels are extraordinarily high. We are not only building things and buying things, but transforming a lot of things inside government, and that is an additional activity set that puts the levels of activity in government very high. I am not alone when I make the observation that it is generally higher than one would attempt in a private company, given the level of specialist skills and resources that we have available to us, so that would be another observation.

A final observation is that the centre of Government, by which I mean the Cabinet Office and Treasury, are playing different roles, and have played different roles for a period of the last four or five years—both have been incredibly necessary. We have reached a stage where we now need to evolve that combined role. There is a need to move on from the way we have been constructed and the way we have been operating in the past four years for the next period. What is encouraging about all that is that this about pendulums and swings. My sense is if that you listen to an organisation, it usually tells you when it is time to change. This organisation is ready for that evolution, so I am encouraged by that.

Q4 Greg Mulholland: Is there anything that concerns you that you think you need to be focusing on?

John Manzoni: I have said some of them. I am absolutely focused on skills and capabilities, which I think is delivery skills and capabilities across the Civil Service. I am not talking about the centre here; I am talking about generally. If I were to put my finger on one aspect—my agenda, if you like—that I have set for myself, it is addressing that, first and foremost.

Q5 Greg Mulholland: In November you said your role was not completely defined. Obviously, it is a new role after a change of the titles of those heading up the Civil Service. Do you think it is defined now? Are you clear what the role is? Has it been defined since you made those comments in November?

John Manzoni: I think it is up to me to define it.

Greg Mulholland: How are you getting on with that?

John Manzoni: I think I have defined it. Of course there is lots of detail, but at the highest level I would say I am concentrating on four issues. I have those four; that is the definition. The first of them I have already mentioned, which is all about people. It is about, first, the skills and capabilities of our people—how we prepare them to do the jobs that we want them to do and all that. Related to that is motivation, reward structures and all those things. There is a whole bundle of things that starts with people, and I put that right at the top. That is item one.

Item two I have also mentioned, which is the evolution of the centre of Government and how that works. I have a perspective, and indeed I have direct reports, which are what I call the functional leaders. We are trying to evolve into a strong centre where there are strong functions. I call them functions; I am happy to describe that later if you would like. At the centre of Government we have functional capability, working with the Departments for a better outcome. That is the second area.

The third area relates to what I call performance management mechanisms: mechanisms for accountability; mechanisms to manage outcomes and implementation. For an organisation that does so much implementation, I have been quite struck that we do not have as many of the mechanisms in our routine day to day that I am used to in the outside world for delivery. That is not to say that they do not exist, but they do not exist everywhere and they do not exist consistently. Thinking about that is a third area of reinforcing accountability and implementation mechanisms.

Finally, slightly more esoteric, is the whole issue of leadership. The Civil Service is a big and complicated organisation, and big and complicated organisations require confident leadership. They require a sense of being on the front foot—a sense of being in control of their own destiny. My observation is that we are not where I think all of us would like to be in that matter. We need to create more confidence in the leadership. We need to create more front-footedness and more control of the destiny, and that is linked to the issue of experience and how we prepare people for the roles of leadership in the Civil Service.

Q6 Greg Mulholland: This is clearly a hugely important role and a role that I am sure will take a lot of time. Can I ask you to clarify the situation with regard to your directorship of SABMiller? There seems to be some confusion. Has that come to an end? Do you have any links? Are you still doing that on an unpaid basis?

John Manzoni: The answer to your question is that I am still doing it until July on an unpaid basis, partly because it is a big company. You do not leap off the board until the board has a chance to replace the directors. I have announced the intention, and I did a few months ago, to step down at the next AGM and not stand for re-election in July. For the moment, I am doing it on an unpaid basis.

Q7 Greg Mulholland: How much time are you spending doing that?

John Manzoni: There are about six board meetings a year. It is probably a day for the board meeting—perhaps 10 to 12 days a year.

Q8 Greg Mulholland: Are you doing that in your holiday time? Will you be taking a holiday to do that?

John Manzoni: I am taking leave to do it.

Q9 Greg Mulholland: Do you not think it would have been more sensible to lay out at the start that other such interests, directorships, etc, could not be done during this role, and do you think that was a mistake at the outset?

John Manzoni: That is an interesting question. I did talk to the Cabinet Office, obviously, and the right people about it, and I did give up some other directorships that I was holding. It is interesting. It is a balance, because chief executives—and I have been a chief executive in several contexts—also do other roles. There are benefits in doing other roles to be brought to the role in question. I think it is the wrong answer flatly to say, “We want more people from the outside but, by the way, when you come in from the outside, you absolutely have to stop everything that you are doing on the outside in order to come and do something on the inside, so that you can be more like everybody else on the inside.” We have to get that balance. We are working on a policy about that.

It is reasonable that at the senior levels of the Civil Service those are unpaid roles. They obviously cannot impinge upon time constraints, but the fact is that at senior levels all my life I have worked seven days a week. I do today. It is not a matter of time; it is a matter

of what the benefits are. Just as an interesting example, in SAB they are wrestling with the implementation of global functions across their global business. It is exactly the same problem as we are wrestling with in government. I am not defending my position on it, because I have made that decision, but I do not subscribe to the notion that we must flatly say there is a particular way of doing it. In fact, I think it is good for civil servants, and to some degree at more junior levels we are encouraging civil servants to go outside and get some different experiences so that they can bring those experiences back inside.

Chair: May I ask one or two things, but after Mr Evans?

Q10 Mr Evans: You have 30 years' experience in the private sector and sometimes, of course, people in the public sector get pilloried because they do not know what it is like in the "real world". What is your view when people say things like that, and what sort of thing do you think that your experience in the private sector will bring to your new job as Chief Executive of the Civil Service?

John Manzoni: I have sort of referred to it. As I say, we have extraordinarily talented people in the Civil Service. It really speaks to one of the most important things that I want to get done. For an organisation that executes and implements such a lot of things, it is remarkable that we do not, for instance, have career paths for civil servants that create a lifetime of experience in implementation and execution. We do not do that for the most senior civil servants. We do not have professions. We do have some professions. We have policy professions, economics professions and analyst professions, but we do not have commercial professions. We do not today have a project leadership profession. We do not have a digital profession.

It is not the professional aspect I am concerned about; I am more concerned about the career path. For a young person of 25 years old who wants to join the Civil Service, we have more opportunities to build a fantastic career for somebody building nuclear submarines, transforming the NHS, or building and putting in IT systems. This is a phenomenal sweet shop, and yet the 25-year-old comes in and we say, "We want you to be the private secretary to such-and-such." That is an important aspect, but the concept of a career anchor, where really deep experience is built in implementation and execution, can of course be supplemented by opportunities to go and see. I believe we have to have generalists running at the top, but my deep belief is equally that those generalists have to be underpinned by people with deep expertise in implementation, and the difference between implementing and execution is that you cannot read it in a book. You sort of need to have been there and done it, and that is why the experience and career paths are so important.

Q11 Mr Evans: Do you see more people from the private sector coming into the Civil Service, and indeed the other way round?

John Manzoni: I think we need to do more of both. We have today a nascent secondment process. We are aiming, by next year, to have 100 people in and out of the private sector, and I think that is a great programme. In fact, we had a little event the other night about it, and this is sort of Grades 6 and 7 and SCS1-type level, moving people in and out. I think that is fantastic for a year or two. That is good.

Today in our senior civil servant ranks, we have just a little under a quarter of people appointed from the outside. That is good, and we need to continue that and possibly increase it a bit. The interface needs to be a little bit more permeable, because there are

skills. In particular, for instance, there are many things that we are doing today in the Civil Service—becoming more efficient—that interface with the outside market. We need people to understand what some people call the “real world”. We need people who can understand both sides. The real world needs to understand how this place works, and the more we can encourage that, I am absolutely of the view that ought to happen.

Q12 Sheila Gilmore: I will ask a couple of questions about money, but just as a quick follow up to that, people saying this is not new. I have not been in Parliament all that long, but I am aware that for 20 or 30 years people have made these sorts of comments. Why do you think you are in a position to help this along now and make it real?

John Manzoni: That is when I get depressed—when I read 30 years ago the same questions were still being asked. I have to be an optimist, but here is what I would say. There is no right answer in any of this, and organisations—big organisations, particularly—will move and the pendulum will swing. We have some fantastic muscles in the Civil Service. We are really good at doing certain things, but we are not as good as we can be through the lens that I have been describing.

The question is: can we build some of the capabilities that we have been talking about and that I am focused on? It is going with the grain; the organisation is moving in that direction. Let me give you a real example. Any organisation has massive amounts of technology underpinning how it works. The technology that underpins how the Civil Service works is two cycles out of date. Now we can do the same things, and we are seeing 50% to 90% less cost if we can bring the technology up to date, but the implication of bringing the technology up to date is that it changes the business model about how we do stuff. That is what is difficult about it. It is not the vision of: “Somebody out there can do this. Why can’t we?” It is getting from here to there that is difficult. But the organisation is ready to go there. It needs help and specific skills to transition, but it is willing and ready to do it. I am optimistic that in the next few years we can make a difference. I cannot explain why 30 years ago we were having the same conversation. Do I see in the next few years that we can move that pendulum? Absolutely I do, and hopefully we will create some critical mass and perhaps cement something in that will last for the next 30 years.

Q13 Sheila Gilmore: Given the responsibilities of the accounting officers and the role of the Treasury, how can you influence financial management in the Civil Service?

John Manzoni: This was one of the interesting differences that I found in the Civil Service from how a company would work. It is naturally a more complex environment, which makes it more interesting, but in being more complex, it is more difficult to create a structural solution, in answer to your question. It is like anything. You can hardwire things in an organisational box, or you can create shared context and alignment. That is what leadership does, essentially; it is about shared context and alignment. It is not about issuing instructions; it is about context and alignment.

I have found that the Treasury, which holds many of those levers in the matter of financial management, the Cabinet Office and I—in building the power of the functions, and finance is another function—are working very well and very co-operatively today, and that is what partly encourages me that we can continue on that journey. In some senses, common sense and good outcomes prevail. The outcomes will speak for themselves. Whatever the boxes and the structure are, we have to create a mode of working that is

structure-agnostic. That is what I am trying to do. I would not structure it that way necessarily, but there are good reasons for it being how it is. The question then is how you work in a constructive way. I am finding that those relationships are working extremely well.

Q14 Sheila Gilmore: How does the Treasury's management of public finance compare with what will prevail in a large private corporation?

John Manzoni: We are moving; these things move. They move at their own pace. There is a chief financial officer now in the Treasury, with oversight of the finance function. Normally, in the headquarters of a company, it is the functionality that parts of the Treasury and Cabinet Office do. They would be in one headquarters. They are in two different places here in government, which makes it slightly more complex, but as I say they can work across those boundaries. It is not getting in the way today. Normally in a company, there is a chief executive, and that chief executive has both the equivalent of the Departments and the functions reporting to him or her. That is why he is called a chief executive. I am called a chief executive but I do not have the Departments; I have the functions. It is necessarily more complex, and therefore one has to work across the boundaries, and that is fine.

Q15 Sheila Gilmore: Do you think there is anything that needs to change other than just better working relationships?

John Manzoni: You could rewire the boxes but, as I say, in this particular one there is a lot of history and a lot of reasons why it is like it is. You could tweak things at the margin, and there are always things that we can and probably will do at the margin. Fundamentally, if there is a good reason for why it is why it is, there is no point in taking that head-on. It has been there for many years. Therefore, the question is how you work through that to the most effect. As I say, I am not discouraged at the moment. I think we can make quite a difference.

Q16 Chair: On the financial management front, we asked Sir Nicholas Macpherson yesterday what his vision was for improved financial management. What do you see in Whitehall in terms of effective financial management? Perhaps there is within Departments, but what should there be across Whitehall, from your private sector experience?

John Manzoni: I would translate "financial management" to what I call business planning, and then performance management against the business plan. What is interesting and different is that in a company there is a business plan. The chief executive has a plan, and that brings all the inputs and outputs together, and sets the stall and sets the plan out for the next three or five years—and, indeed, there is an in-year plan. In that plan, all the inputs go to all of outputs, and in the construction of that plan, there are real conversations about strategic prioritisation—what is on strategy and what is not; what the company decides to do and what it decides not to do—and then, of course, there is the performance management of the effectiveness and efficiency of each of those things as they go forward.

We do not quite have a single business plan in government. There is not, I am sure for a very good reason, a single cohesive plan for the UK that is all-encompassing and that contains all the inputs and outputs. That is because we have a Cabinet structure in our Government, and each Department has a plan. They do have plans, but we also have different plans. They have to do a lot of things. We have today a diversity plan, a talent action plan, a departmental improvement plan and a business plan, and we have a

spending round settlement. So, we have lots of different pieces. Part of this is bringing all those together in a more holistic sense, and certainly there is a will to do that, because all the permanent secretaries I talk to are interested in doing that, and the question is how we get it done. I do not think we will get it done in one shot, but that is the journey we are on. So, that is different.

Q17 Chair: What is your vision for a better, more coherent plan for the whole of Government so that we do not cut off our noses to spite our faces, as we tend to in spending rounds at the moment, with things like big cuts in local government and adult social care resulting in more pressure on accident and emergency departments and hospital beds? That is a classic symptom of the right hand not quite knowing what the left hand is doing.

John Manzoni: It is a huge system, of course, and I believe first, as I have said, that the mechanisms for what I call business performance management—the ongoing activities of strategic prioritisation among competing priorities—need to be strengthened within each Department. Some of them are better at it than others. If one can get a coherent strategically prioritised set of priorities within any particular Department, we could move to a strategically prioritised set of activities across 27 Departments. The difficulty of trying to impose the latter before you have the capabilities of the former means just even more chaos.

That is a journey, and of course one would say, “Well, wouldn’t it be nice? Here are the 10 top things the Government are trying to do,” but the truth is that they do change. They change with Governments, and because the realities of the day change, and the exogenous changes in this environment are much greater than the exogenous changes in the business environment, that makes it harder, which is why we struggle with it. But should we aim at that? Absolutely.

Q18 Chair: You have observed a spending round from the perspective of the Major Projects Authority. How do you want to evolve spending rounds so that they become more collaborative and co-operative, and less confrontational, with less gaming of Departments against each other? How do we improve this process?

John Manzoni: This is the evolution of the functional agenda. A spending round handled purely bilaterally between the Treasury and a Department will have a particular outcome. We have reached the stage today where we need some cross-departmental things to happen. We need to share some buildings between one Department and another. We need to share some technology across many Departments. We need to think about our human resource differently across many Departments. We need to create some centralised capability to purchase at scale across many Departments. That means that the purely bilateral dialogue that has been the habit of the recent past has to evolve to contemplate some of these cross-Government priorities. That is the functional agenda. That is why the creation of a digital function, a property function—with a coherent strategy across government, made consistent with the business plans and the departmental plans—is the essence of what we are trying to do. That is what we are doing right now, ready for the next spending round.

Q19 Chair: Is this so far divorced from how a large corporation would operate that it is not even worth—

John Manzoni: What I have described is not, but it does not happen today. What I have described happens all the time in a large corporation. Function and business, and

sometimes even function, business and region, come together in a coherent business plan. We do not have the muscle of the functional lens as strong as we would like it in government today.

Q20 Chair: I am personally not bothered what the job title is; I am interested in what you actually do. Your job description was: “You will take leadership of an organisation responsible for some of the most high profile and interesting issues in the UK,” etc, but you are part of that leadership, you are not the leadership. Correct?

John Manzoni: The leadership could be characterised as a triumvirate in the end, if it is done well. Of course, there is obviously always broader leadership, but if one were to create complete and total alignment between the Permanent Secretary to the Treasury, the Cabinet Secretary and the Head of the Civil Service, and presumably the chief executive, that would be a pretty powerful unified leadership.

Q21 Chair: Augustus, Lepidus and Mark Antony—which are you?

John Manzoni: No comment.

Q22 Chair: Moving on to the skills agenda, you mentioned the question of generalists and specialists, and you referred to the fact that we need more specialists. How are we growing more specialists? One of things that is very noticeable about Whitehall today is, for example, that we have a new permanent secretary in DCLG who has spent most of her career in the Treasury. We have a head of HMRC who grew up in local government, not the Treasury. This is a curious way to grow leadership for very specialist organisations.

John Manzoni: I would say it is depth of experience or specialist experience. I believe we have a lot of generalists and we have insufficient depth of experience along certain axes. Many of the leadership of today have a great deal of experience on the policy axis, so the blend of leadership across—this does not apply to everybody—the Civil Service could certainly benefit from deeper experience in implementation or executional aspects of a role, or commercial aspects of a role. How we do it is a blend of things. Job No. 1 is to put in place these career paths for young people so that you can progress as well in the Civil Service through an implementation route as you can through a policy route, and indeed you can build a career, and so that that experience is valued as much as it would be if you were a policy specialist. We have to put some of that right. That is why professions are so important. We are in action on that.

In a general sense, the aspect of leadership is slightly difficult to define, but the aspect of leading and motivating people, and what it takes to do that, needs more emphasis. We tend to value intellectual prowess; we tend to value less motivating and leading large groups of people, and the skills and capabilities that go with that piece of expertise. We are putting in place all sorts of specialist academies, so we have the Major Projects Leadership Academy, which is very high class. We are underpinning that with one below it. We have the Commissioning Academy.

Q23 Chair: I get the point about creating professions. The point I am making here is—

John Manzoni: Above those, though, something is missing, which is maybe your point, because I know your point of view on this.

Q24 Chair: Just to press the point, the Secretary of State relies on the permanent secretary knowing more about the Department than he or she does, because the Secretary of

State is the generalist—the politician. Let's face it: ministerial appointments are pretty random. What is the point of a permanent Civil Service if we finish up with a Secretary of State knowing more about the Department than the incoming permanent secretary?

John Manzoni: No, but this is my point; I am making the same point. The end point of professions and career paths is people with a real career anchor in a particular issue or area. What I am describing is a long-term implementation.

Q25 Chair: That would mean going back to a model—a career structure—where people grow up in the Departments much more than they are likely to finish up leading.

John Manzoni: An organisation of this scale needs to be run by generalists, but they need to be underpinned in various ways. It does not mean a departmental specialist; it might mean a specialist with deep commercial experience.

Q26 Chair: The Departments are so different. Take Defence: we used to have permanent secretaries who were world-class defence specialists. The present permanent secretary might be a capable permanent secretary of a Government Department, but he is not a defence specialist. That cannot be right.

John Manzoni: It could be right if he were underpinned by real defence experts. The role of leadership in any organisation does not need to have grown up within that organisation. In fact, most chief executives have not. So, it is not necessarily the case that they have to be, but I do think that they have to be underpinned by a different form of experience than perhaps we have today all over the place.

Q27 Chair: Who is responsible for delivering the training strategy outlined in the capability plan for the Civil Service?

John Manzoni: My view is—well, two things.

Chair: Is it you?

John Manzoni: Ultimately. Human resources reports to me, and this is what is interesting: we did not have a head of Civil Service human resources until a year or 18 months ago, I am told. When I got here, I found that we did not have a cross-Civil Service human resource strategy at all. In my experience, human resources is in charge of the provision of appropriate capability-building and skills things. Equally, however, the leadership of the Civil Service needs to take a much deeper interest in the development of its people. I am not sure that we spend as a leadership as much time as I am used to on people issues. We are starting. The good news is—this is why I am encouraged—that we have in place all the structures that I would expect to see. We have high-potential schemes. We have a lot of available courses.

We are missing a bit. I believe there is a need for a high-end leadership academy or something. I believe there is a need for that, and in fact we are starting to think about how we would put that in place for more leadership-focused development. However, we have all the component pieces that I would expect to see: the management of our talent; the high grading of our talent and the periodic looking at it; the management of it and the training of it; and the high-potential schemes. We have all of those things in place, but they have been in place for only a very short time, so we have to bring them to life. Structurally we are there; now we have to act on it. I see this moving in entirely the right direction, and the leadership is accountable for doing that.

Q28 Chair: What kinds of leadership learning do you see in the Civil Service, and which bits are missing?

John Manzoni: That is quite interesting. We have the Civil Service Learning provision, which is providing specialist skills training and some leadership training.

Q29 Chair: I am really on to the generalist point here.

John Manzoni: Yes. It is providing some leadership training, but I do not think it is providing it sufficiently in depth. Leadership training in depth is usually experiential. It often is associated with mentoring and planned provision of different roles over a period of time, say a 10-year period. We do not do that yet, but we have put the structures in place in order to allow us to do it. I do think there is a gap, and that the gap is, in some senses, not really aimed at culture, but it is more input from the outside, more collaborative behaviour and more joining up of the leadership, so I do think there is a place.

Q30 Chair: Can I prompt you a bit here? We have evidence from Professor Colin Talbot. He says, as you say, experiential learning—a very strong tradition of that in the Civil Service.

John Manzoni: But not sufficiently planned yet.

Q31 Chair: There is some conceptual learning—we send some people off on courses to learn leadership in business schools or on that kind of course—but there is very little of what he calls “reflective practice”. I do not know if this is a familiar term to you, but it is “an approach that involves individuals engaging in roles and then reflecting on what worked and what didn’t,” and very little experimental learning. In fact, experimental learning is almost frowned upon in the Civil Service.

John Manzoni: Possibly. It is more difficult to do experimental learning in the Civil Service because there is a heightened sensitivity to making mistakes, if I can put it that way.

Q32 Chair: How do you compensate for that in your leadership training?

John Manzoni: This is a very interesting question. The institutional bias, properly so, tends to be slightly risk-averse. It tends to prevent the taking of risks. Leadership often is about bold actions and, for very good reason, institutionally we have systems that tend to make that more difficult. The real question is how you create an environment in which leaders can take judged risks. You back a leader’s judgment. The Civil Service, as I mentioned before, is very evidence-driven. Business is more judgment-driven. We are very analytically rigorous and data focused. It is very easy to look at a judgment and say, “Well, of course it is not backed by evidence or by data,” and we have to enable a little bit of that. It is this balance of a properly constructed system that is institutionally set up, in some senses, to prevent unnecessary risks or badly judged risks, but at the same time we want our leaders to use more judgment.

Q33 Chair: Of course, the very negative atmosphere sometimes of accountability militates against a civil servant wanting to visibly exercise their own judgment.

John Manzoni: It can do. I have heard you talk about that.

Q34 Chair: That is particularly the case if it is evidence-based. How do you encourage what I thoroughly approve of: empowering civil servants to use their judgment in this atmosphere?

John Manzoni: The bottom line is that, like with any system, you have people like me talking about it and legitimising it. You bring it to light. You raise it when it is getting in the way, and you encourage people who do. This is just an observation, but I watch the system, and it exhausts people.

Q35 Chair: How are you going to promote this? Just by talking about it?

John Manzoni: By talking about it.

Q36 Chair: Okay. Lord Browne, whom you know, of course, talked about how failure is the meat and drink of a successful business—learning from failure. How do you find learning from failure in the Civil Service? It is rather a rare thing, isn't it?

John Manzoni: Francis is very strong on this, and in fact there is even the Francis award. It is not called the “Francis award”, but he is encouraging this—this sort of fast failure. Certainly, in the technology space, that is a relatively easy thing. I have to say this is really behind my comment about the confidence of the leadership. Confidence in one's action comes from experience. It is not an intellectual pursuit. Confidence in doing the right thing, making those judgments, comes from experience, and that is why these professions are so profoundly important. That is why a career path is so profoundly important. We have to short-circuit it, but ultimately we will grow people who have the experience, because they have been there and they have done it, who will be prepared to back their own judgment, and that is why this is important. There is no key here.

Q37 Chair: It does depend upon a very high level of trust.

John Manzoni: Yes it does, which in turn is accountability.

Q38 Chair: How do you find degrees of trust within and between Departments, and between politicians and civil servants? How can you promote a higher level of trust?

John Manzoni: It comes to confidence. People want grown-up relationships. They do not want to be surrounded—although some people do, and it is shallow—by people who just say “yes”. We need to encourage people, founded in their experience and founded in their judgment, to be clearer about what it is. People say to me, “Well, the culture is not to challenge.” I do not think the culture is not to challenge. It is not about what is happening at the top. We have not built people with the experience to be confident in the challenge.

Q39 Chair: The culture is risk-averse; the culture is not to innovate.

John Manzoni: I think these are generalisations. This is a very subtle behavioural point we are talking about. I look around and there is a lot of innovation going on; there is a lot of willingness of people to do lots of new things. We are talking about cultural shifts, and those are about the leadership. I am sitting here talking like this, and I talk to people about this, and I can see this is a bit against the grain. My judgment is it is no good standing completely against the grain, but the Civil Service does a hell of a lot of things really well. The question is: how do we find these subtle changes that allow the leadership of the Civil Service to grow in confidence so that, in time, the leadership of the Civil Service can take more risk and back their own judgment to a greater degree?

Q40 Chair: There are bits of the Government that innovate simply because they have to, particularly in the security field. For example, in cyber-capability, there is lots and lots of innovation. How do you think that can be replicated into more public and political areas?

John Manzoni: We are pretty innovative, even in some of the most basic things we do. We are on behavioural innovation to get people back to work. There is innovation in all sorts of ways across.

Q41 Chair: Okay, but in your emphasis on the functional leadership you are providing, how are you going to emphasise also the opportunities presented by radical uncertainty and systemic uncertainty, and some of the upside to risk and uncertainty? How do we exploit that more in the organisation than we do?

John Manzoni: Let's walk before we can run. This is a slightly broader question. There is no question that the functional lens can add a great deal to this organisation. We are already seeing the application of a technology strategy. Some of it is just efficiency, but some of it is enabling technologies. Procurement, when done at stage one, is simply buying in bulk and getting a discount. When done well and with a deep category strategy, it can enable all sorts of opportunity in the business. These things can add a lot to our business as a first base. In terms of looking at risks, I know Jeremy has set up processes to start looking at risk. There is the horizon-scanning process. They have some quite interesting things going on there looking at social attitudes. They are looking at demographics; they are looking at resource nationalism. They are looking at some of these things, and who knows what comes out of a really deep study of social attitudes or the demographics, and how that is going to play into policymaking aspects. Those are all incredibly good things to be doing, and the structures and processes have started in the Civil Service, and those should be encouraged and carry on. The question is: what multiple things can we do here that are going to make this entity better? There are all sorts of criticisms and there are all sorts of things that we can do better, and some of them are structural.

Q42 Chair: What would be your own measures of success in terms of the development of the organisation?

John Manzoni: I believe that if we could create coherence between the functional lens and the department lenses, that would be a huge success. I believe we could enable all sorts of things with technology, and that does need a functional lens, and it needs to happen right across lots of different Departments. That would be efficient, because it would drop enormous amounts of money out, because we could do it much more efficiently, and it would also open up all sorts of opportunities. On big data, we do not have the view today that allows us to leverage the possibilities that that could bring over time.

Q43 Chair: Before I come to Kelvin Hopkins, can I suggest two measures of success? One would be higher levels of engagement recorded in the people survey across Departments, and secondly that the Civil Service would be generating more of its own effective leadership.

John Manzoni: Those are two very good measures. The things that I am describing are means whereby both those things ought to happen.

Q44 Kelvin Hopkins: I am interested very much in your answers so far, and you have laid great emphasis on career development. You used the words “deep expertise in implementation”, and “developing confidence based upon experience”, and building all that. Having worked in the outside world for 30 years and more before I came in here, I agree—I have worked in different sorts of organisations—but is there not a problem when, according to the National Audit Office, there is an enormous rate of turnover of leaders and project

directors? There was a report by the National Audit Office in July 2013—only 18 months ago—that said there was 25% turnover per quarter in project directors. Is there not a problem that, in developing this leadership, they do not spend long enough doing a particular job to really become confident and develop the expertise? They just about get to that point and then they are moved to another job. Is that not a problem?

John Manzoni: Yes. I agree with that. It is a problem, and it is a problem we are now setting about trying to address and reduce. In fact, those numbers have gone down. I think the latest quarterly numbers are 9% as opposed to 25%. I think that is right; do not quote me. I do think that is an issue, so there are lots of things going on in that particular area to try to resolve it. Part of it is the attitude of: “I don’t particularly feel accountable, so I will just go and do another job.” To address that, we have put in place what we call the SRO—senior responsible owner—appointment letters from the permanent secretary, and in this case the head of the Major Projects Authority, to the SRO to say, “This is your accountability. You are expected to stay in post for this long. These are the levers that you have, and these are the outcomes that we want.” These are mechanisms to try to increase felt accountability, because accountability is another issue. It comes back to the environment that we are in. We have to sharpen wherever we can the accountability of individuals for an outcome.

Q45 Chair: Shouldn’t every policy or programme be treated as a project, and should we not expect leadership of universal credit, and for it to be treated as a project and managed in the same way?

John Manzoni: Yes, and in some ways this is where we have some unintended outcomes of some of our policies. We have a policy today in government that is basically holding pay. If you are a young person of 25 years old and you have just had a child and you want a new mortgage, and the only way you can get more money is to do another job in government, you are going to go and do another job in government. The unintended consequence of that particular policy is that it encourages people to move around. I say, if you are a 25-year-old, you just need to know that tomorrow could be a bit better. In the context of the required public spending, we have to create different motivations, and we have to create the right incentive for a young person of 25 to say, “Actually, I am going to stay,” and a few brave people do it. One or two of them have come back to me and said, “I have stayed here for eight years doing this”—or six years—“and I have given up all sorts of things,” and those people need to be rewarded.

More systemically, we need to come up with a different construct that does not force people to move round. Of course they are going to move if you are 25 and you have to have a mortgage. Of course you are going to have to move. Here we are, but we are doing it to ourselves. Now, we have to match that with public expenditure stuff. I do not need evidence to tell me, frankly, that that is wrong, because I can just see it. We have to solve that problem. There are unintended consequences of very well-meaning things that, over time, we can see we have to put right.

Q46 Kelvin Hopkins: This is all exacerbated by the housing crisis. Most senior civil servants have to live in or around London, and housing is incredibly expensive.

You have talked much about specialists in general, quite rightly. Is the balance right between the two? Are there too many of one or too few of the other? Do you think that specialists ought to develop some broader hinterland of intellectual development and generally seek to be more competent in specialist areas as well, and so learn from each other?

John Manzoni: There is no question we are short of the specialist experience—no question—for the amount of activity that we are trying to attempt, partly because in many cases to get more efficient and more effective, we have to move from where we were outsourcing a lot of our skills and capabilities to bringing it inside again. There is no question that we are short.

Chair: That is a very important statement.

John Manzoni: I think it is, and it is recognised. Again, it is not a blanket, “We need more specialists.” It is, “We need more digital experts in this particular skill,” “We need more project leadership,” or “We need more commercial,” and in fact that again is why the professions are so important. They can identify it, spot it and recruit. We have a hell of a recruiting power in the Government, and we can do that. I think we are short, and I would cast my answer that way rather than say we have too many generalists. I think big organisations need both, and we need more of the specialist expertise, without question.

Q47 Kelvin Hopkins: The implication of what you are saying is we need to insource rather than outsource a lot of these specialisms, rather than leaving it to consultants from private companies.

John Manzoni: There is a role for where the market can do things better than we can. Interestingly, even when we do that, we have to be very competent at managing that market. We have not always been as competent as we might have been, because essentially we have not recognised that. We have to be a really intelligent client. That takes skills inside that we are short of. I am not arguing for a mass re-insourcing; in some cases I am, because it is the right thing to do. We have to integrate things. Technology in particular is an area where there is more to be done inside. But some things are right to be put in the market. We just have to have the skills and capabilities to manage them well on this side of the table.

Q48 Kelvin Hopkins: One area that the Committee has looked at is IT. Because of the poor internal expertise in IT, they are victims of the private companies that have all the expertise, and to an extent the Government and the Civil Service have just to accept that expertise, rather than being able to make judgments internally and say, “No, it is not good enough,” or whatever.

John Manzoni: That is one of the most critical areas in which we have to build our internal capability. In doing so, we will be able to do it so much better and so much cheaper.

Q49 Kelvin Hopkins: One more question, and I have always been concerned about this: civil servants, senior civil servants and public servants are different in nature to a considerable extent from many people in the private sector, who are interested simply in profit, money or whatever. They are public servants. They have a very deep sense of public service, and they will never be able to earn the kind of money that bankers earn, even if we raised salaries considerably. They will, however, have a fascinating life with a good pension at the end of it. Do we need to remember that in the Civil Service, and not simply say, “It’s going to be a question of buying in the market and buying people who are prepared to accept a certain salary level”?

John Manzoni: I think we need to remember that they are two very different offers. We need to judge carefully that we can still retain, develop and attract, and we still attract the best. At a headline level, our turnover and resignation rates are lower than the private

sector. At a headline level, you would say, “Actually, there is no problem.” I believe there are issues underneath the headline. I do not believe we need to meet the market rates or anything, for all the reasons you have described, but most importantly because it is more complex, more interesting and more rewarding inside the Civil Service on average than out there, so the jobs inherently have more appeal. But I do think in certain areas it is clear we are having trouble retaining or attracting at high senior levels.

Q50 Kelvin Hopkins: Just one more: you talked about confidence and having the confidence to speak to political leaders, speaking truth to power—another theme of this Committee over time. That confidence can be damaged when politicians just dump policies on the Civil Service and say, “I don’t want to hear any arguments; just get on with it.” Has that kind of approach, and the lack of understanding and appreciation of the civil servants’ wisdom, been a factor in the last decade or two? We have seen wilful politicians pressing forward with things that are not actually very sensible.

John Manzoni: Yes, but my point of view is that it is a bit of a circle. In the end, any sensible person wants to hear an experienced voice saying, “Of course we will implement that, but this is how long it is going to take. We need this, this and this, and it is going to take this long. Trust me because I have done it before,” or “I know what I am talking about.” The fact is we have not created the people who can say that, because we have not given them that experience. Somebody says, “Just do that,” and somebody might be tempted to say, “Well, yes,” and then we are into the cycle. That is why we have to break that, and that is what the confidence is all about.

Q51 Chair: Before coming to Mr Flynn, you have mentioned the lack of data, and I asked Francis Maude about that in the House of Commons last week. I think this is something we will hold you directly accountable for. How are you going to pull together the data on the skills and people in the Civil Service as a central resource, and how long will that take? When will it be done?

John Manzoni: Data is an interesting question. I am not a fan of data packs for the sake of data packs. Data, or rather management information, in service of an objective, absolutely.

Chair: You do not have it now, do you?

John Manzoni: No, but therefore we need to set the objective and then define the management information that goes with the objective. Actually, it is coming. For instance, I have in my office a grid of all the directors-general and directors plotted on the skills matrix. That is what I mean in saying the structures are in place and we are starting to use them. That is a great piece of data or MI. It is starting to tell me who the performers are and who is not performing, and we can start building a history. We can start to use that as a piece of data.

Q52 Chair: Do you have a plan on a piece of paper about what you are seeking to achieve there?

John Manzoni: In the matter of talent development?

Chair: In the matter of simply just getting a handle on the data.

John Manzoni: First I have to define the objectives. Then I will define the management information.

Q53 Chair: Do you think you could put something in writing that could be made public about what you are seeking to achieve?

John Manzoni: If you ask me, I will have to.

Chair: The Minister has been complaining about this ever since he was appointed.

John Manzoni: The fact is we do not have today very good cross-Civil Service human resource data. We do not have it, because we did not actually have a head of Civil Service human resource.

Q54 Chair: What I would like you to be able to do is go round Whitehall saying, “The Select Committee has asked me to do this; I have to do it, so please will you do this?”

John Manzoni: Of course, I will write to you and I will describe what we will collect. I know it is asked in the spirit of—

Chair: I hope it is to help you do your job.

John Manzoni: Of course it is. Of course. You are absolutely right. I have this conversation with Chris Last all the time. I say, “Why do we not have that?” He says, “I did not exist 18 months ago.”

Q55 Chair: You will find the Departments are very reluctant to do it, because they do not have the information themselves.

John Manzoni: Often they do not have the information, and of course it encourages them to ask the right questions.

Q56 Paul Flynn: Thanks for your evidence so far. It is very refreshing having listened to members of the Civil Service for many years now on this. How is the hub that was set up last year as an interdepartmental horizon-scanning unit working?

John Manzoni: I think I have referred to it. I think that is the horizon-scanning unit that ultimately Jeremy, as Head of the Civil Service, Cabinet Secretary, chairs; it comes up to that. I think it is starting to work. I indicated it is doing all of the right things. It is connecting with outside communities of interest on horizon-scanning. It is putting in place certain tools. It is buying in certain expertise. It is looking at emerging technologies. It is doing all the right things. Last year I think they set themselves four or five themes that they were looking at. I mentioned a few of them: resource nationalism, social attitudes, the demographics in the UK, and one or two others I cannot remember.

It was interesting, because we had a conversation about this among the permanent secretaries the other day, and we were talking about the things that we did not get: Ebola, the oil price crash, and Russia into Ukraine—nor did anybody else, to be fair. But I think it is quite encouraging that we are on and thinking hard about future scenarios in certain of these thematic areas. That is a positive improvement. Nobody gets the oil price right. Trust me; I have tried it for 30 years and it does not work. I am not surprised we did not get that, but on the other hand we are starting to think about some relevant themes scanning the horizon, and we are also thinking about various emergent technologies.

Q57 Paul Flynn: Is the fact that we as a northern country did not get a tropical disease a source of triumph and congratulation?

John Manzoni: What I mean is we did not predict the outbreak. I am sorry. We did not predict the outbreak of Ebola.

Chair: We did not predict its catastrophic spread.

John Manzoni: We did not predict its scale.

Q58 Paul Flynn: You seem to follow into an error that we are familiar with in this place, and that is seeking solutions through adjectival alchemy. When you see a problem, you solve it by throwing an adjective at it. I mean, you used “holistic” a number of times this morning, and again and again, when there are intractable problems, someone will come and say a co-ordinated solution, a holistic solution, a comprehensive solution, or a multi-layered, multi-disciplined solution, in the belief that when you put one bad practice and one bad idea together, you make a good idea. Of course, you do not; you make a larger bad idea. Is this not true? Falling for the myth of co-ordination and holistic methods is often an excuse for tackling a real problem.

John Manzoni: I am not quite sure what is behind your statement.

Paul Flynn: Frequently in this place, if you have spent more than a couple of years studying it, this is a common reaction. If you have a problem, and the solution is difficult and intractable, you come up with a series of adjectives to describe a solution, and it is the same as the future always being certain—because we are clever people; we know what is going to happen—but the past always changing. We are always rewriting the past, which is what you appear to be doing this morning.

John Manzoni: I am certainly not aware of using adjectives to cover up. I do think there are issues, and I have described some observations that I have about our system, and I think I described in some level of detail what I am trying to do to solve some of them. I do not think I am trying to use adjectives to hide.

Q59 Paul Flynn: We had an interesting metaphor a couple of weeks ago, where a witness referred to horizon-scanning as being stove-piped, which is unfamiliar to me, but I think the point he was making was that it was inefficient. It was in his Department, which is in security, but it did not get outside the Department, and there was not that link there. Are you really hopeful for this hub, or is it another false dawn?

John Manzoni: It depends what you are trying to achieve. I am not involved at the moment. It is one of the things I am aware is going on, but it is being handled. I have not chosen to dive in. I have been doing this only three months. I have seen it in different contexts. I have seen Shell, which is particularly well known for its scenario-planning mechanisms, and other consultants do it. This is a technique. It informs. It creates a broader context, and that group is doing all the things you would expect them to do. One can begin to see how now some of that context is filtering into some of the policy thinking and all those things. I would not propose that it is going to get the future, by any means, because we all know that is not possible.

Q60 Paul Flynn: We had four professionals here whose business was horizon-scanning in their own Departments. I asked them to give me examples from the past where there were striking successes in scanning the horizon and finding solutions that would have been superior to looking into the astrology charts. There were 10 seconds of silence, and a dreadful example was eventually turned up.

John Manzoni: It is quite interesting. I was talking to somebody yesterday in the security part of the Department for Transport, and they are doing some fantastically creative things and, I think, keeping a step ahead of some of the techniques and methods being used by some of the worst people who are trying to cause damage and destruction. I was actually

quite impressed. It is going on. It is going on in all sorts of places, and I was just quite struck. I was watching and listening to what they were doing, and I was really quite impressed. I think it is going on.

Q61 Paul Flynn: Do you think there is a lack of scientific knowledge in civil servants, as there is in the House of Commons, that inhibits their understanding and appreciation of projects of a scientific nature? I will give you the example from yesterday, when I spoke to a distinguished witness here and asked him about a project. It is not of any great consequence—it involves only £100 billion; it involves only a risk of catastrophe on a Chernobyl scale—but the person involved was deeply ignorant of the whole thing. It is similar with many other scientific projects. One can go back to the whole steam-generating heavy-water reactor, the Concorde and various other things where the scientific appraisal was at a protozoan level—infantile.

John Manzoni: You are on a big issue and it is a perennial debate. We can be encouraged that where we need to have technical and scientific knowledge, we can deploy it. As I have said, we have very bright people from all walks of life here inside the Civil Service. In many ways I look at a lot of this stuff and I say, “I am amazed that is going on,” and it would go on only in the Civil Service, because it would never be allowed to go on in a company, because you could not afford to do it all.

Chair: Give us a few examples.

Q62 Paul Flynn: I will not bring up global warming, so as not to annoy the Chairman, but what capacity do we need in the Civil Service to address systemic risk and radical uncertainty?

John Manzoni: This is a deeply personally point of view, and I honestly have not engaged as yet, so I am not sure I can add very much. Are the processes we have set up and that are beginning to get some traction useful? Yes. Are they as strong as they need to be yet? No. I think they would admit they are not as strong as they need to be, but take Mark Walport, Jon Day, Jeremy—there are some fantastically interesting emergent technologies that Mark is working and bringing in. What impact is that going to have? All this stuff is going on. All this thinking is going on, and I think it should go on probably in the Civil Service. I do not know to what extent, and I do not know to what extent it is satisfactory in its application today, but I think it is a process that has begun, and I think it is gaining strength—and I think it should gain strength.

Q63 Paul Flynn: Do you think it is a danger, to the Civil Service as it is to politicians, to live in a confined world that is saucer-shaped and where we are obsessed with our internal affairs, with the lip of the saucer being the date of the next general election?

John Manzoni: I have some sympathy with that view. Whenever we can, it is about the increased permeability of the interface between the public and the private sectors. We should be outward-facing. Like any organisation, there is a danger that it tends to become a bit introspective. I say to the Civil Service that this Civil Service is doing a lot of very important things. Those very important things have long lives. They have long wavelengths. That is why we need more confident leadership in charge of those things and looking to manage those things that we are managing, and not looking up all the time and not worrying. The bulk of the Civil Service does not need to worry so much about the next election. We need to worry about what we are trying to deliver. There are people of course who have to, and we are here to serve whatever Government are in power, but a

huge amount of people are delivering things that are lasting and good for all seasons. We have to keep those people focused on those things.

Q64 Paul Flynn: You talked about the lack of confidence in challenging politicians, but isn't that in areas—I am going to come back to it—not just of general expertise, but of scientific expertise, still on a very rudimentary level? When major decisions are taken by scientific illiterates in government and on the Back Benches here, isn't it more important than ever—

John Manzoni: I accept your point. I had this conversation years ago inside a major corporation that some would see as clumpy, dirty and oily, but is in fact a very high-tech industry. Strengthening the technology input in that context—I speak only to my own experience—was enormously powerful and was driven by the boss. I do think there is a role for this, but I make no comment about where we are on the scale, because I have not been here long enough to know, to be honest.

Q65 Paul Flynn: We have just had 13 years of warfare during which there was the unanimous hallelujah chorus of approval for the war. Now that it is over, there is a similar chorus of disapproval, which has happened in the last few weeks. There are no celebrations or victory parades, and there is a whole series of books and films appearing saying the whole thing was a disaster from beginning to end. What role do you think the Civil Service had in that—in buoying up what was clearly a military disaster?

John Manzoni: I am afraid I was concentrating in another country on something completely different when it all started to happen, so I am afraid I do not know the answer.

Q66 Paul Flynn: Which country was that?

John Manzoni: I was living in America at the time.

Paul Flynn: Okay. Well, we seem to be going to the new world for all our solutions these days. I am being very grateful to you and I wish you luck.

John Manzoni: Thank you very much.

Q67 Chair: Thank you very much, indeed. I think we have had a very informative discussion, and if your job is to promote change by talking about things, you have done that for England today. Can I just press you on one thing? You spoke very passionately about wanting to address the inflexibility of pay. We already have the pivotal role allowances, which are rather minimal. How are you going to address this? I appreciate I cannot really make you accountable for this, because it is not in your gift, but how are you going to address this? What exactly is it you want to change?

John Manzoni: We are already in a conversation. We do it in the context of a real and understood set of constraints. I have no idea whether in the end we will be able to create exceptions around particular profession specialisms, but those are the sorts of conversations we are having.

Chair: Or particular roles—particular SROs.

John Manzoni: Or particular roles, but again in that case it would be because we are hiring a particular specialist from the outside with a particular market rate, and we say, "Actually, this is an individual set of skills that we really need to solve this problem." This is a continuous tension inside the Civil Service, but we are in the dialogue. The Treasury very rightly is worried about the total expenditure envelope, and so it should be,

and therefore it is incumbent upon the rest of us to figure out how we can solve our problem inside that envelope, and I think that dialogue is going on.

Q68 Chair: You have described the problem very well. You have said “this dialogue”. When can we expect a result?

John Manzoni: It is happening as we speak. I believe we can be a bit more systemic about it, but I will just give you an example. We have been in the market recruiting commercial specialists, and those are individually approved cases above the norm.

Q69 Chair: That is very good, but I had a conversation with the Ministry of Defence quite recently, where basically the problem of retaining somebody in-post who was very good was addressed by the Treasury saying, “Don’t worry; if he leaves, you can recruit somebody from outside and you will be able to pay much more.” He was not allowed to pay the civil servant he wanted to keep.

John Manzoni: These are tensions in the system today. It is not going to happen between now and May, but I think there is a conversation to be had to say, “Look, there are aspects—not the total system but aspects—of this system that are pressing.”

Q70 Chair: My suggestion would be to have a piece of paper concluded and ready to put in front of a new Minister after the general election so that something actually happens.

John Manzoni: That is the intent. That is what the dialogues are building.

Chair: Very good. Thank you very much indeed for being with us today, and I hope you will look forward to our two reports on future challenges and skills.

John Manzoni: I look forward to them, and thanks very much.