

Public Administration and Constitutional Affairs Committee

Oral evidence: [The work of the Civil Service](#), HC 253

Tuesday 8 November 2016

Ordered by the House of Commons to be published on 8 November 2016.

[Watch the meeting](#)

Members present: Mr Bernard Jenkin (Chair); Ronnie Cowan; Paul Flynn; Marcus Fysh; Mrs Cheryl Gillan; Kelvin Hopkins; Dr Dan Poulter; Mr Andrew Turner.

Questions 1-78

Witness

[I](#): Lord O'Donnell, former Cabinet Secretary.

Examination of witness

Witness: Lord O'Donnell.

Q1 **Chair:** We are sorry we kept you waiting a little while. Thank you very much for coming to see us today for this session on the work of the civil service. Could you please identify yourself for the record?

Lord O'Donnell: Sure. I am Lord O'Donnell—Gus O'Donnell—former Cabinet Secretary and head of the civil service, which I think is the relevant part for today. I am delighted to be here.

Chair: Thank you. We have a lot to get through today and so we will try to ask very brisk questions. If you could keep your answers sharp and to the point I would be very grateful, but if I feel you are rambling I will pull you up, I'm afraid. Thank you.

Lord O'Donnell: Hang on, we are 15 minutes late.

Chair: I have apologised. I do apologise again.

Q2 **Mrs Gillan:** Settle down. Lord O'Donnell, can I ask you what is the purpose of the contemporary civil service?

Lord O'Donnell: There are multiple purposes. The first one is to serve the elected Governments of the day across the UK and the devolved nations by providing objective, evidence-based, impartial advice. That is the first thing. Secondly, I would say to serve Parliament—that is very important—and to serve committees is an important role. Thirdly, to help



HOUSE OF COMMONS

the Government deliver quality public services and to do that for the needs of the public in the most efficient way for the taxpayer in terms of value for money. There is a whole set of other purposes for the civil service as an employer: to be an employer that people can look up to as inclusive and diverse and is an example of meritocracy, and basically operates to high standards and gives people a chance to exercise their desire to work for public service, which I think is a hugely important role.

Q3 Mrs Gillan: Can you say how widely that sense of purpose is understood and accepted within the civil service? Do you think every civil servant would be able to repeat what you have just told me?

Lord O'Donnell: A good question, so you deserve evidence-based answers. We try to get to the heart of that by civil service surveys, which I introduced while I was Cabinet Secretary to give us a comprehensive view. We asked people if they understood the values of the civil service. You get very high ratings, so they do understand the honesty, objectivity, integrity, impartiality. Precisely how many of them still go with the four Ps of pride, passion, pace and professionalism, I think would be a much lower number, sadly, but yes, I think they get their purpose. Obviously they would see their purpose within their sphere of influence: if you are working in an operational area in DWP, you might emphasise your delivery to the public, whereas if you are working in a Minister's private office you might see it very differently at that moment.

Q4 Mrs Gillan: Do you think more work needs to be done on the coherence and consensus around the purpose or are you satisfied that that understanding—however varied it is by the role that is being discharged by the official—is sufficient at the moment?

Lord O'Donnell: I think people understand it, because the core that you want of them all is to operate by the values and to understand the civil service code. We have objective measures from the survey that show that that is true. If you try to impose a kind of straitjacket about what it is you are trying to do and, as I said, you are talking to someone who is in the frontline in a service versus someone who is working directly in a policy area in Whitehall, they will see it slightly differently, and quite rightly.

Q5 Mrs Gillan: Who is responsible in this day and age for shaping that shared understanding of the purpose of the civil service?

Lord O'Donnell: I would say first and foremost the head of the civil service and I think they need to be buttressed by the Ministers for the Civil Service. It would be wonderful if we had Ministers for the Civil Service who had nice long tenures.

Q6 Mrs Gillan: You will appreciate that members of this Committee have long regretted the passing of the National School of Government. What involvement should the successor to the National School of Government have in shaping that understanding of the purpose of the contemporary civil service?



HOUSE OF COMMONS

Lord O'Donnell: That is an important role. Remember, the National School of Government only got to a small proportion of civil servants. I valued it enormously. One of the saddest days of my life was going down to talk to the people in the National School of Government to tell them they were closing. I hope we have come up with new ways of delivering but, again, they are very different. A national school was pretty much focused on policy; I think we need to make sure that the civil service learning and development, which is coming on now, is appropriate for a whole range of different types of civil servant.

Q7 **Chair:** You mentioned the word “values”. One of those values is that the truth about what is going well and what is not going well gets to the top of the organisation. How do civil servants talk about that?

Lord O'Donnell: How do they talk about it?

Chair: Well, if they don't talk about it they are not going to do it, are they?

Lord O'Donnell: Sure. Basically, it is inherent in that set of objectives of honesty and objectivity. When you are doing your job properly you are saying to Ministers, “Here are the pros and cons of the policy you have suggested to me, the advice you are giving.” If you want to deliver the outcomes, which is what you would like Ministers to tell you as opposed to policies—you would like them to tell you what they want to achieve—then you should objectively be giving them advice about, “Here are the pros and cons of the different options. The one you have gone for may be a very difficult one and one that is unlikely to deliver what you want.” As long as there is that sense of challenge and honesty and people are prepared to say that to Ministers, it is the classic “truth unto power”. That is what you have to do.

Q8 **Chair:** I do not mean this in any accusatory sense, but there were one or two big occasions, like the West Coast Main Line and Universal Credit, where it was not about policy; it was about the truth of implementation reaching the top of the Department and not just the Ministers but perhaps the permanent secretary in each case as well. How do you talk about the pressures on civil servants not to tell the truth, because we know there are those pressures? How do you talk about that and explore that?

Lord O'Donnell: You have to create a culture, and if you are talking now about operational delivery of a policy, it is in part about having the right structure from day one. I think this is where quite a lot of them—you talked about Universal Credit—can go wrong. Our problem in terms of the way we look at accountability is that we are forever doing it ex post. If we start to think about ex ante accountability, we start to say to the PAC looking at Universal Credit and Parliament doing its role, “Before we pass this legislation, let's look at the kind of operational difficulties there might be. Let's have an assessment from a major projects group about what are our milestones”, so that we know—so that we are not looking at it ex



HOUSE OF COMMONS

post and we have structures in place. This is where the honesty comes in. That should require you to report on how it is going on at various intervals along the way, milestones and the like, that would be public and would allow us all to assess how it is going.

Q9 **Chair:** You are putting great emphasis on structures. What evidence is there that structures change attitude and behaviour, which is what we are really talking about?

Lord O'Donnell: I am talking about structures that reveal information, that deliver transparency, and would be very powerful in changing behaviour. There is enormous evidence that that changes behaviour.

Q10 **Chair:** Could you produce it?

Lord O'Donnell: That transparency—

Chair: Structures that alter attitudes.

Lord O'Donnell: Yes. I think the major projects body is starting to change things. The whole work of the behavioural insights team has started to change the way people think about delivering policies, and Michael Barber's work on delivery, when he was doing regular assessments, week by week in some cases—they all were ways of using transparency and structure to deliver outcomes.

Q11 **Chair:** You do not need to talk to people about their attitudes and behaviours?

Lord O'Donnell: No. I used the word "behaviours". Behaviours are absolutely crucial in this.

Q12 **Chair:** When truth is not getting through to Ministers or senior officials, how do you talk about attitudes and behaviours?

Lord O'Donnell: The culture has to be for Ministers and senior civil servants. I am glad you mentioned Ministers because it seems to me if you are going to look at the work of Government—this is why I worry when you do this about the civil service. It is a bit like looking at Formula One and saying, "We are going to do Formula One. We are going to assess what is happening and we are going to look at the cars and we are not going to look at the drivers." You have to look at both. If Ministers are very open and say, "I want an honest report about what is working and what is not and I want that on my desk every month," and that message comes through, that is talking to those civil servants saying, "Look, I want to hear, warts and all, how it is going", particularly, when you have a big project—

Q13 **Chair:** I totally agree with that.

Lord O'Donnell: Good.

Chair: Unfortunately, though, quite often you have Ministers who do not behave like that. How do you talk about how officials should behave when



HOUSE OF COMMONS

Ministers are not creating that atmosphere?

Lord O'Donnell: I don't accept that you should just say, if you are really interested in the quality of government, "Hey that is the way Ministers are." Surely we can say, "Let's train them. Let's appraise them."

Chair: No, I am not saying that. That was not my question.

Lord O'Donnell: No, okay.

Chair: I was asking you: how do you talk in the civil service about how to deal with Ministers who are not open to challenge or who are not inviting views about things going wrong?

Lord O'Donnell: The first and best, of course, is you try to change that message,

Chair: Of course I accept that. I completely accept that.

Lord O'Donnell: Good. The second thing then is developing a culture where you say, "I want to know what is really happening and I want to know as early as possible," and you have to have the view that this is not going to land you in trouble. You have to have the view that it can be private if it needs to be private, and it is not going to be out there in a way in which the Minister might then say, "Oh, my goodness, what were you doing? How were you doing this terrible stuff?"

Q14 **Dr Poulter:** I think it probably has to be accepted that some Ministers may have a style of working or an approach that is not conducive to being challenged. What role do you think the permanent secretary has in engaging with that Minister to produce appropriate challenge and also to bring bad news when that needs to be brought?

Lord O'Donnell: The way you can do it is usually there is a ministerial team, so it might well be that you can talk to the Secretary of State and say, "You have asked one of your Ministers to look after this subject. We put things to them but they don't want to hear the bad news," so the Secretary of State can help. That is part of it. Also, I would start off by talking to the Minister, saying, "If you don't want to hear bad news from your own officials the chances are you will hear it from somewhere else, from the media or from the Opposition, and it won't come in an easy, controlled way. Therefore, it is entirely in your interests to get objective advice to you as early as possible".

Q15 **Dr Poulter:** What happens if the Secretary of State is the problem?

Lord O'Donnell: If the Secretary of State is a problem, if it is huge, a permanent secretary could talk to the Cabinet Secretary and say, "I am worried about this. We have this problem," in which case the Cabinet Secretary might choose to involve the Prime Minister, who might want to talk to the Secretary of State. The Cabinet Secretary could say, "I will set up a stage where the Prime Minister and Secretary of State will review this policy," so that they are forced to look at it.



Q16 **Dr Poulter:** In your experience, how often does that genuinely happen?

Lord O'Donnell: One of the classics that I remember was the health reforms where a number of us internally—some people have written about this now, so it is easier for me to talk about it—said, “Are you really sure?” This was at the start of the coalition. We went through and had a number of different meetings at different levels with the Treasury, with Oliver Letwin and with Health. It went to Cabinet a number of times, because a number of us said, “I am really nervous about this.” Cabinet had their discussions—I think I might have been there—and in the end they said, “Okay, we have heard it all and we carry on.” You cannot do much more than that.

Q17 **Dr Poulter:** Around that time, of course, the permanent secretary in the Department changed. How much do you feel that when difficult decisions are being made internally, and perhaps a policy comes forward that is controversial or is not necessarily founded on the best evidence, that sometimes the permanent secretary can be held accountable for those decisions just as much as the politician can be?

Lord O'Donnell: In the end, if it is the case that the permanent secretary did not put before the Secretary of State the full evidence and argued their case as best they could, then obviously that is a problem for them. I would like to think that we try very hard to always give the Ministers the best available evidence. Of course, one of the problems we have is that quite often there is not much evidence. That is why work centres are so crucial. You are in a world where it is decision making under uncertainty because, curiously enough, we do not have randomised control trials at different universities where they tried Universal Credit, and they haven't. You are trying to help them in an area where the evidence is not conclusive one way or the other.

Q18 **Kelvin Hopkins:** You seem to be suggesting that even with some Ministers or Prime Ministers in particular, when they have been told all the possible pitfalls, possible dangers, some wilful Prime Ministers and Ministers just go ahead anyway and you have done your best but that is their decision.

Lord O'Donnell: Ultimately, we are the civil servants. We live in a democratically elected system and the Ministers make their decisions. We can, as we did in the case I mentioned, go through various hoops and say, “I think we need to analyse this more at this level, at that level and then finally at Cabinet level.” If at the end, after various discussions, the Ministers decide on case X, that is what they are there for.

Q19 **Kelvin Hopkins:** You said that you would prefer Civil Service Ministers in particular to have a longer term in office so that they get to grips with the job, but is it not the case that in the civil service with cuts and churn and inexperienced junior civil servants being given jobs like West Coast Main Line, things go wrong because of that? Instead of having long-term experience, the civil servants taking charge and doing the job are



threadbare and inexperienced.

Lord O'Donnell: With a 20% cut in civil service, there are certainly cases where we are a bit thin on the ground. I think the civil service is desperately thin on the ground on Brexit at the minute. There is a need to upskill in various areas. West Coast Main Line is a classic example where I think you could have solved that problem by getting some economic consultants in or by them having more experienced economists doing the cost-benefit study.

Q20 **Mrs Gillan:** You said something earlier, Lord O'Donnell, about transparency with the Major Projects Authority. From my history with the Major Projects Authority and Ministers suppressing two reports on HS2, I am afraid those two concepts do not sit very comfortably. It is the interface between the civil servants and the Ministers that is so key. When the Better Government Initiative came out and said permanent secretaries need to be more assertive in the cause of good policy making, and have effective and realistic implementation plans for which they should be held to account by Parliament, it does beg the question: how appropriate is it for civil servants to be accountable to Parliament, particularly concerning their role to challenge the Minister and to challenge, effectively, their bosses?

Lord O'Donnell: You can be accountable for the set of advice you gave. For example, on HS2 was there a robust cost-benefit analysis that looked at all of the different issues?

Mrs Gillan: No, there wasn't.

Lord O'Donnell: If not why not? The good part about HS2—and I am trying to steer clear of the merits one way or the other—was that that was published and allowed people to assess it and come up with their views about different conclusions on the cost-benefits, which are perfectly reasonable if you take different attitudes to the value of time and things like that. You can, of course, come up with different results. Where the accountability should lie is with the quality of the evidence and the advice that was given. The accountability for the decisions always has to be with the Ministers, in my view.

Q21 **Mrs Gillan:** What happens when the Ministers go public and blame the civil servants, as happened in the case of the Department for Transport? Surely that destroys the whole dynamic and the whole relationship.

Lord O'Donnell: It is not great for trust, let's put it that way. I have always said to Ministers, "If you are not getting what you need from civil servants in what you believe is the quality of advice, either come to me or go to your permanent secretary and say what you think is wrong and have a proper, open discussion about that." But briefing in public, when you know that the other side is going to turn the cheek and not respond—which is exactly what civil servants should do, I stress, nearly always—is bullying, basically.



HOUSE OF COMMONS

Q22 **Mrs Gillan:** Absolutely. You would condemn a Minister that hangs his civil servants out to dry on something, as I would certainly.

Lord O'Donnell: Yes. I have said to a number of Ministers, "What are you trying to achieve? Do you think you can achieve this working with your civil servants or against them? And believe me the experience of the centuries is that you work with them because they are your civil service. If you get them onside, you get them really operating, they understand precisely what you are trying to achieve." That team together can achieve enormous amounts, as we have seen in various fields.

Q23 **Mrs Gillan:** Can I move on to the NAO report on accountability to Parliament for taxpayers' money? There the NAO said the incentives on an accounting officer to prioritise value for money are weak compared with those associated with the day-to-day job of satisfying Ministers, and it almost brings me to HS2. Do you think that that is true?

Lord O'Donnell: It is very hard to generalise on that sort of thing. I would say that certainly the whole benefit about cost-benefit analysis is making the point about value for money. If you think of something like HS2—let's just use that example—it is a very complex case as to what constitutes value, because in value terms we are talking there about environmental effects, noise, displacements, possible network growth effects. This is not simple and straightforward. How do you add all of those up? At the moment in standard cost-benefit, we add them up using money equivalents through various things. Personally I think we would be much better off if we were able to go directly to quality of life for individuals or wellbeing. Then you could do the kinds of things that would allow you to have consistent assessments.

Q24 **Mrs Gillan:** But is the civil service conflicted? You referred earlier on in your evidence to the fact that the civil service has been reduced by 20%. Along comes a project without much merit but which guarantees employment for the next 20 or 30 years for those particular officials in that Department and everything else. Surely there is a conflict there in the way in which civil servants will advise Ministers.

Lord O'Donnell: No. I honestly don't think that officials in the Department for Transport would be advising Ministers to do HS2 on the grounds that this will keep them in a job. The Department for Transport's budget is fixed. If they are not doing HS2 they will do something else, possibly something with a higher cost-benefit ratio which would be—

Q25 **Mrs Gillan:** Something with a higher cost-benefit ratio would employ some and somewhere where you did not have to hide two Major Project Authority reports out of sight of the public or other members of the Government.

Lord O'Donnell: To be honest, I am completely with you on major projects transparency. That is one of the things that would help.

Q26 **Ronnie Cowan:** How much do staff and agencies and contract staff



actually feel part of the civil service?

Lord O'Donnell: It is hard to say because, as someone who really cares about evidence base, I am not sure we have an evidence base on which I could answer that for the civil service as a whole. It is difficult to come up with a complete answer. My feeling would be that when contract staff come into the civil service, they are surrounded by civil servants and therefore pick up the ethos.

There are certain examples where you see people come in on contract and they are very focused on commercially delivering the contract, exactly what it says, as opposed to sometimes saying, "I know that is in the contract but you would improve the customer experience, whatever, if we modified that slightly. This is the contract. This is what I do."

Q27 **Ronnie Cowan:** Would Concentrix have been a good example of that?

Lord O'Donnell: It could be. I don't know enough about the detail of it, but I would say it is the kind of thing I have observed with contract staff. In general, I think we are much better off if we are dealing with this either with the civil service doing it directly, or we have explicitly said, "This is something the private sector can deliver and we are going to do it through an arm's length contract," and then you get on with it.

Q28 **Ronnie Cowan:** At the grassroots of the civil service, are you better having full-time, employed civil service staff handling the public, or are you comfortable using contract staff?

Lord O'Donnell: Again I don't think there is a standard rule for that, but what I would say is that the rule that should determine what you do is what works best for the customer and the taxpayer. I have always taken the view that, in some sense, we should be relatively neutral about who the provider is, but there are certain areas where, from the public's point of view, it is massively important it is done by civil servants who have that ethos. For example, we have experience of privatising tax collection. It goes back quite a long way but it wasn't entirely happy. When you take the example of security at the Olympics, I think what you observed there was the public being very much more reassured when they have people in uniforms, the military, doing it rather than, say, G4S. Whether that was a quality of—

Q29 **Ronnie Cowan:** You have G4S staff working in jobcentres now.

Lord O'Donnell: Yes.

Ronnie Cowan: What I am finding is that the pressure is coming from the top down. There are people in jobcentres who are responsible for incapacity benefits, ESA, and those people who are working at the cutting edge here, the bleeding edge, are under enormous pressure and not getting enormous salaries. It is coming from the top down to do their job. Does that need to go back up the team?



Lord O'Donnell: It would and you would have to ask the question: why are you using agency staff rather than full-time civil servants? Part of the problem there—and I don't think you will like the answer to this—is about pay. Part of the problem is we have a pay structure that is entirely national. The unions love this, and I think that is a mistake because we have turnover rates that are close to zero in places outside London and the south-east and we have massive turnover rates in London and the south-east. I have put this point to Chancellors of all different parties and they have all backed off.

Also, we have an issue where—and again this absolutely relates to the issue you have highlighted about agency staff—we have a structure of pay and pensions within the civil service that, if I could talk about it five to 10 years ago, was pay light and pension heavy. In terms of incentivising people, that is a very odd thing to do, “We are going to pay you lots of money when you have stopped working for us, not when you are working for us.” I have always been in favour of tilting the balance towards more pay now and somewhat lower pensions.

Of course, this will never get through. The reason it will never get through is the curious accounting reason that, when you reform pensions, it shows up nowhere. Because of the way the Treasury does the accounts, the national debt, the way the stupid markets react to the debt figures is they do not give you any credit when you reduce future liabilities through pensions. The Treasury reacts the way Chancellors will, “Hang on, I am going to get this pain for cutting pensions and yet I am going to get no gain for it.” Curiously enough it does not happen, so if we did that—

With agency staff, of course, you are doing pay and no pension. You can see that in a certain sort of accounting it biases towards you going that way. I do think a lot could be improved if one of the things you were to look at was the pay and reward structure and say, “Precisely, what are you trying to achieve with this?” I have argued this internally quite a lot.

Q30 **Ronnie Cowan:** It is politicians thinking short-term, thinking of a four or five-year term where they should be looking 15, 20 years.

Lord O'Donnell: Indeed, and not just politicians. I am afraid it is markets just not looking at the numbers correctly.

Q31 **Ronnie Cowan:** Slightly back on topic.

Lord O'Donnell: Sorry, but it does affect that choice.

Ronnie Cowan: Yes, but I am interested in the relationship between the top of the tree right down to the people who are doing the hard graft. Are you comfortable that there is a path where people who are, day in, day out, dealing with the hard end of this can get that information, the difficulties they have, in an open and honest fashion, that without being themselves judged on this they can get the information back up?



Lord O'Donnell: It does come back to what the Chairman was saying about the culture of the organisation. It is why, when I was head of the civil service, I made a point of travelling round the country to go to visit. I visited a lot of jobcentres and a lot of prisons to get the view from the people on the ground about what was happening, what were the issues for them, and it was really instructive. I remember Leigh Lewis getting DWP staff to go back to work and Leigh spending time in jobcentres in the frontline, doing what those people do to find out what the obstacles were. It is fascinating because you do discover that there are some obstacles that in this case are not imposed by Ministers but imposed by us and our administrative procedures that turn out to be very inefficient. Hence we have made some changes.

The behavioural insights team has looked at the way jobcentres do various things, the forms they fill in and all the rest of it. There have been some really cheap changes that have been significant in improving the outcomes for their customers—that is, getting people into jobs more quickly.

Q32 **Ronnie Cowan:** Have you seen the movie, “I, Daniel Blake”?

Lord O'Donnell: No, I haven't, I'm afraid.

Ronnie Cowan: I would recommend it. My own personal view is some people maybe come out with a failure on it, but it does accurately reflect the pressure being put on people at that end.

Lord O'Donnell: Yes. I can see that, because you are doing it at the sharp end, when you are there and you are under a lot of pressure. You can see it in A&E, for example. There are people trying to do well but you have to ask yourself, “Why are there these pressures? Why can we not do things differently?” That is why I think one of the unresolved revolutions we need is to apply a lot more of the behavioural stuff—we know about how humans make decisions and how humans act—to our public services. We are on the foothills of that work and it needs to be carried through.

If you think about all of the public services, the disadvantaged groups, prisoners, jobseekers and all the rest of it, they are not going to operate in the model that underlies a lot of the way public services are set up in the first place, which is neoclassical economics. That basically works for robots but does not work particularly well for humans.

Chair: The same goes for civil servants.

Lord O'Donnell: Indeed. Curiously enough, I think they are probably more like humans than robots.

Q33 **Mrs Gillan:** You are talking about a massive cultural change here as well, aren't you?

Lord O'Donnell: Absolutely.

Mrs Gillan: All of us as MPs come in contact with our constituents after



they have interfaced with the state and they have found that that interaction between them and the state, which is supposed to be working for them in most instances, is an unfortunate experience, and this Committee deals with it a lot. How do you change that culture? It is a massive change of culture. It is the sort of culture that I think we try to instil in our officers that says, "Anybody that rings up with a problem you try to help them, no matter how small, no matter how big."

Lord O'Donnell: Exactly. It is all about outcomes and it is moving people away from being process driven to being outcome driven. To do that you have to start measuring the outcomes. In jobcentres what you are trying to do is get people into jobs, so you are not saying, "Did you fill in this form or that form or the other form?" but "How successful were you in getting people into jobs?"

Q34 **Chair:** How does focusing on outcomes make an official more empathetic, more sympathetic and more understanding? Isn't that about, forgive me, attitude and behaviour rather than about focusing on outcomes?

Lord O'Donnell: If the outcome is to get this person into a job, then that requires you to be more empathetic, more sympathetic, but also to do things differently and not say, "Fill in all of these forms." It is to have empathy with the person and say, "My job is to get you a job. If that works it is success for both of us," so you are on the same side as them to start with.

Q35 **Chair:** How do you measure the outcome that you want the customer to feel that they have been heard and understood?

Lord O'Donnell: That is a very big question because the simple answer is the same: net promoter scores and all that sort of stuff. I think the latest behavioural stuff says that those things are not the best ways of doing it. It is a very good question and there is an evolving study of various ways that the private sector is doing an enormous amount on to try to work out: are you getting customers right? Of course for them they are spending billions on this because it is all about improving their profits. In the public sector we are spending very little on it.

Q36 **Chair:** When it comes to consultants, they are even more beyond the reach of the guidance and support you give the officials you employ. How do you imbue them with this customer focus?

Lord O'Donnell: I would say you need to be very careful when you use consultants. You want them to bring in skills and train the existing people, assuming you do not have the skills yourself—to train up the existing civil servants, the current set, to have those skills. You are right about use of consultants. I think you need to be very careful about when you use consultants.

Q37 **Chair:** When big consultancy firms offer free or subsidised consultancy advice to Government, what conflicts should the Government be aware



of?

Lord O'Donnell: The conflicts of whether, as a result of that advice, the consultants are themselves creating a market for themselves later. That is the thing you need to be careful about. The consultants are there saying, "Here are the things you need to do," and you need to be able to quality-check them to say if they are right or not. If the consultants are saying, "The only person who can deliver this is company X," and they happen to be company X, then you need to be incredibly careful. That is why you need proper procurement procedures and all that.

Q38 **Chair:** Why do you think consultants offer secondments to the civil service?

Lord O'Donnell: It is partly out of public service. If there is a crisis in Government—and, boy, do we have one—I think it is perfectly legitimate for them to come in and offer short-term support. The Government then need to stand back and say, "In the light of that advice and our own views, how should we go forward?" and make sure we go forward through a proper tendering procedure and we don't bias people.

Q39 **Paul Flynn:** You spoke earlier on about the conduct of civil servants and I believe the example you gave was the reform of the health service, which civil servants, with admirable foresight, saw that was going to be a disaster and a huge loss of money. You said, "We made our case," and then you shrugged and said, "Then what do we do?" But there are brave civil servants who have gone public on this. There was an example last year in the Cabinet Office where civil servants said publicly that giving £3 million to Kids Company was not right. The Ministers went ahead, gave them the £3 million and four days later Kids Company collapsed. It comes back to the ethos of the civil servants about the unimportance of being right. Will those civil servants be seen as troublemakers and will their careers wither or will they be seen as people with admirable foresight and will their careers prosper?

Lord O'Donnell: Absolutely. The case you are giving is the nuclear deterrent, which is massively valuable. Using that, which they did, should be a last resort in this case. If I had been there, I would have sat down with—I think it was—Matt Hancock who was the Minister—

Paul Flynn: It was, yes.

Lord O'Donnell: —and said, "Come on, you are going to get a direction if you do this. Do you realise what that means? That we think this is really bad value for money." I would have tried very hard to persuade him not to do it, and it may well be that Jeremy did, I just don't know.

When you talk about the example of what happens to the civil servants, we have a classic example. There was a civil servant who went out of his way to give a direction to a Minister, Douglas Hurd, on the Pergau Dam and it became a very public issue. Tim Lankester is a revered civil servant and he has written a book about the whole process and it was exactly



HOUSE OF COMMONS

right. I think he and Douglas Hurd appeared before a Select Committee and Tim Lankester explained why he required that, and Douglas Hurd explained his political reasons why, despite that, he wanted to go ahead with it. I think that was the way the system should work at its extreme.

The direction system is really valuable in that it is the threat. I have said, "We are getting into direction territory here," and fortunately the whole issue has gone away because it is in nobody's interest to go to the extreme. You really want to say, "This is not a good idea".

- Q40 **Paul Flynn:** The two Ministers involved were not then reported by the Prime Minister to the Adviser on Ministers' Interests. In fact, only one person has been reported in the last six years. There are a number of other examples, including one I would like to take up in a moment. The civil servants put their careers at risk. The Minister made an egregious error and wasted £3 million, which we will never see again. Do you think that Ministers should be called to book by giving an account of themselves to the Adviser on Ministers' Interests?

Lord O'Donnell: Parliament has all sorts of ways in which they can do this.

- Q41 **Paul Flynn:** No, we don't. I wish we did.

Lord O'Donnell: You do but you don't use them.

- Q42 **Paul Flynn:** Let me ask you another question. Having raised issues over and over again by every means, I will take up a case that you were involved in: the case of Liam Fox. Liam Fox did something, and you said he did something that was so serious that he deserved to be sacked from his job as the Secretary of State for the Department.

Lord O'Donnell: I did a report on Liam Fox and Liam Fox decided to resign.

Paul Flynn: Wait a minute. I am coming on to that. Sir Philip Mawer, who was the Adviser on Ministers' Interests at the time, said that he should have investigated the conduct of Liam Fox. He then resigned. He said it was not necessary to do so, but he went. But that was his view and that was the view of this Committee, I believe, at the time. What happened was that Liam Fox got away with absolution by resignation. He went and none of us know what he did. He was never publicly involved. He has now been promoted again to being a top Brexiteer.

Chair: What is the question, Mr Flynn?

Paul Flynn: The question is what does Gus think of his conduct at the time? Was it the right thing to do to allow a Minister off the hook and not go through the process that was established in the creation of the Minister for—

Lord O'Donnell: I don't think it is letting a Minister off the hook. The Prime Minister asked me to investigate it; I wrote a report on it; the Minister resigned. That I think—



HOUSE OF COMMONS

Paul Flynn: Yes, but by resigning—

Chair: Mr Flynn, you have asked Lord O'Donnell these questions before.

Paul Flynn: I have a debate on it this afternoon, which—

Chair: Yes, I know, so it is on your mind and you will be able to say what you want to say then.

Q43 **Paul Flynn:** But if you take the general issue of the office that was created after the scandal of the MPs' expenses as a check on Ministers, it has now atrophied. It doesn't exist in—

Chair: Lord O'Donnell, he asked you what you think.

Lord O'Donnell: It is very important that it is used in certain cases, but when there is a big issue about a Cabinet Minister, a Cabinet Secretary investigates it and does a report and then that Minister resigns, I think that is the system working quite well.

Chair: Can we move on, Mr Flynn?

Paul Flynn: It is only the Prime Minister who can refer people to the adviser and he has chosen not to do this in any case.

Chair: This is not the subject of this inquiry.

Q44 **Paul Flynn:** I will just list them this afternoon. Many of the things we do wander off into when you are off-piste, Mr Chairman, are nothing to do with the inquiry as well.

But let us go back to Chilcot. Sir John gave evidence last week—I think you saw it—before the Liaison Committee. He talked about the conduct of No. 10 and the Cabinet Office and a lack of liaison, a lack of control between 2003 and 2007. He said it did not work properly and that there was dislocation between what No. 10 and the Cabinet Office were doing and individual Departments, which resulted in much of the chaos of post-war Iraq. Would you agree with his point on that?

Lord O'Donnell: I honestly have not read his transcript in detail, I am sorry. I was not there for the first part of what you are describing. I arrived in 2005.

Q45 **Paul Flynn:** Can I quote you a couple of sentences? "A recurring issue between 2003 and 2007 was the difficulty in translating the Government's strategy for Iraq into action by Departments. The system that drove policy on the invasion of Iraq, which centred on No. 10, could not be easily transformed into a system for the effective management of the aftermath." That is the general line he has taken.

Lord O'Donnell: Yes, I would agree with that. I think the big issue that we all had was—again, I stress I only came into this post-2005; I was in the Treasury 2003 to 2005—the issue of how you manage the after side. The problem with that was it was not the UK running the after part; the US were very dominant in terms of their views about what would happen afterwards. Both the Prime Minister and various other Ministers like Clare



HOUSE OF COMMONS

Short made representations about how one might improve that, but I think we would all accept that the post-war operations to try to resolve and produce a democratic, peaceful Iraq failed.

- Q46 **Paul Flynn:** In his report, Mr Chilcot is very critical of the fact that the Prime Minister was running out of control and behaving in a way that was not entirely rational; it was in his messianic mood time. For minor details, in the dodgy dossier a report was published in which a relative of Saddam Hussein said that they did have weapons of mass destruction, and that was quoted in the dodgy dossier, but in the same document later on the same witness said, "But of course we got rid of them years ago." Isn't it up to someone like a civil servant to say to the Prime Minister, "You are presenting a falsehood here and on that basis you are going to send 179 British soldiers to their deaths in an unnecessary war"? Shouldn't the civil servants have reined back the Prime Minister on that? Cabinet failed.

Lord O'Donnell: Again, it is an interesting question, which I think the Chilcot inquiry was designed to answer. Certainly with hindsight I would say that that dossier had some clear flaws in it. Again, quite possibly we should have done a better job. I will accept that.

- Q47 **Paul Flynn:** In your time, the Government decided, when six soldiers had died in the conflict in Afghanistan, to go into Helmand in the belief that not a shot would be fired. The direct result of that was 450 British soldiers lost their lives. Do you think again there should have been advice of someone saying, "This is an unnecessary adventure that is going to end badly"? Shouldn't we face it? We are all wearing our poppies and we are going to debate this afternoon about mourning for the ones who died, but do you think we take enough account of our mistakes—certainly the Iraq war was and the Helmand incursion was—in order to avoid future casualties?

Lord O'Donnell: I think we are always trying to learn from these experiences and there certainly was advice given. I remember the Cabinet discussions ongoing into Helmand. Cabinet discussed it and decided that that is what we would do. There is always a great degree of uncertainty as to how these things will evolve; they are always difficult and they always involve loss of life. The problem is you can get yourself into a situation where you say, "So let's do nothing," and I think that would be highly sub-optimal.

- Q48 **Paul Flynn:** There were voices at the time who said that going to Helmand would be stirring up a hornet's nest and some people resigned and their careers were ruined. Does it come back to the fact that we are not learning the lessons for the importance of being right and we are not giving encouragement to the whistle-blowers, to the ones who have a bit of foresight, and the result of it is very bad government?

Lord O'Donnell: In a sense I disagree with that, because you always have a balance between acting and not acting. You are looking at the



occasions where we have acted and saying it did not work out well. What about the occasions where we have not acted? Syria is a classic example.

Q49 Chair: Can I just ask one further question on this, which is about the Better Government Initiative proposals by Sir Richard Mottram, that like the letter of direction in a matter of expenditure, there should be some kind of letter of direction required where a Cabinet Secretary or permanent secretary feels that proper procedure has not been followed? What do you think of this proposal?

Lord O'Donnell: Proper procedure? Are you thinking now in the military sphere or more broadly?

Chair: Typically the prime example was the letter that Mr Blair as Prime Minister wrote to the President of the United States saying, "We will be with you whatever." The foreign policy adviser in No. 10 did try to say, "This has not been through any approval procedure and it is a very big policy issue," and the Prime Minister just instructed them to send the letter. To what extent should it be possible for a Cabinet Secretary to say, "I am sorry, proper procedure has not been followed here. If you want us to do this, you have to give us a written direction to do this and it has to be reported to Parliament"?

Lord O'Donnell: We could try that and it would be wonderful if we were in that world, but I think what you will find is the Prime Minister would say, "Okay, just get him on the phone and I will say it".

Q50 Paul Flynn: What is your lesson from Chilcot? What should we learn and what should we do? Chilcot was a trial without a verdict. We have the information on this—seven years we have been waiting for it—and what do we do with it now? It makes certain judgments on that. Do we just let it wither on the vine? There is lots of feeling in this House that so many people were involved in the error anyway, so what is there—

Chair: What is the lesson of Chilcot for you, Lord O'Donnell?

Lord O'Donnell: I think we need to be absolutely clear when going into military conflicts about precisely what impact there will be thereafter and how we manage the impact thereafter. The lesson I take away from all of these things is that you are going into a bad situation and you are trying to resolve it but you are not sure what the outcome is going to be. You know that you are in a bad place but you are not entirely sure that your injection will put you into a better place. Quite often it is very hard to be part of that. You look at Libya, you look at all the rest of it and attempts to improve things, but there are so many things that are outside your control, so it is being very clear-eyed about precisely what difference it will make and thinking very hard about the post-conflict situation. I think our problem is that we think very hard about the military aspects and winning a war as opposed to winning the peace and we need to spend a lot more time on that.

Q51 Kelvin Hopkins: Isn't it that things have changed in recent years,



HOUSE OF COMMONS

particularly following Mr Blair, and it is a question of a wilful Prime Minister who makes policy in private and tells the Cabinet what he thinks, and supine Cabinet Ministers more prepared to hang on to their jobs than to tell the truth, unlike the great Robin Cook who had the courage of his convictions?

Chair: What is the question, please?

Kelvin Hopkins: Isn't it about supine politicians and wilful Prime Ministers?

Lord O'Donnell: My response would be that I think one of the great innovations that Prime Minister Cameron introduced was the National Security Council. The great thing about a National Security Council is that you get the politicians and the experts—if we are allowed to talk about experts—around the table from the intelligence side and the military and they are all there in one room. The way that David Cameron ran it was, "Let the experts give you the background, give you their understanding" and all the intelligence is spelt out there for everybody to hear with the Joint Intelligence Committee chair kind of overseeing that, so you cannot get any of this partial stuff coming through to a Prime Minister alone. In the light of all of that evidence, the politicians can then argue about what they should do. I think that process has the prospect of delivering much better outcomes.

Could I just say one thing? I wish we had in the Cabinet Manual the requirement that you consult Parliament before going to war. It is not there at the minute.

Q52 **Chair:** That is another big question about the Crown prerogative, which is very topical. What do you understand by the term "governance" in respect of the civil service?

Lord O'Donnell: Governance I expect is the way in which we operate as a unit across all of these Departments. For example, I made quite a lot of governance changes when I was Cabinet Secretary. I introduced the top 200, so that we have a top governance group—it was never 200; it was always a lot smaller than that—that brought together the heads of the Departments, the agencies, the key delivery bodies so that we had a group who could try to look at government as a whole. The Civil Service Board looked at individual issues, the whole set of things about capability reviews with governance, having a governance structure that said, "We need to be responsible for trying to look at are we doing a good job or not and assessing ourselves and getting outsiders in to help us do that."

Those sorts of governance structures are very important. I think the development of boards has been a good thing, if patchy in terms of their implementation. I would say that Francis Maude's move to bring in more senior businessmen helped. I found the non-execs, people like Ian Cheshire and John Brown, really valuable across their range in improving the quality of our governance structure.



Q53 **Chair:** What relationship does governance have with the maintenance of the reputation of the civil service?

Lord O'Donnell: Quite a lot. If you are on the board of a company, then one of your big issues will be reputation for that company, so you take that as part of your governance issues. That will be one of the things that I would imagine most boards would look at. Certainly from a Civil Service Board point of view, we would look at the reputation of the civil service, because I think fundamentally we will die if we are not able to attract really good people to join the civil service and stay in it.

Q54 **Chair:** How do the governance structures you have described protect the reputation of the civil service?

Lord O'Donnell: Part of what those boards do, part of what the top 200 would do, is look at reputational issues: what are the things that threaten us? Politicisation would be an obvious example, or the idea that the civil service is somehow not what it was or not fit for purpose—all those sorts of things or particular issues. You mentioned the whole question of Ministers briefing against civil servants. When you get into that world, that is reputationally very difficult. When you get special advisers from No. 10 saying, "The civil servants screwed up because they did not persuade the Prime Minister to take a tough enough line"—curiously enough that special adviser was there precisely with the job of advising the Prime Minister on the EU—and they go public on this and think they can attack civil servants in the safe knowledge the civil servants will not respond, there are things wrong with that system.

Q55 **Chair:** What about civil servants who brief the press about their Ministers?

Lord O'Donnell: Yes, it absolutely shouldn't happen. I have always been absolutely clear about that. It is just not on. We do not fight fire with fire in that sense and it should not happen.

Q56 **Chair:** Given that Ministers come and go, who in the civil service is ultimately responsible for the good governance of the civil service?

Lord O'Donnell: I would say, alas, we are not in a situation where you can say the head of the civil service is responsible for that, because a number of the key decisions—we talked about pay. The head of the civil service is not in charge of pay; the Minister for the Civil Service is in charge of pay. There are lots and lots of issues where the head of the civil service is not in charge. I tried very hard to do things like Civil Service Live and all those sorts of civil service awards—those things that bring on the best in the civil service, particularly at a time when you have noises criticising the civil service—but there were lots of things where I was not in charge, so I did not run the civil service in a way that a CEO runs a company. I do wish I had had Ministers who had been around longer and stayed for longer.

Q57 **Chair:** But given the civil service is a permanent organisation that has to



operate in the climate of Governments that come and go, how could the civil service be better structured or organised so that it can sustain its own governance?

Lord O'Donnell: I think that would be a question whether we can find ways for the head of the civil service to have a bigger say in some of the key issues that affect the civil service—organisation of the fast train is one close to my heart—to stop Ministers coming in and tinkering with systems that you are going to live with for a long time. I remember in the fights when we were talking about the cuts in the civil service desperately saying, “Please do not cut the fast train, because this is the future of our key policy advisers.” Fortunately we won that battle, but the fact of having that battle was an issue.

Q58 Kelvin Hopkins: As head of the civil service, how do you lead and govern the civil service when you are not constitutionally responsible for it?

Lord O'Donnell: With difficulty. You try very hard and you use the power of your position. Both as head of the civil service and as Cabinet Secretary you have the ear of the Prime Minister. You also have the job of trying to inspire civil servants around the country, which I found one of the most rewarding parts of the job, going and talking to people, rewarding them, the Queen opening up Buckingham Palace to have civil service awards there, and to be able to reward people at the frontline, not senior civil servants, people at the frontline working to improve public service. That is worth its weight in gold and that can offset any briefing that some Minister has given.

Q59 Kelvin Hopkins: Just going on from that, how can the head of the civil service effectively plan for development and sustainability?

Lord O'Donnell: By development and sustainability, you mean development and sustainability of the civil service?

Kelvin Hopkins: Indeed, yes.

Lord O'Donnell: I think it is very important that you look at the whole process of ensuring the meritocracy: are we promoting the right people; are we bringing the right people in in the first place; are we looking at talent wherever it comes from, and diversity? When I look at what I achieved under diversity, I feel quite pleased about what I managed in terms of gender. I think now with a senior civil service that is 40% female, we are improving and things are getting better. You compare that with the 8% of FTSE 100 executives, which is absolutely pathetic. But on the other hand, we haven't cracked the whole diversity and inclusion part, because if you look at black and minority ethnic issues, the civil service is bringing them in at lower levels and not getting them through to higher levels. That is a massively important issue. We have to draw on all the talents of our country to get the best people in. It is work in progress.



HOUSE OF COMMONS

Q60 Kelvin Hopkins: Indeed. There are many more questions I would like to ask, but I will ask the formal questions. To what extent did you feel, as head of the civil service, that the major decisions in relation to the function of the civil service were, and indeed should be, in the hands of politicians not civil servants?

Lord O'Donnell: I wished I had control of pay—I would not be human if I did not—and a lot more of the detail of things. I would be quite happy with someone saying, “Look, here is your overall wage bill.” If the Treasury is worried about money, fine, let it have that, but within that, please let me think about—you have made good points about commercial skills, things we are short on. I would have liked to have had more freedom to bring in first-rate private sector people, not second-rate private sector people, at salaries that were necessary in order to get them to deliver important things for the public. I would have liked to have had more freedom. I do not like artificial barriers, which I was stuck with, such as the Prime Minister’s salary when we are in a world where the pension arrangements for the Prime Minister are completely bizarre. The Prime Minister gets a full pension after one day in office. How bizarre is that?

Q61 Kelvin Hopkins: I have dozens of questions I would like to ask, but this is my final question: what impact did this have on the leadership culture within the civil service and the organisation’s ability to strategically plan for its own development, growth and sustainability?

Lord O'Donnell: I think what it meant was we had to work very hard at convincing everybody that they were leaders, because when you are leading an organisation, the organisation can look to you and say, “You are leading the organisation, so why did you freeze our pay for three years? Why did we have a recruitment freeze that has been very inefficient?” and all those sorts of things and you can say, “I didn’t make those decisions.” It does mean you do not come across as a leader who is fully in charge, who has control of the levers. We had to work very hard on leadership. That is the one things I tried to do a great deal, working with Steve Radcliffe, a leadership coach, to get across to people that they were leading, even if they did not have all the levers that they could still be powerful leaders and still make a difference and inspire their staff. That brings me back to the whole pace and passion and professionalism and pride, which is what I try to instil in civil servants.

Q62 Dr Poulter: Just touching briefly on an issue that you raised earlier, which was the politicisation of the civil service, It is something certainly that Peter Hennessy has raised in the past—the creeping politicisation. Do you want to expand a little bit upon that and what your concerns may be?

Lord O'Donnell: I think that when you look back on what has made a huge difference to the civil service, it was Northcote-Trevelyan. It was a really abysmal civil service before that. It is about being a meritocracy, being appointed on merit, and I think you have to be incredibly careful



when you are letting Ministers get involved in appointments procedures. Some compromises have been reached and we will be able to see how well they work, but I very much hope that we will keep that system of meritocracy and people who are there for the long term, and we don't get cronies coming in—it is precisely going back to what the Chairman said—who because they owe their existence entirely to that Minister appointing them are very unlikely to be good at challenging that Minister when they think he is wrong. That to me is the core of it, so I very much hope we will do that.

In terms of special advisers—and I have said this a number of times—I think good special advisers are fantastically good for the civil service. When I look back on the “Strictly Come Dancing” star, Ed Balls, as a special adviser in Treasury, he was incredibly useful because he understood economics, he understood his Minister. Currently, Guy Newey working on energy, is a special adviser who really knows his stuff, understands the politics, works well with civil servants. These people are really important to our system and I think they create a good balance. You get special advisers who think that their job is entirely to push the brilliant merits of their particular Secretary of State, quite often in doing that briefing against other Secretaries of State who clearly do not see the brilliance of that Minister, and do not think about the good of Government as a whole. That is when it starts to go wrong.

Q63 Dr Poulter: You have picked on one or two examples of special advisers, but would you say they are the exception rather than the rule of special advisers in Government today?

Lord O'Donnell: If I was looking at skills mixes of special advisers, I would like more special advisers who were experts in the subject and politics, those two things, as opposed to PR and media relations. I think we have a few too many who deal with that.

Q64 Dr Poulter: As one aspect of that, do you feel that people coming very quickly out of university are going straight into those jobs without necessarily having the experience of working in the outside world or industry or in related fields?

Lord O'Donnell: Yes, I think a broad experience is very valuable. I had experience before I joined the civil service of working in academia. I wish I had had more experience in the private sector and I am learning a lot now in engaging with the private sector that would have been useful. A broader background is very helpful and gives people an understanding and brings in things that the civil servants may lack, so it fills some gaps, certainly.

Q65 Dr Poulter: How much do you feel that special advisers sometimes push the civil service into adopting positions that are perhaps contrary to the advice they would like to give to Ministers?

Lord O'Donnell: I would like to think that doesn't happen. Special advisers can be very powerful and can put forward separately issues to



Ministers and it is the civil service's job to say what they think is sensible and what is not. A classic example would be the former Prime Minister's friend Steve Hilton, who had 101 wonderful ideas but a number of them were crazy. You need people like that around. I enjoyed working with Steve in the sense of there are lots of ideas but believe me, you would not want to have implemented a huge chunk of them.

- Q66 **Dr Poulter:** You are being very balanced in how you portray that, but I think sometimes the personalities of the special advisers are key to this. If some of the special advisers have perhaps a preconceived idea about what they think should be done, do you feel that it is easy for civil servants to resist a very strongly-willed special adviser or to sometimes provide still relatively independent advice to the Secretary of State when often the special adviser will appear to be speaking to the Secretary of State in their dealings with the civil service?

Lord O'Donnell: No, I think you can and always should put your best advice in to the Minister. There can be a case where you know that there is a special adviser who has the ear of the Minister and that if you put that advice in, the special adviser is going to say, "It is all rubbish, that is not right." I remember on occasions before I put a piece of key advice in I have sat down with the special adviser and explained precisely why this is the best way to go about it and tried to convince them intellectually of the argument. If you just exclude them, they say, "Oh well," and they feel excluded, they are then likely to attack what you have put in.

I think you do need a bit of subtlety as to how you manage special advisers who are like that. In the end, you may not convince them and they may say, "No, no, no, I don't care what the facts are, this is what we should do," and then you just have to rely on the fact that you hope the Minister will weigh up the two views. It may well be that the special adviser is saying, "Politically we can't do anything but this." I have had those fights with a lot of the things we spend money on, which I think are a complete waste of taxpayers' money, where politics gets in the way.

- Q67 **Mrs Gillan:** Can I ask a compare and contrast? Having been a junior Minister in the John Major Administration under a brilliant Secretary of State, Gillian Shephard, our special advisers in those days used to attend all the meetings. They would not input into the meetings with the officials but then would provide their advice to Ministers afterwards. There were much clearer lines of responsibility and separation. We seem to have metamorphosed into a system where many of these special advisers have powers beyond their capabilities and seek to influence things. They are unelected and they are really not there necessarily on merit, as with the civil service. Do you think that there is a happy medium? Do you think we have gone too far in one direction with special advisers? In my experience, no special adviser back in the 1990s would have briefed against another Secretary of State or another Department. That would have been absolutely unheard of.



Lord O'Donnell: I think the problem we have—and you put your finger on it—is who is responsible for special adviser behaviour. In the end, that is Ministers in our system. I have had occasions where I have gone to Ministers and said, “I think this behaviour just isn’t right.” The one that has been written about in the book by Gordon Brown’s press secretary was a classic case: I went to the Minister, the Chancellor in this case, and then the Prime Minister to say, “This just doesn’t work for you.” I think that is the stupid thing, really, that it is the Minister that loses out in these cases. I think you are right and you should be very careful about getting special advisers into meetings. I think they can be there and listen and have a point to put in, but you certainly would not want any special advisers in the National Security Council.

Q68 **Ronnie Cowan:** How would you say the civil service has changed over the last 30 years?

Lord O'Donnell: Oh God, 30 years? I arrived in 1979; I can tell you it is different. It was very male. I remember getting my first minute: “Dear O'Donnell”. I felt like a complete outsider because I had not joined with everybody else; I joined later and I had had experience outside. I had had another job, even if it was as an academic. But it did feel strange. It was very male-dominated, very Oxbridge. You had the “That Was The Week That Was” kind of thing, when someone looks down on somebody else. The policy advisers definitely were the crème-de-la-crème, and if you were operational, you were at the grubby end. What I would say has changed is it is much more diverse. They even let people who went to state school become head of the civil service.

Q69 **Ronnie Cowan:** We are talking about the civil service as if it is something that happens in this place at a Government level, but the civil service works right throughout our society at all different levels.

Lord O'Donnell: Absolutely, yes.

Ronnie Cowan: We keep referring to the civil service as if it is just this governmental thing, throughout Cabinet, throughout the advisers behind closed doors, but it isn’t. The civil service has very much a public face to it as well.

Lord O'Donnell: Precisely, yes. The civil service has changed quite radically during that period, and in particular it has got a lot smaller. It has become a very different kind of civil service. Mainly, if you look back—not just 30 years, but you look back 100 years, as we should, because it is the centenary of the Cabinet Office this year—it is the industrials that have gone. When I arrived there were a lot of civil servants who worked in British Airways, Cable & Wireless—these were all owned by the state—and all of that is gone. It is a very different civil service now and what you will find is there is the policy adviser bit and then there is the delivery of public services, which is sometimes done by civil servants and sometimes not. You have the big areas of DWP, HMRC and all the rest of it. The big change for them, I am sure, is digitalisation



and technology. I think the change of focus is in the old days it was about, "We do this job. We are writing this letter because our lawyers have told us to write this letter," and what we are trying to do now is say a letter is a communication with a member of the public and we are trying to do that in order to help the member of the public do the right thing.

Q70 Ronnie Cowan: With digitalisation, with the communication levels we now have, has communication got better or have we lost the ability to sit there and just talk to people?

Lord O'Donnell: That is a good question. If you take digitalisation of pension credit as a concrete example, that meant that we could reduce the cost of the service dramatically and we moved first of all to phone and then online. The drawback of that was, of course, in the old days people would have had to appear and have a conversation and it would be public. When we went online, one of the problems with the private sector was the view that, "You have to get through as many calls as possible," when a lot of people on the other end of that phone, yes, they had an issue about pension credit but they also wanted to tell you about their grandchild who had just graduated; they wanted to have a conversation. If you had a focus on, "What are you trying to achieve here? Is it just to sort out a bit of pension credit or is it a broader measure of the wellbeing of your customer?" then you would get to the right outcomes.

I think we need to go online and digitalise and all the rest of it, but we also need to have fundamentally can we use the savings of that to improve the quality of life for the people we are dealing with? I think we have sometimes missed out that second stage. We have just gone for, "Let's rake in all the money" and accept the fact by delivering in this way we have reduced person-to-person contact and maybe we have made their lives not as good as they were.

Q71 Ronnie Cowan: Is there any indication that we are learning from that lesson?

Lord O'Donnell: We are starting to measure the wellbeing of the public and look at how we impact on customers, most certainly. The whole behavioural and wellbeing revolution is in its very early stages. I hope that the successes that we have achieved so far will start to be translated through and people will realise it is not just central government but it is local government level as well that needs to understand what impact it is having on people. I think at a local government level they are probably better at this because they are closer to the individuals. I think we should learn from the experiments they are undertaking and bring them into central government.

Q72 Marcus Fysh: Lord O'Donnell, circumstances change and what is relevant and proper evidence can also change. The need to understand that you use priorities in Brexit negotiations as well as our own is a



current case in point. How open to new ideas and different ways of thinking is the civil service?

Lord O'Donnell: Very much, I think. It is one of the great points about bringing in the fast stream all the time, bringing in new people, that they come with a completely different attitude to where they get information from, so they understand, they completely live the internet, they completely live social media. I always used to say to them, "In coming in, for God's sake don't accept what has gone before, because that is the way we do it. Please, you are our revolutionaries. Please start saying, 'Actually, you don't need to do it that way'. There are different ways of getting information."

It has dramatically transformed with the internet now. You can learn from what is happening in a particular state in the United States, what a particular province in Canada has done, all these different experiments in government around the world. That information is easily available. When I started 30 years ago, it would have taken you years to find that. We do need to be open to all of that evidence, but—and this is the whole issue with the internet entirely—you need to have filters on there, because there is some very bad evidence out there, which is basically not worth the paper it is written on. You do need to have someone putting in, saying, "Quality control here. Is this relevant? Can we take this across? Is it culturally specific?" and all those sorts of things.

Q73 Marcus Fysh: How are civil servants encouraged to question their assumptions about things in their evidence and the reasons for them, and those of their peers within the service as well, so that they can be confident that their advice is impartial and objective and relevant, as you said was one of the main purposes?

Lord O'Donnell: Yes, sure. To use a technical term, we are a bolshie lot in the civil service and we do like arguing. I think that has come through maybe university education—that you try to test ideas to the full. We are very keen on the evidence, so if someone comes up with some evidence of something, you can bet there somebody else in the room will say, "Oh yes, but what about this? That is not relevant because they think about things in a different way to the way we do." I think there is a very healthy sort of debate goes on internally about what really constitutes evidence, hence the What Works centres that are a kind of classic example of, "Let's bring all this together and let's really assess what does work." If you do want to get people into jobs more quickly, what works? Quite often the answer to that is we do not know and, therefore, the lesson that we should use far more often in public services is, "Let's try out different things and see what works."

Q74 Marcus Fysh: The civil service people survey in 2015 said that of the 10% of staff who feel discriminated against, 33% feel that that might have been on the basis of their grade. What do you think that says about the civil service and its flexibility and ability to adapt?



HOUSE OF COMMONS

Lord O'Donnell: In terms of the evidence base, first of all, isn't it brilliant that you have that evidence, isn't it fantastic?

Marcus Fysh: I agree, yes.

Lord O'Donnell: I take credit for that—

Marcus Fysh: Indeed.

Lord O'Donnell: —because you can ask me that question, which is a very good question. The 10% figure is obviously terrible and I don't think anyone will be happy until we get it down to zero, but we will not do that. 10% is not bad, but 33% on the basis of grade is an interesting one. That wasn't something that I think was apparent to me there. I tried very hard to get rid of this grade stuff, so when I arrived as permanent secretary in the Treasury, I was sitting at an open plan desk next to people of very different grades. I did not have a big office; I do not think you need those sorts of things. You want people to come up to you and to be approachable to staff, whatever the grade.

I think, to be honest, I never found the civil service particularly gradist. I always had bosses who were very happy for me to go before Ministers. Some of the time you had Ministers saying, "Look, I want to see the most senior person," and I would say, "The most senior person is looking after all of this lot. You are interested in this bit. I have someone who is a real expert on this. Why don't you talk to them as opposed to the higher-up person?" I am disappointed by the 33% figure and I think grades shouldn't be such a big deal.

Q75 **Marcus Fysh:** Moving on from that, how important is it in that context that you have deep and specialist expertise within the Departments that is accessible and why is it preferable, according to tradition, to have generalists in charge at the top of Departments?

Lord O'Donnell: This does remind me of the "Yes Minister" episode where the guy has to admit, "Well, Minister, I am not going to get any further because I am an expert," and he says, "What kind of expert?" and the guy says, "I am an economist." I am an economist and I regard myself as an expert economist—other people may not, but I do—and I chair an economics consultancy. I do not think being an expert held me back; I think it helped, but you do have to broaden out from being specific in one area to understand. I had to learn a lot about social research and a lot of other areas and I had to learn a lot of what was wrong with the economics I started with on day one. I do not think expertise should ever hold people back, but if someone is a narrow expert and does not get the broader sphere of operating in government, then I think that will limit them. I was always very keen to get our experts involved and to broaden them out, but if I want to have heart surgery, I want an expert heart surgeon, thank you very much.

Q76 **Marcus Fysh:** Finally, what are the key competencies that you think that



the civil service should be focused on developing for the future?

Lord O'Donnell: I think there are the values; let's take it as that has to be there. The competencies? We have talked a lot about evidence-based policy, being able to assess evidence, so that requires a certain degree of numeracy, a certain understanding of statistics, a certain understanding of science.

Q77 **Marcus Fysh:** What about epistemology and statistics and things like that?

Lord O'Donnell: We could go very broad here. I mentioned statistics, but I think also understanding the behavioural insights. When I thought about behavioural insights, I was absolutely adamant that we would call it the behavioural insights team not the behavioural economics team, because I think it is the psychologists, the anthropologists, the people telling us how people make decisions that we are learning a lot from now and combining that with the more traditional things like economics.

That is the area where I would say people need to expand. A lot of the issues they are dealing with—like why do people not save enough for pensions, how are we going to deal with ageing societies, those sorts of public policy issues, children in care, why don't they do well—come down to people who are making bad decisions one way or another. You have to understand why they made those decisions and how you can help them make better decisions that they themselves will say in two or three years' time they are really glad they made.

Q78 **Chair:** I think we are done. We have given you a good bashing, but you are always infectious with your enthusiasm and sincerity and thank you very much for coming before the Committee today. If there is anything you want to add to our inquiry, please do put it in writing.

Lord O'Donnell: Indeed. I just want to say I am really pleased you are doing it and I think the civil service is massively important, because it is such a crucial part of our everyday lives. We spend a lot of time looking at private sector stuff, which I think isn't as important, so more power to your elbow, Chairman.

Chair: Thank you very much.