

Public Administration and Constitutional Affairs Committee

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

Tuesday 22 November 2016

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

Questions 79-152

Witnesses

I: Lord Kerslake, former Head of the Civil Service, and Lord Butler of Brockwell, former Cabinet Secretary.

Examination of witnesses

Witnesses: Lord Kerslake and Lord Butler of Brockwell.

Q79 **Chair:** Can I welcome our two witnesses to this session on the civil service and its future? Could I ask you to introduce yourselves briefly for the record, please?

Lord Butler of Brockwell: I am Lord Butler of Brockwell. I was Cabinet Secretary and Head of the Civil Service from 1988 to 1998.

Lord Kerslake: I am Bob Kerslake, formerly Head of the Civil Service and Permanent Secretary at Communities and Local Government Department.

Chair: It is a great pleasure to have you with us again.

Q80 **Mrs Cheryl Gillan:** Just to start to set the scene, I appreciate it is a long time since the Northcote Trevelyan report of 1856 that gave birth to the modern civil service. Would both of you like to tell us what the purpose of the contemporary civil service is and how the sense of purpose has changed or evolved over recent years?



Lord Butler of Brockwell: I see the role of the civil service is to serve the nation by assisting the elected Government with impartial and well founded advice and with the efficient delivery of public services.

Lord Kerslake: My response would be very similar. I would have said there are three functions. The first is to support the Government of the day, and that is the point about evidence-based advice to Ministers. Secondly, there is a kind of stewardship role that goes beyond one immediate Government to look at the long-term issues facing the country. The third one is in the delivery of services. If you ask which one of those three functions has changed most, it is probably the last of those because of the change in the way in which public services are now delivered.

Q81 **Mrs Cheryl Gillan:** Do you think that that sense of purpose is widely understood and accepted throughout the civil service or do you think that it is patchy?

Lord Kerslake: The thing about the civil service, of course, is it is not one function. More than 60% of the civil service is operational staff, so whenever you answer the question you always have to have in mind that it carries out a wide range of very different functions. To think of it as a single entity per se is something that you have to be careful about. But even allowing for that, my experience was that there was a very good understanding of the public service role and in particular the four guiding principles of the civil service code. I think you would struggle to find a civil servant who did not get those core expectations.

Lord Butler of Brockwell: I agree with that. Of course I preface this by saying it is 18 years since I was in the civil service, so I can't really give you an up-to-date answer about how civil servants see their roles but Lord Kerslake has very much more recent experience. I saw also the evidence that Lord O'Donnell gave.

Q82 **Mrs Cheryl Gillan:** Although the civil service is very broad in terms of the different roles that exist within it and although those principles that both of you have outlined are absolutely core, it would still be fair to say that often when the citizen interfaces with the state it is not always a perfect experience or satisfactory experience. Do you feel that the basic core beliefs that underpin the civil service extend throughout the whole of the civil service or do you think by the very nature of the different jobs that civil servants do—operational or policy and so on—predicates against it?

Lord Kerslake: In anything as big and as broad ranging as the civil service you will get inconsistent performance and the challenge is to keep that to an absolute minimum. I believe that for the vast bulk of people using or coming across the civil service in its day to day operations, whether it is HMRC, DWP or other services, they will come across people committed to delivering a good service and delivering a good service. Just as you will find with other public services, local government and



other parts of the public sector, you will find inconsistency. The challenge for any leader and manager is how you minimise those unacceptable variations, exactly the same issue with the health service, which I am now involved in. I personally think that on that side of things the operational capability of the civil service has got better. On the whole, people's day to day experience of the civil service as a service deliverer has certainly not fallen and I think in many cases has got better. There is some evidence to back that up through surveys around whether people trust the civil service or not. I do not think the inconsistencies are a product of different views about the value. They are much more about the effectiveness of execution.

Q83 Mrs Cheryl Gillan: You would agree that there is consensus but perhaps it needs more coherence across the board?

Lord Kerslake: Again, the very significant staff survey evidence about what civil servants see as important and how they see themselves doing their job, all of them I think are committed to the public service ethos, but some do not deliver it as well as we would want them to.

Lord Butler of Brockwell: I think the notion of the public as clients, as customers, of Government grew over my career and civil servants are very much more now directed to trying to give a satisfactory service to the public.

Q84 Mrs Cheryl Gillan: That really is important because that is, in fact, who the ultimate customer is. Just looking then at the operating model and the function and leadership within the civil service, how far would either of you think that the decision-making authority within the civil service should be delegated from the Cabinet Office and No. 10 to other Whitehall Departments?

Lord Butler of Brockwell: I regarded the structure of Government as something where the Cabinet Office was not a decision-making Department, it was a Department that facilitated good decisions in Government, and that the responsibilities of Secretaries of State had to be respected. The Prime Minister, of course, is the leader of the Government and the chair of the Cabinet, but the functions are I think universally the responsibility of Secretaries of State. I think it is well known that the Prime Minister was not mentioned in legislation at all until the Act that conferred Chequers on the Prime Minister, so the Prime Minister has very few statutory functions.

Lord Kerslake: I would absolutely endorse that view. I think you get the best results if Departments have a clear remit, if they have a clear set of expectations communicated to their Ministers from No. 10, and then the flexibility to get on and deliver and then be held accountable for what they delivered.

I guess I would make two points, though, in addition to that. One is that in the delivery of their responsibilities to Parliament they have to work



HOUSE OF COMMONS

collaboratively and collectively with other Departments. The area I think the civil service and Government as a whole have struggled with is moving away from what has often been described as a silo-based approach. While you need to have clear accountability with Departments for their responsibilities, you do not want people to work in a vacuum, isolated from the other services. They have to be both good at delivering their own responsibilities and very effective working across Government as well. That I think is something we have learnt.

When we were taking through the reform plan with Francis Maude, we often had a debate about a tight-loose fit, as it was described. Many civil servants felt that the emphasis was more on the tight than the loose during that period. There were good reasons for it because we were trying to strap down expenditure and make savings and drive different approaches, but as soon as you can get out of that kind of regime the better because managers do better when they are clear what they are being asked for and given the ability to manage.

Lord Butler of Brockwell: I agree with that and, of course, that is the rationale behind the whole Cabinet Committee structure. It is bringing these silos together in a co-operative venture. That is why it is very important that the Cabinet Committee structure works properly.

Q85 Mrs Cheryl Gillan: You are describing how it should work, so it begs the question: how do the Cabinet Office and No. 10 conceive themselves in relation to the wider civil service? Do you think they think along the lines that you have just described as being what should happen in the operating model?

Lord Butler of Brockwell: I think that the Prime Minister and No. 10 regard themselves, and perfectly rightly, as drivers, making sure that things happen. They do not have the direct responsibility themselves, but they do, of course, have a great interest in making sure that the rest of Government performs properly.

Lord Kerslake: I think you can easily answer that question in a way that suggests it is being consistent. The truth is different Prime Ministers have felt the need for different levels of control over what happens in Departments. It is well known that during the coalition there was initially a big reduction in the policy capacity at No. 10 and then it was re-established again. I think every Prime Minister and, indeed, every Government coming into power struggles with this balance between how much No. 10 should seek to dictate what happens within Departments. I think it has worked best when you have had a consistent and clear-minded delivery function, oversight function, within No. 10, holding Departments to account for what they have achieved rather than trying to micromanage how they have achieved it.

Q86 Mrs Cheryl Gillan: Can I push you on what the effect is on individual Whitehall Departments when No. 10 is seen to be taking a close interest in the detail of departmental policy? Perhaps either of you can illustrate it



HOUSE OF COMMONS

with an example of what has worked well when No. 10 has acted as a driver or when it has not worked well because of the interference from No. 10, if I can put it in that fashion.

Lord Kerslake: The honest answer to that question is to say that close attention from No. 10 can be a good thing and it can be a bad thing. I have seen both. It is a good thing when you are hitting a very difficult issue, where you need No. 10 to understand the challenges you are facing and how you are seeking to address it and to get alignment, if you like, of understanding on the issue. Every Department recognises that. It also can be seen as an example—I would quote the need to get housing supply up—of a genuine interest in how we address the issue and a signalling of its importance. Those I think are good reasons why No. 10 will get involved.

It is less effective if they get involved and seek to effectively micromanage the issue you are dealing with, or even worse micromanage it with an inaccurate understanding of the issue and responding to the pressures of a 24-hour media. That I think can be quite problematic. It is probably best if I do not quote examples of that, but I have seen good examples as well.

Chair: No, it would be very helpful.

Lord Kerslake: I am sure it would. I think I will hold my peace on that.

Chair: We want to be learning from failure.

Lord Kerslake: It can work in both directions, to be honest. I have experienced both and we should not see it necessarily as a bad thing. It is not also always about interference. It is about aligning of understanding.

Lord Butler of Brockwell: I would say it works badly if No. 10 bypasses the Secretary of State. I can certainly think of examples when that has happened, when Secretaries of State have discovered that staff of No. 10 have been talking to their staff and the Secretary of State has not known about it. I think that the Secretary of State should always retain ultimate responsibility for his or her Department.

Lord Kerslake: I agree with that.

Q87 **Mrs Cheryl Gillan:** I felt you were being a little coy, Lord Kerslake, because reading the NAO report on issues in relationships between the centres and Departments, they have identified several things, none of which you have really particularly mentioned: poor or inconsistent central engagement with Departments, lack of clarity in the roles of the centre and Departments, overlapping functions of central Departments and difficulties getting departmental buy-in for some of the central initiatives. Do you think the NAO report reflects what the practicality is on the ground?



HOUSE OF COMMONS

Lord Kerslake: All of those are true. I am sure if you look you can find examples of those happening. What I am trying to do is to say that in a real world there will always be a No. 10 interest, there has to be, in what you are doing and sometimes that interest can be productive and helpful as well as, bluntly, a damned nuisance. You get both.

Lord Butler of Brockwell: If I may, I will give an actual example. When I was head of the civil service I was charged with delivering the Next Steps initiative. That was to get Departments to set up agencies under the Secretary of State, who was charged with the responsibilities and to whom a lot of executive responsibility was delegated. The technique we adopted was that Peter Kemp, who was in charge of this in the Cabinet Office, produced a six-monthly report to the Prime Minister on the progress that Departments were making. In order to be fair to Departments, we always circulated it in draft to them. When a report said, "We are disappointed with the progress that such and such a Department is making" the Secretary of State would rapidly call Peter Kemp or me in and say, "This is quite unfair. We are doing this and we are doing that". Then it was extraordinary how their progress accelerated. We did not have to bother the Prime Minister with the actual report.

Lord Kerslake: Lord Butler has tempted me to give one smaller example of where it can be odd. During the Scottish referendum, you will recall that there was an idea to have every town hall fly the Saltire flag. I remember a very exercised member of staff from No. 10 ringing me up insisting that I went out personally and bought a flag for each local authority so that they would have one available to them to fly. My advice to him was that we would just face an inquiry on value for money if I went ahead and did that, so we found a better way of handling it, let us put it that way. That might be an example of unhelpful involvement from No. 10.

Chair: I seem to remember the string broke, but carry on.

Q88 **Mrs Cheryl Gillan:** We have talked about No. 10 and the Cabinet Office. What about the Treasury? To what extent do you think that the Treasury should act as a corporate centre for Government? Indeed, to what extent do you think it has been acting as a part of the corporate centre?

Lord Butler of Brockwell: Perhaps I can have first go at that. The Treasury is my Department; that is where I worked when I first joined the civil service. When I became head of the civil service, I thought that it was absurd that the Treasury should try to micromanage Departments. Just to give one example, the Ministry of Defence with its vast expenditure and vast responsibilities being micromanaged by a division of the Treasury with six people in it who then interfered with decisions that the Minister of Defence made was, I thought, absurd. Terry Burns, Lord Burns, who became Permanent Secretary of the Treasury, agreed with me and that was what we tried to do by the empowerment that was involved in Next Steps. You set budgets. You make people accountable



HOUSE OF COMMONS

for them. It was agreed what their priorities would be and then it was up to them to carry it out. The responsibility of the Treasury was then to say, "Sorry, no more money. You have to achieve your objectives within this total, but it is up to you how you do it".

Lord Kerslake: I am doing a review of the Treasury at the moment. We will be reporting, I hope, in the new year on that, so I will not say too much. What I would say is this. The Treasury has some core roles around the macro economy and ensuring effective financial management. Those are functions that it has brought a great deal of expertise to. Where I think the problems occur if it extends its role beyond that into playing a key role in the development of social policy, for example, or micromanaging the activities of Departments, I think that creates its own problems. We have seen examples of that in the past.

It is not just that it is a small number of civil servants in Treasury doing that. They are also a Department that goes through a high level of turnover as well. What Departments can experience is not just some micromanaging but by people who have only been in the role for six months, and that is both frustrating and unhelpful. The core role of Treasury is absolutely essential, tight financial management and oversight of the macro economy. It is when they broaden their role into other areas that problems occur.

Q89 **Chair:** Can I press on this overbearing centre? For example, what has happened to the Ministry of Defence? It no longer even concludes its own defence review. What has happened to the Foreign Office, which seems to lay more emphasis on managing the process of diplomacy and the functions of diplomacy rather than thinking strategically about Britain's place in the world? That seems to have gone up to No. 10. Are there limits to how much can be taken into No. 10 and dealt with centrally? What does it do to a Department like the Foreign Office when it feels so reduced in status and capability?

Lord Kerslake: I would not want to comment specifically on the Foreign Office, but I think there are limits to what can be done in No. 10 and limits to what can be done in Treasury. If they are going to be effective, they have to focus in on their core roles and where they have a particular responsibility.

Q90 **Chair:** What evidence is there? As No. 10 has taken more and more of MoD and FCO under its direction, what evidence is there that we are actually getting better outcomes and better policy and better strategy?

Lord Butler of Brockwell: As I say, I am not up to date. If that has happened, I think it is a bad development and I would expect the outcomes not to be as good, of course. No. 10 and the Cabinet Office will play an active role in a strategic defence review or in Foreign Office strategy, but that should be something that they supervise but not take over from the Departments. The people who are going to carry it out must be the main people who are responsible for devising it.



HOUSE OF COMMONS

Lord Kerslake: I am out of the role I had for over 18 months now, but I do not recognise the picture you are describing from the time I was there, Chairman.

- Q91 **Mrs Cheryl Gillan:** Can I just say, though, that the distinct impression I am getting from both of you is that if it was not broken it should not have been fixed and that there was nothing wrong with the old divisions where the Treasury really was the Finance Department and put the warnings across people's bows that they could not have any more money and that No. 10 was a driver, as you described it, and the Cabinet Office looked at the overall strategy and the co-ordination between the Departments and the linkage through to the centre. That seems to be the picture you are describing, which has got a bit out of kilter depending on which Administration you are looking at.

Lord Butler of Brockwell: Yes, of course, I think the old model worked pretty well. One has to remember where we came from. The Treasury had far more micromanagement responsibility in times past, "candle ends" and the story of the Admiralty cat: the Treasury saying the Admiralty could not have a cat unless it produced some rats to show that it was doing what it was meant to do. We have got a long way from that. I do, I am afraid, think that we have reverted in the last few years to more central control than is good for the system.

Lord Kerslake: I would share the view that the core model has a lot to recommend it, and there have been moves away from it that have not been helpful. I would be blunt about that, I think. What I would caveat that with, though, are two points.

Chair: Briefly, please.

Lord Kerslake: I will do. The two things I would caveat that with is that if you are going to leave responsibility with Departments you have to have ways of dealing with the cross-cutting issues. That is one point. The second point is that you do need strong functional leadership of things like finance across the civil service to ensure consistency.

- Q92 **Chair:** I would observe that the cross-cutting issues work if there are people in Departments of sufficient experience and expertise that they know what they are doing. How often have you seen people acting very defensively of their Department because they do not really understand what they are doing and what the other Department is doing?

Lord Butler of Brockwell: I certainly think, and Lord Kerslake has referred to this, that people move round far too quickly than is good for the system. The West Coast Main Line fiasco, which I see you have discussed with Lord O'Donnell, there had been since 2006 eight Secretaries of State but there had also been six Permanent Secretaries since 2002, with an average tenure, therefore, of not more than two years. I think it has been a besetting sin of the civil service that people do move round too quickly.



HOUSE OF COMMONS

Q93 **Chair:** Lord Kerslake, you mentioned this tight-loose philosophy. How effectively does a tight-loose philosophy define what people's roles, responsibilities and tasks are? How much does it leave people in the dark that they do not know what is going to be in the Department's responsibility and they do not know what is going to be suddenly taken away from them by a phone call from No. 10?

Lord Kerslake: I think you have to go a lot further than the slogan, to be blunt. I was simply quoting—

Q94 **Chair:** Well, how useful is the slogan?

Lord Kerslake: I think the slogan if it is interpreted as it was originally formed was that you are very, very clear about what you need to hold at the centre and then everything else is left to managers.

Q95 **Chair:** How clear was it in your experience?

Lord Kerslake: I do not think it was as clear as it could and should be and often you find that it is not consistent.

Q96 **Chair:** It sounds like a manifesto for the centre to decide on a day to day basis what it would like to hold tight.

Lord Kerslake: I was using it slightly ironically because that can be the experience that people have.

Q97 **Chair:** From your jargon-free days in office, Lord Butler, what do you make of "tight-loose"?

Lord Kerslake: I do not think it has ever been jargon free.

Lord Butler of Brockwell: I never heard the phrase before.

Q98 **Chair:** Okay, I am very glad. I am going to divert to Ronnie Cowan because he has to leave for a question.

Q99 **Ronnie Cowan:** To what degree, lesser or greater, do you believe that there is a creeping politicisation of the civil service?

Lord Kerslake: Personally, I did not see that as an issue. I think there are always pressures on that relationship between Ministers and officials, but I saw nothing other than officials acting properly in their advice to Ministers.

Lord Butler of Brockwell: I agree with that. I think there is a problem here because on the matter of appointments the Secretary of State has a legitimate interest in having really good people and people that he or she has confidence in working for them. The Permanent Secretary has an interest in the long-term running of the Department and the head of the civil service about the long-term running of the civil service. This can produce tensions and I remember various occasions when I had struggles with Secretaries of State and even with the Prime Minister about appointments. In the end, we always found a way of resolving those. Sometimes I won and sometimes I lost, but I never got the impression



HOUSE OF COMMONS

that this was politicisation. Just to take one notorious example, the phrase “one of us” attributed to Margaret Thatcher was not a phrase I ever heard her use about an appointment in the civil service.

Q100 **Ronnie Cowan:** You did not see any interference from the civil service during either the Scottish referendum or the EU referendum?

Lord Butler of Brockwell: Again, there were some things that happened during those referendums that I did not agree with, where documents were published in the name of civil servants or in the name of Departments that should not have been, in my view. In that highly political context where people are producing documents of persuasion, I think that that should be left to Ministers.

Lord Kerslake: On the key documents that were published during the Scottish referendum—and I was not in my role during the European referendum—there was a scrupulous attention to ensure that the documents were factually accurate and correct. They went through many drafts and redrafts to ensure that was the case. Like Lord Butler, with the benefit of hindsight, whether it was wise to have Permanent Secretaries’ advice to their Minister, in this case the Chancellor, published, I think that might be something I would reflect on.

Chair: We like hindsight on this Committee.

Q101 **Dr Poulter:** What would you say helps to foster a good relationship between a Minister and the officials in the Department?

Lord Butler of Brockwell: I was brought up to be a team player. That was my culture. I think this can be glorified by the phrase “the Haldane principle”. I think that, as in many walks of life, Governments work better when both sides are working together with mutual respect. It is a professional relationship, but nonetheless it is one where you can work together. If you get into the position, and I think there have been some occasions of this recently, when Ministers and civil servants regard each other as “us and them”, it is not going to work well together. I worked in the highly political atmosphere of No. 10 for quite a large part of my career, and in my experience politicians and civil servants for the most part worked extremely harmoniously together. In that way, we gave the best support to the Prime Minister we were working for.

Lord Kerslake: I think the relationship works if there is a strong level of trust, and trust in this instance means that even if the civil servant is giving what might be seen as difficult advice on an issue, they are doing it in the context of wanting to deliver the Minister’s policy. That is the crucial dimension to it here. They have to trust that civil servants are acting in the interests of the Government even when the advice is perceived as or might be felt to be unhelpful. Equally, civil servants have to be prepared to make those difficult calls and make those statements. I used to describe it as you can have pain now or pain later, and the pain later is almost always worse. If you think something is not going to work, you have to say so.



I suppose the second thing is that as well as giving honest and robust advice Ministers do want civil servants to go that extra mile to help deliver something once it has been agreed. They want to see civil servants who work really hard to get to a deal and then, once they have agreement with the Minister, get on and deliver it effectively.

Q102 Dr Poulter: How much do you feel that special advisers either help or hinder that relationship between Ministers and officials in Departments?

Lord Kerslake: I knew we were going to get to this one at some point. I have seen two different types of special adviser. Some special advisers are very valuable in that they help Ministers consider policy issues and reach a view on them. They play, therefore, a kind of policy support role and I think that is very valuable. I think, bluntly, less valuable is when special advisers act as essentially attack dogs on their Minister's behalf, obsessed about what the next media story is and getting into a culture of blame with those who are not helping with that. I have seen both and I think, therefore, you cannot say all special advisers are bad but that second category is very, very bad.

Lord Butler of Brockwell: I would only add to that by saying just as there are good special advisers and bad special advisers, there are good Ministers and bad Ministers. A good Minister will listen to his or her special advisers and his or her civil servants and will enable both to engage and then reach decisions on the basis of that. If that happens, I agree with Lord Kerslake, special advisers play a very valuable role.

Q103 Dr Poulter: Just one quick follow-up question—thank you for those answers—on tackling that issue, the second type of special adviser that Lord Kerslake outlined. What would you like to see or what could you put in place that would help to mitigate against that sort of behaviour?

Lord Kerslake: The most crucial thing is that there is a line of management accountability on special advisers that sits alongside their relationship with a Minister. You did see that under the previous Prime Minister, so that where issues emerge there is a process of them being considered and handled. There has to be, as well as the relationship with the Minister, a relationship into someone taking overall responsibility for special advisers in No. 10.

Lord Butler of Brockwell: I would add to that I think that special advisers are most valuable when they have an expertise to contribute.

Q104 Mrs Cheryl Gillan: It is just a brief thing, because Lord Butler, when you were speaking in the House of Lords debate on the future of the civil service, you were very critical about this relationship between civil servants and the politicians. You were also very concerned—which you touched on just earlier—about this huge turnover in the senior ranks of the civil service. Do you know why there has been such a high level of turnover? What sort of impact does that have on the relationship between Ministers and officials in Departments? The Department for Transport has



HOUSE OF COMMONS

been, in my view—and in my experience, which is very deeply personal—less than responsive on some of its major projects. I wondered if you could comment on that.

Lord Butler of Brockwell: The level of turnover has been too high. As I said a little earlier, people need to stay in Departments for longer than has been the fashion for them to do recently.

Another problem about civil service management is that it has been too free for all. In other words, when a post becomes vacant, including a Permanent Secretary post, these are now advertised internally. That is very democratic and all that, but it reduces management's ability to develop people so that they are fitted for running these posts. That has changed a bit. Lord Kerslake will have more recent evidence than I have, but I think there have been recent cases of Permanent Secretaries—for example, recent Permanent Secretaries of the Ministry of Defence—who had no earlier experience in that huge and very complex Department. If you are going to be a Permanent Secretary of a Department like that, you need to have had a lot of training and development in the business of that Department. It should not just be thrown open for anybody to apply and the most able person appointed to it regardless of what their experience is. That will not work.

Q105 **Mrs Cheryl Gillan:** In the example that you gave of the Department for Transport, particularly between May 2010 and July 2012, when they had no fewer than four Permanent Secretaries and there was a turnover of Secretaries of State, yet that Department is responsible for one of the largest capital expenditures on an infrastructure project that this country has ever seen. From many of the external reports on that project, it is clearly going off the rails.

Lord Butler of Brockwell: Thank you for noting that point. You have said it and that is why I made that point in the debate in the House of Lords.

Q106 **Chair:** Lord Kerslake, why do you think there is such a high turnover in the senior levels of civil service?

Lord Kerslake: I think Lord Butler has put his finger on some of the issues. One particular thing I would endorse is there was, in my view, insufficient attention to developing senior civil servants' careers. In fact, we did strengthen that during my time and I think it has been built on since. You have to actively manage and support people in their careers and not just leave it to whatever happens whenever they apply for jobs. I agree with that.

Two other things I would add. One is of course the civil service has seen dramatic reductions in the last five or six years, over 20%. Of course when you reduce, you inevitably reduce at all levels, and that in turn forces change and movement of people. It almost always does.



HOUSE OF COMMONS

The second thing I would pick out is the issue of pay. I know it is not popular to raise it, but I do genuinely believe that simply having a continuing pay freeze for what will amount to 10 years, if we carry on, leaves you very vulnerable, not to the very senior civil servants, who have made their commitment, but to the senior ones below, who look around them and see what is happening with their colleagues in the public and private sector and then move to do other jobs. I think you do have to look at pay structures as one of the causes of instability.

Q107 Mrs Cheryl Gillan: When civil servants look at individuals that are brought in to run some of these large projects that are then paid vast six-figure sums, in excess of £500,000 a year—closer to £750,000 a year—do you think that also unsettles the senior Civil Service and makes them more likely to leave?

Lord Kerslake: I think it does. In fact, the overall turnover of the civil service is not excessively high compared to other big organisations, as the submission that came to you from the civil service made clear. But it is undoubtedly the case that it causes resentment if you strap down the salaries of the most senior people and then bring in other people. Sometimes it is unavoidable in the nature of the job, but you cannot disguise the fact that it does cause some resentment.

Q108 Mrs Cheryl Gillan: But it would appear even salaries at a level of £750,000 a year are not enough to keep people running projects and giving continuity.

Lord Kerslake: That is a particular project. Not many examples of £750,000, I think possibly only one.

Mrs Cheryl Gillan: One is enough.

Q109 Chair: Can I just interpolate here? This touches on the question of capacity, which has been in the news over the last week or so. How much do you think the Government are making an increasingly impossible ask of particularly Departments in the present climate with reducing the civil service, but overlaying more and more tasks and now Brexit?

Lord Kerslake: You have raised the big issue here. In my personal view, there is a genuine issue about capacity to manage both the demands of Brexit, which is huge, complex and where there are big stakes, and at the same time taking forward a set of other policy initiatives that Government want to take. I think it is not possible to do that at a point where the civil service is at its lowest numbers since the Second World War and continuing to fall.

I have said in other places that I think it is pretty essential for the Government to pause, review, take stock of what they have in front of them and then revisit the question of capacity. It is not necessarily about lots of skills that the civil service doesn't have, I think it has huge skills, but there will be a real issue about numbers to deliver these very big demands. I would go a little bit further and say the Government ought to



HOUSE OF COMMONS

do some form of independent or semi-independent assessment of their preparedness for this huge task they have ahead on them on Brexit.

Lord Butler of Brockwell: The task facing the Government and facing the civil service is definitely huge. We shall have to run domestically policies that have been previously run by Brussels. If we leave the Customs Union, we will need an awful lot more people on the borders. However, I do not think they should stop making the efficiencies in other areas that the Government has set out to make. There probably will be a net increase in the size of the civil service as a result of this and the Government ought, first of all, to look to redeploying people. But they should not stop trying to make efficiencies that are possible.

Lord Kerslake: No, I entirely agree with Lord Butler.

Q110 **Chair:** Lord Butler, you remarked that the civil service helped win the Second World War. Of course that is very reassuring, but there is something about the civil service in peace time that lacks the same pace and urgency that the civil service has demonstrated in war time. How should Ministers inculcate that sense of pace and urgency across the Whitehall Departments? We know in Ministers' private offices at the very top of Departments there is always a very, very great deal of hard work, but it does not always extend to all the working parts of Departments in the way that Ministers hope and they end up feeling very frustrated.

Lord Butler of Brockwell: If I may say so, that remains to be seen. I think this is a terrific opportunity for the civil service. I haven't often, since I retired, wanted to be back in the civil service, but I do now because I think that this is a very exciting time and there is an opportunity to rise to it. I am confident that on past form, the civil service will. Ministers are going to have to rely on civil servants during this process much more than they have been relying on them in the past and that is a terrific opportunity.

Lord Kerslake: There are just two points I would make. One is that civil service was in excess of 1 million in 1944. In 2016 it is 392,000, so we have seen a drastic change in its size and composition.

The second point I would make is that of course the civil service should carry on seeking to be more efficient, but what we have to resist is letting good people go and then finding we recruit back at huge cost. That is why I am keen to have some assessment of what is needed to deliver the whole task for Government, not just Brexit, but their wider policy ambitions and a proper assessment of what is required for that. Yes, there is a big challenge here. I do not believe there is any lack of appetite to deliver on behalf of the Government or a sense in which people do not get the importance of pace. I do not see that. I do see an issue of the sheer stretch that we are asking them to make.

Q111 **Chair:** When the stretch arrives, there seems to be a recourse to outside consultants, even if they are offered almost as partly volunteers from



firms of consultants. Is that any substitute for having the in-house capacity and the in-house expertise? What should we be looking out for in terms of dangers of this approach?

Lord Kerslake: There is a case for using some external consultants help on specific issues. I would not say you should never use consultants. The problem comes when you become utterly dependent on consultants to deliver what are essentially core jobs. The question I always ask is, "How long have the consultants been there; how long are you expecting them to be; are you in effect becoming so dependent on them that they are effectively running the show, rather than you are?"

Chair: Lord Butler, any thoughts on this?

Lord Butler of Brockwell: I agree with that. I can think of many examples where with a very specialised service, it was wise to go out for it rather than to have it in-house and only partially used. I think Lord Kerslake has it right, that the judgment should be whether this is going to be something that you are going to need for the indefinite future.

Q112 **Chair:** All these consultants coming in to help manage Brexit, is this not absolutely core to the civil service or is this something we should regard as an add-on extra for a short period?

Lord Butler of Brockwell: It may be an add-on extra for a short period, because there will be such a big demand for skills that I think that they will not be there. I took the example of services that we will have to do inside the Government after Brexit that have previously been done outside it. It is understandable that the expertise would not be there.

Q113 **Chair:** But how do you guard against consultants who are coming in in order to—how do I put it—generate more work for consultants? I do not think it is any accident that the memorandum saying that Whitehall needed an extra 30,000 civil servants was an e-mail sent around the partners of a certain consulting firm.

Lord Kerslake: Consultants are there to generate business for their company.

Chair: Exactly.

Lord Kerslake: That is the reality of it. You can manage that though if you have clear, tight contracts that are time-limited. Let me just give one example of where it goes wrong. If you look at the fire control project, which went off the rails, most of the people running that project at the time in CLG who predated me were consultants. When you get to that point, you have a problem. We must not, under any circumstances, allow that to happen for Brexit. Use consultants, but use them under a tightly-managed arrangement where civil servants and Ministers know what is happening.

Q114 **Chair:** For Brexit, wouldn't consultants be better off directly employed by the civil service for that period, rather than answerable—it is complicated



HOUSE OF COMMONS

enough for officials as it is—to Permanent Secretaries and to Ministers and to Parliament, but then to have them employed by a firm of consultants, who is their ultimate employer? How do we create accountability?

Lord Kerslake: If you are in a situation where you need help for a longer period than say six months or so, a better option often is to have a secondment of a consultant working within the Department in its management structures, rather than having a long-running and expensive contract. Again, another example in the health service, many hospitals became highly dependent on consultants. The one I took over the chair of, King's, was spending £1 million a month on consultants.

Q115 **Chair:** Lord Butler, do you have a thought about the accountability point in respect of consultants?

Lord Butler of Brockwell: I think we are being a little hard on consultants.

Chair: They can take it.

Lord Butler of Brockwell: I certainly understand that in some cases they act in a way that generates more business for them, but they are professional people and they provide a professional service. One has to have some confidence in that, though as I say, as Lord Kerslake says, keeping a tight grip on it.

Chair: Emollient as ever, Lord Butler. Andrew Turner.

Q116 **Mr Andrew Turner:** The Better Government Initiative has said that Permanent Secretaries need to be more assertive in the course of good policy-making and of effective and realistic implementation plans, for which they should held to account by Parliament. How should the civil servants provide constructive challenge to ensure Ministers' policies are delivered?

Lord Butler of Brockwell: I am a member of the Better Government Initiative. I do not ascribe to everything that they say, but I think it is the responsibility of Permanent Secretaries to provide a challenge role to Ministers in a constructive way, in order to develop better policies, not to obstruct them. It is a role of Parliament, perhaps of this Committee, to try to ensure that the civil service is aware of that duty and is carrying it out.

Lord Kerslake: Not a lot to add to that. I have said earlier just how important that challenge role is. It is particularly important at the beginning of policies, which is one of the reasons that I was very keen to have projects signed off before they moved into the implementation phase by the senior civil servants, so there could be no ambiguity that the senior civil servant and Permanent Secretary or otherwise had signed up to the deliverability. Of course things can go wrong thereafter, but in my view, it is not acceptable to go ahead with a project that you do not



HOUSE OF COMMONS

think is deliverable and then later on say, "I did not think it was deliverable".

Q117 Mr Andrew Turner: How appropriate is it to expect civil servants to be accountable to Parliament with respect to their challenge role?

Lord Kerslake: They are accountable to Parliament for very specific parts of their responsibility as Permanent Secretaries. I think they can only be accountable with Ministers for the delivery of policy. I do not think it can just be civil servants alone.

Lord Butler of Brockwell: Yes, I have some difficulty with that. It would be quite difficult to call a Permanent Secretary up before a Parliament in committee and say, "Why didn't you advise your Minister that this policy was rubbish?" I do not think that is something that can be done. When we had the Next Steps Initiative, we did have chief executives being called up by departmental Select Committees about how they had run services. On the question of policy advice to Ministers, I think it would be more difficult to hold a Permanent Secretary accountable separately for that.

Q118 Mr Andrew Turner: In their report, "Accountability to Parliament for taxpayers' money" the NAO said, "The incentives on an AO to prioritise value for money are weak compared with those associated with the day-to-day job of satisfying Ministers". What do you think of that?

Lord Butler of Brockwell: I have a feeling about this. If I may say so—and I notice that Lord O'Donnell said this briefly—I think that Parliament does a very poor job in supporting Permanent Secretaries when they ask for a direction on value for money. The statistic that I quoted was that before the 2010 election, there were nine cases where civil servants asked for a direction from the Minister because they thought that money was being spent wastefully in advance of the election. These were copied to the Public Accounts Committee. The Public Accounts Committee and Parliament didn't do anything about it at all. They have never called a Minister before them to answer for a situation where they have given a direction because the Permanent Secretary has felt it necessary to ask for one.

Lord Kerslake: I think personally that Permanent Secretaries make a judgment on this, depending on the nature of the project and its scale. They will give advice about the value for money of a proposal from Ministers, but if Ministers in the end say, "We hear what you say. We still want to go ahead with this project" they cannot, on every occasion that they might disagree on the assessment of value for money, seek a direction. They have to pick and choose which ones justify taking it to that stage. To some extent, there is always going to be an element of balancing of what Ministers want to achieve against a pure assessment of whether this constitutes value for money. There is always a balancing factor that is going on here. I share Lord Butler's view, civil servants



HOUSE OF COMMONS

must have the confidence to seek a direction where they think the scale of departure from value for money is too great.

Q119 **Mr Andrew Turner:** You seem to be saying that it shouldn't always or necessarily even frequently be dependent on this notice, but it is something you would pick and choose once in a while.

Lord Kerslake: What I am saying is in any decision there is a balance, a judgment to be made about value for money. You will give advice to the Minister about the risks involved in the project and how you judge the value for money on that project. You have to then take a balanced view if the Minister still says, "I want to go ahead". Is the departure in terms of value for money such that it merits seeking a direction? It will not always be what I am saying, but when it does require it—and that is part of the skill of the senior civil servant—then they should do it. As Lord Butler says, Parliament needs to back them up when they do it.

Q120 **Mr Andrew Turner:** Drawing from the lessons of the Chilcot report, the Best Government Initiative has said, "Civil servants should be held to account for failings in the management of Government and we have recommended adoption of a system of written ministerial directions, similar to that for departmental accounting officers". What is your view on this?

Lord Butler of Brockwell: Again, I do not altogether go along with my colleagues on the Better Government Initiative here. If one was to extend the process of ministerial directions, which would be copied to Parliament so Parliament would be made aware, it would have to be in cases not just of judgment, but where the Minister has failed to do something that, as it were, is specific and is required.

Let me just give you one example from Chilcot where I think this might have happened. The ministerial code says that the Attorney General's advice on a legal issue ought to be circulated to the Cabinet before they make a decision. That did not happen in the case of the decision to go to war in Iraq. I am not criticising my successor, but that is a case where if there was such a power of direction, the Cabinet Secretary might be able to say to the Prime Minister, "Look, this is in the ministerial code and you are not doing it. If you are not going to do it, then I think you ought to give me a written instruction and that should be made available publicly". Of course in that case, that would certainly have made the Prime Minister circulate the legal advice to the Cabinet and that would have been a thoroughly good thing.

Lord Kerslake: I am not sure I can add a lot. I do think there is a responsibility on civil servants to be very firm in their advice to Ministers where they think they are departing from agreed procedures and from codes. That must be the starting point. If they are not even doing that, then they are open to challenge and criticism, yes.

Q121 **Chair:** Very good, thank you very much. Moving on, we are increasingly



HOUSE OF COMMONS

using the word “governance”, which doesn’t mean government, it doesn’t mean administration, it doesn’t mean management. It is obviously intrinsic to leadership. What do you understand the word “governance” to mean in respect of the civil service, governance of the civil service?

Lord Kerslake: Do you mean of the civil service?

Chair: As an institution.

Lord Kerslake: As an institution. I wouldn’t have used that phrase in terms of the civil service. Essentially I have seen the governance tasks when I was Head of the Civil Service as being about effective leadership of the civil service so that they have some visible leadership that they feel is representing the issues that they face; ensuring that there are the right skills and capabilities to deliver Government’s policies; ensuring that the civil service takes its own decisions in a way that has integrity and is consistent with the values of the civil service. Those would be the things I would pick out as being key to good governance.

Lord Butler of Brockwell: I agree with that. I see governance in this context as a synonym for management.

Q122 **Chair:** But I think the point Lord Kerslake made included the word “values” and surely governance is also about inculcating values and setting a leadership example that demonstrates those values.

Lord Butler of Brockwell: Yes, I think it is, but I would also see that as the role of management.

Lord Kerslake: I suppose the difference—sorry, just to be clear on it—is all those are attributes of good managers that I have just described. Governance tends to be about organisations; I think of it in that way conceptually.

Q123 **Chair:** It is instructive, because if we use the word “governance” we are going to have to perhaps define it in a way—

Lord Kerslake: In this context.

Chair: —that there is not a consensus for the meaning of the term.

Q124 **Kelvin Hopkins:** I think it has been accepted that the terms “governance” and “management” are distinctly separate in further education, for example. I am involved in that and when it comes to a management decision about whether or not a member of staff should be sacked or a student should be asked to leave the college, whatever, that is management. When it comes to the performance of the principal, that is governance. There are distinctions.

Lord Kerslake: There are distinctions. If I take the parallel of a hospital I chair, we have done a governance review that looks at the whole way in which the hospital runs its affairs, but that is an organisation. What I am saying is in relation to the civil service here, it is not quite the same. I think therefore the focus is more about effective management, the very



HOUSE OF COMMONS

distinct tasks that go with good management, as opposed to a wider agenda of governance that you would see in an institution or organisation like a hospital or a college.

Q125 Chair: We have looked at governance in respect of charities and public bodies. Governance seems to be intrinsic to reputation; good governance and reputation are indivisible. How does that apply to the leadership of the civil service?

Lord Butler of Brockwell: I think the right term is management. Mr Hopkins, if I may say so, had a good point. Having been head of an academic college, they would have talked about the governance of the college. If you had talked about management, they would have been appalled. In the case of the civil service, I would say that you talk about the management of the civil service rather than governance.

Lord Kerslake: That is my view. It goes to this point about is the civil service a distinct organisation. I do not see it as that. I do see it as a resource that is there to support the Government in the delivery of its policies.

Q126 Chair: This is a very interesting point you are making, Lord Kerslake, because Peter Hennessy would describe the civil service as, "One of the great institutions of state, one of the bulwarks of our constitution, one of the guarantors of our freedom and of our system of government". How can you possibly say it isn't a separate organisation when it does not have a separate ethos? Ministers certainly do not behave like civil servants. They are certainly not governed by the leadership of the civil service.

Lord Kerslake: We may be getting into semantics here.

Chair: I do not think this is semantics.

Lord Kerslake: The civil service is an institution, but it is not a formally-constituted legal body in the way that a college is or a hospital is, where there are a wider set of governance issues.

Q127 Chair: But isn't that the problem, that as Head of the Civil Service, how do you lead and govern the civil service when you are not constitutionally responsible for it?

Lord Butler of Brockwell: Again, that is a difficult point. When I was Head of the Civil Service, I was very conscious of that dilemma because you have to go along with Government policies, with decisions that Ministers have made. Sometimes these are decisions that the civil service doesn't like and expects the Head of the Civil Service to give some leadership about it, but it is very difficult to give public leadership. There is definitely a dilemma there for the civil servant who is Head of the Civil Service.

Lord Kerslake: What I would say is ultimately, as you know, the Prime Minister is responsible for the civil service. He or she chooses to delegate



HOUSE OF COMMONS

responsibilities to the Head of the Civil Service and to the Minister for the Cabinet Office. That is an action of the Prime Minister. It does not ultimately change the responsibility of the Prime Minister for the good running of the civil service; clearly most of that lies with the Head of the Civil Service and the Minister for the Cabinet Office. The point I am making here I guess is that that tension is inextricable in the model in the same way as a local authority. If a local authority is performing badly, who do you hold accountable, the leader of the council or the chief executive? The answer is it is going to be a mixture of the two, isn't it? But ultimately it will be the leader.

Q128 Chair: How do you think we should develop this conversation, given that the civil service, as an institution, needs to be sustained beyond the life of any particular Government, beyond the usual electoral cycle? Taking a very, very legalistic view about the indivisibility of Ministers and civil servants, aren't we stifling this conversation? How should we develop this conversation and what are the issues that we need to talk more about?

Lord Butler of Brockwell: It is a real point. All I can say is that in my experience, ultimately Governments change and go and the civil service goes on forever. It will go through hard times maybe where there are policies that badly affect the civil service. The Head of the Civil Service can and should make representations to the Prime Minister and Minister for the civil service about that. He may be overruled, but in the end, as I say, the institution lasts longer than any particular Administration.

Lord Kerslake: I talked about three functions for the civil service. The second one was the stewardship role. The key thing you need to explore is the extent to which that longer-term stewardship happens; secondly, the extent to which Government is willing to make it happen, recognising that it is an activity that will go beyond their particular administration.

Q129 Chair: I feel that this Committee is the right committee to be asking this question, because Parliament should have a role in reinforcing this stewardship role.

Lord Kerslake: I think so.

Q130 Chair: The Better Government Initiative proposal is one example of how Parliament could be led to intervene more often in that stewardship role. Some civil servants are very wary of Parliament interfering with the civil service, but how do you think Parliament could play a more constructive role in reinforcing the separateness of the civil service from the Government of the day for stewardship and good governance reasons?

Lord Butler of Brockwell: My answer to that would be in standing up for the civil service and making clear the value that Parliament attaches to the civil service as an institution, which, if I may say so, I believe this Committee does. In debates in Parliament, you find that the opinion in Parliament is generally very supportive of the civil service.



HOUSE OF COMMONS

Lord Kerslake: If I could add to that—I agree with all of that—it would be helpful for Parliament to be clear about the enduring characteristics of the civil service as an institution that it says need to be continued. What is it you see as being most important to continue beyond individual Governments, to always be there, if you like, as part of the civil service?

Q131 **Chair:** Looking at all the reform we have had of the civil service—particularly since Fulton, reforms seem to come with exponential rapidity—what in your view determines successful reform compared to quite a lot of unsuccessful or impermanent reform?

Lord Kerslake: For me, the test is about are those reform ambitions still continuing beyond the point at which the plan was published. Somewhat comforting for me was to read the submission to you, as a committee, and see that quite a few of the themes developed in the reform are still there and are still being progressed. One key dimension of success is whether it lasts beyond the publication of the reform plan, basically.

A second test, and this is more subtle, is whether or not you can see the problems that the reform plan was seeking to address being improved: can you see more professional function or leadership; can you measure the progress?

Q132 **Chair:** My question was slightly different. You are identifying what would identify a successful reform.

Lord Kerslake: Oh, I beg your pardon.

Chair: What is it that determines whether a reform turns out to be successful?

Lord Kerslake: Sorry, I thought your question was, “How will you know whether it had been successful?” My apologies, Chair.

Chair: What determines the success? What is it that makes a reform successful or unsuccessful in the way that the Government goes about it?

Lord Kerslake: Let me give three things that determine success. One is absolutely clear political leadership and from the Head of the Civil Service. The Government of the day, the Prime Minister downwards, need to be behind the reform that is happening. That is the first point.

The second key part of the test of success is that there is a clear, defined set of actions where you can measure whether there has been delivery or not. It is not simply a set of generalised ambitions, there are real things happening that can be tested and measured.

The third thing is what are the civil service themselves saying about it, so you have some ways of measuring the civil service, so they have been engaged in its development.

Lord Butler of Brockwell: I do think you need continuous reform, both because the world changes and because all organisations need to be kept



HOUSE OF COMMONS

up to the mark. When I think back over my time, all the reforms, Fulton onwards, have had good, lasting effects. Not everything that was recommended was done, but all of them were worth doing, all of them made some valuable improvements. I think that needs to go on. Sometimes the way they are done is damaging, but the reform is necessary.

Q133 **Chair:** But some of those issues come up again and again, like the cult of the generalist, which Fulton complained about the lack of sufficient expertise in Departments, which you have mentioned today; the complaint from Ministers about slowness, about culture. Why do you think these particular issues have proved so intractable?

Lord Kerslake: Some of them are enduring. They are never going to go away, are they?

Q134 **Chair:** Why not?

Lord Kerslake: You are always going to have impatient Ministers wanting to—

Q135 **Chair:** This is just a feature of impatience?

Lord Kerslake: No, but the second point I was going to make is the fact that we have not achieved 100% success on a particular issue—

Q136 **Chair:** The glass is half full? I do not think that is really addressing the question.

Lord Kerslake: The point I am making is the fact that you have made progress on having greater technical and specialist capacity is progress. How they arrive at that, their journey is not the point.

Q137 **Chair:** It sounds like you are saying, “Ministers complaining about civil servants, that is just part of the operating climate we are in”.

Lord Kerslake: No, no. I am saying the fact that they complain doesn't mean to say that the reform did not achieve anything. That is what I am saying.

Lord Butler of Brockwell: If I can add the civil service is hugely more expert than it was when I joined it, when it was the cult of the generalist. It has hugely more focused on outcomes and delivery of services and treating the public as clients. It has become hugely more diverse. It is certainly not perfect, but these reforms have made some progress. We should not suppose we are still back where we were in 1990s.

Chair: I do apologise to all former Cabinet Secretaries and Heads of Civil Service who I make cross with these questions.

Lord Kerslake: Animated would be a better word.

Q138 **Kelvin Hopkins:** I am an older person and I rather like the idea of the generalist, but I don't see it in terms of being Jack of all trades and



HOUSE OF COMMONS

master of none. Isn't the question that if one is going to be a senior civil servant, the Head of the Civil Service, you have to have some general understanding of economics, of law, of the structure, how Government works, of international affairs, that sort of general knowledge, on which you can build specialist abilities and so on? That general background is so important. Seeing in this place, in Parliament, people who have no understanding of economics and they just get bamboozled by Ministers who run rings around them, because they do not understand elementary stuff.

Lord Butler of Brockwell: I joined the civil service, joined the Treasury, having read Greats and I was sent off by the Treasury to the Centre for Administrative Studies to learn some economics and statistics. With Gus O'Donnell, it was the other way around. He started as an economist, and indeed he continues as an economist, and he developed, as it were, acquaintance with the other things that you need in a civil servant as time went on. I think you can do it either way, but you are absolutely right, you need both types of skill.

Lord Kerslake: I share that view. You cannot be an effective lawyer in Government if the only thing you understand is law. You have to have a broader base.

Q139 **Mrs Cheryl Gillan:** The one thing that you, Lord Butler, epitomise is you came in as a young man from university and you left when you retired. You, Lord Kerslake, came into Sheffield and then came here and then retired. What has struck me in looking at the attitude survey, the recent one that was done in the civil service, is that 8% want to leave the organisation as soon as possible; 15% want to leave in 12 months; 32% want to stay for at least the next year; only 43% want to stay for three years. How do we retain? What are the attributes that we should be looking for in a model civil servant? Should we be worried about the fact that more than 50% do not see themselves spending more than three years in the civil service?

Lord Butler of Brockwell: I think this is a problem. One of the statistics that struck me was that in 2010 and 2011, times of economic difficulty, the turnover in the Treasury was 50%. What was the reason for that? A number of reasons, but one was of course that some people—and they would be in the figures you have quoted—joined the civil service to get it on their CV, and particularly perhaps joined the Treasury, and go into the City and then make a lot of money. You cannot stop that, but you do need, in one way or another, to try to make the civil service attractive enough for them to want to stay and to see it as a profession and a career.

Having said that, the civil service that I joined, when you could not become a member of the fast stream if you were more than 28 and you were then expected to stay the whole time, you were in your ivory tower all that time, I think that did not serve the public well enough. We have to get a balance between them, but I think you are right, that probably



HOUSE OF COMMONS

the balance is a little bit too much in favour of too much movement, as things are.

Lord Kerslake: I have two points to add to that. I think the civil service benefits from an influx of people from outside and it benefits from people going out from the civil service and coming back. That is why I advocated an open civil service. But I do worry about whether or not people see the civil service as a long-term career. Even if they do not go, are they disengaged stayers, people who stay but do not feel a real attachment? That is a real concern. That is about leadership, but it is also—and you have to go back to it—about people feeling that they are paid and rewarded properly as well.

Q140 **Kelvin Hopkins:** Just briefly, isn't the crucial difference between someone who works in the civil service that they have to be imbued with a sense of public service? They can't just be there because they need to make cash, because that is legitimate in certain spheres but not in the civil service. You have to have that sense of public service and doing things for the public realm.

Lord Kerslake: Completely. But I have seen many people come from the private sector into organisations that I have worked with who have just the same level of public service commitment. It is not one or the other; it is something that is intrinsic to the person coming in.

Q141 **Mrs Cheryl Gillan:** But isn't it also there is something else that transcends that, and that is the intellectual engagement in the job? Certainly in my experience, from a family member, my husband, who was a civil servant man and boy—I believe in the Treasury with you, Lord Butler, and then went out to the World Bank and came back into the DTI—when I said, "Why did you stay in the civil service?" he said, "Because of the intellectual satisfaction that I got out of it". I think somehow that has died a little in the modern civil service.

Lord Butler of Brockwell: I have always said, when people asked me why I joined the civil service—and this is perhaps a rather 1960s attitude—I felt it was an organisation where it was not who you knew or who you were that enabled you to advance. I believed that the person who had the best argument won. The civil service lived up to that, in my experience. Certainly in the Treasury even quite junior people at meetings with Ministers were encouraged to speak and you were always encouraged to argue with your superiors. I found that a very satisfying aspect of the civil service.

Lord Kerslake: We did some surveys of why civil servants enjoy working for the civil service, and there were two continuing themes. One was the varied nature of the work, that it was always interesting and, secondly, that they felt they were making a difference. Those were the two things that came back time and time again from civil servants. I do not think we can say it is not going to be interesting over the next few years.



HOUSE OF COMMONS

Mrs Cheryl Gillan: It is a bit like being a politician without the downside, really.

Lord Butler of Brockwell: Let me make one point that may not be very fashionable and may not be very popular. I also think that people ought to be rewarded for public service. People make mock of the honours system, but the honours system is a nice way for the country to reward and recognise people for their public service.

Lord Kerslake: Yes. That was part of why it was created, of course.

Q142 **Chair:** In terms of the attitudes and behaviours of the civil service, what attitudes and behaviours do you think are valued, and what perhaps are inadvertently not valued that should be better valued, attitudes and behaviours?

Lord Butler of Brockwell: I think that what is valued is a commitment to public service. It is very valuable to have the four things—honesty, integrity, objectivity, and impartiality—those slogans that go into people's minds, and those are the qualities that are valued. What is not valued is disloyalty and lack of recognition that ultimately you are the servants of a democratic process. You are not more important than the democratic process; your duty is to serve the Government that the public have elected.

Lord Kerslake: I share all of that. I think your question was what things are not valued that ought to be valued, wasn't it? I think agility. The thing that I saw that was really so impressive when I came into the civil service was the willingness from people to be flexible and take on radically different roles very quickly, and pick them up and do them well. That is quite an unusual skill that you do not always see in other organisations.

Q143 **Chair:** It is interesting that I asked about attitudes and values and you answered me with a skill. What about civil servants who are trying to project the truth up the system? Are they always valued in the way that they should be?

Lord Kerslake: I think Lord Butler referred to the civil service values and honesty being a key part of that.

Chair: Yes. Good answer.

Lord Kerslake: We covered that, but my point was it is more than just a skill. Perhaps I did not describe it very well.

Chair: No, I understand the point you are making.

Lord Kerslake: The value point is that people accept that they have to be flexible and adaptable to meet the needs.

Q144 **Chair:** Very often Ministers are transmitting contrary signals down the system. They do not want to know that this is not going to be achieved in time for the general election. They do not want to know that the Budget



HOUSE OF COMMONS

is going to run out of control. How does the civil service make sure that at least the Permanent Secretary knows, even if the Permanent Secretary is going to have difficulty telling the Minister? Very often the suppression runs right through culture of the Department.

Lord Kerslake: I get your point. I personally think the key cultural value you need is openness in organisations.

Q145 **Chair:** How do we encourage more openness?

Lord Butler of Brockwell: I would say that you are more likely to find that in the civil service than you are in many organisations outside. I would have more confidence that somebody who gives the awkward truth is valued in the civil service than it would be in many commercial organisations.

Q146 **Chair:** But how do we promote this? How do we talk about it and how do we make sure that Ministers realise that this is going to be talked about?

Lord Kerslake: I share Lord Butler's view that it is better in the civil service but it is also more important in the civil service because there is a lot at stake.

Chair: Yes, I agree with all that.

Lord Kerslake: How do you make it happen? I do believe it is about leadership from the top and it is how the senior figures conduct themselves. If civil servants see them being robust in the advice they give to Ministers, then they will see that as an encouragement for them to be robust in the advice they give to the senior civil servants. It starts from the top, in my view, and that is part and parcel of the training of the senior civil servants but it is also in the induction of every new civil servant to say, "This is what we look for and expect from you".

Lord Butler of Brockwell: I make the point again; there are good Ministers and bad Ministers. I also comfort myself with the thinking that good Ministers do well and bad Ministers come to a sticky end.

Q147 **Chair:** One hopes the good people win in the end. Moving on the question of accountability, which we have already touched on—

Lord Butler of Brockwell: Chair, can I just make one point, and I hope you will not mind me making this? I had not realised this session was going to go on so long. I am due to be giving a lecture to some overseas diplomats on the British civil service at 12.30 pm.

Chair: Is that in the building?

Lord Butler of Brockwell: Yes.

Chair: I will ask one very last question about the National School of Government.

Q148 **Kelvin Hopkins:** The Fulton report of 1968 expressed concern that many civil servants "do not develop adequate knowledge in depth in any one



HOUSE OF COMMONS

aspect of the department's work and frequently not even in the general area of activity in which the department operates". You touched on this earlier. I regret I was not here at the beginning of your contribution, but that is still a serious concern. It has got worse, has it not, with churn, with many people leaving, taking early retirement packages to reduce the size of the civil service? How serious is that now?

Lord Butler of Brockwell: I think is more serious. It was always a problem, I felt, that with a Department if you wanted to give people the breadth of experience and expertise that they needed to be in the most senior posts you had to move them around more quickly than was sensible. If I had my time again managing the civil service, what one wants to do is to identify the people who are going to be at the top, who you give a rather broad, thinner experience to, and people who are going to make good experts in particular areas whom you keep in those areas for a good length of time and develop them. That does not deal with the problem of rapid turnover and people leaving. We have talked a little about that, and I am afraid I don't know what the solution to that is.

Lord Kerslake: There is no complete answer, but I do think the thing that helps most is to actively manage people's careers so that you help them make the choices and also allow people to advance their career within a specialism. The real value of functional leadership across Government is that people can advance in a specialist area by moving across Government in a planned way. I think a crucial part of keeping expertise is this management, helping people manage their careers.

Q149 **Kelvin Hopkins:** Is it not absolutely vital that a Permanent Secretary in particular should have sufficient knowledge of his Department to give competent advice to Ministers and not be saying, "I am not sure, Minister. I have not been here very long"? It is very important that they give competent advice and know more than the Minister, in a sense.

Lord Kerslake: I agree with that, and it is problematic if you can't. I agree with Lord Butler that you should at least look that people have had some time in their previous career in the relevant Department before they take on the role. I think that is a very fair point.

Q150 **Kelvin Hopkins:** Preserving institutional memory is important, absolutely vital, but also having some personal memory and experience—

Lord Kerslake: Sure. I do not think I could have done the job of Permanent Secretary at CLG without having had some background and knowledge of local government, to be frank.

Q151 **Chair:** Drawing all this together—and this will be the last question—the institutional memory, the sense of identity of the civil service, the shared values, shared attitudes and promoting the right behaviours, what role do you think a successor to the National School of Government could play in this?



HOUSE OF COMMONS

Lord Butler of Brockwell: Like others, I was very sad about the end of the National School of Government. I knew it as the Civil Service College and I think that that had a very important role. I would like to see something like it, a school for civil servants, reinstituted. In the end, I agree with Lord Kerslake. I think that what one wants to inculcate in young civil servants is that this is a profession and an honoured profession that is worthwhile for the whole of your life, even if it is also good that you go out and come back. A very important part of that is personal relations, management within the Department, helping, talking to people and getting across to them that they are part of a profession that does good in the world, does good to the nation, and is worth giving your life to.

Lord Kerslake: The National School of Government was always more than the building and if I had my time again I think we probably threw the baby out with the bathwater. We got rid of the building, which I was less bothered by, but we did not retain that institutional form that we had in the National School of Government. We effectively subcontracted that as a training provision and we should have retained in-house expertise and leadership.

Q152 **Chair:** My Lords, thank you very much indeed. It is always a pleasure to welcome you here, however long you have been out of office.

Lord Butler of Brockwell: Thank you, Chairman, for a discussion I have found very interesting.