

# Public Administration and Constitutional Affairs Committee

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

Tuesday 7 February 2017

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

Questions 226-349

## Witnesses

**I:** Chris Wormald, Permanent Secretary, Department of Health, Stephen Lovegrove, Permanent Secretary, Ministry of Defence, and Sir Robert Devereux, Permanent Secretary, Department for Work and Pensions.

## Examination of witnesses

**Q226 Chair:** Welcome to this evidence session of our inquiry into the civil service. I would like to emphasise that our objective here is not to bash you about the head and screw you to the floor. Well, one or two of us might, but our overriding objective is exploratory. It is about discovery and understanding of your role and purpose as Permanent Secretaries and how you think the civil service is working, what works well and what does not work so well, and what we should learn from what does not work so well. That is the context that we are looking at here, and how you can sustain the civil service as an institution, amidst all the pressures that you have to work under, and make sure that you maintain the necessary capability, skills and subject knowledge in your Departments to do that. I appreciate we are looking at a great deal of experience in front of us and we are very grateful for you being with us. Could you identify yourselves for the record, please?

**Sir Robert Devereux:** I am Sir Robert Devereux. I am the Permanent Secretary for the Department for Work and Pensions.

**Chris Wormald:** Chris Wormald, Permanent Secretary at the Department of Health.

**Stephen Lovegrove:** Stephen Lovegrove, Permanent Secretary at the Ministry of Defence.



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**Chair:** We will ask fairly short and crisp questions and if we can keep the answers pacy then will get through more quickly and be able to cover more ground. If things are dragging a bit I will pull you up.

Q227 **Ronnie Cowan:** Fairly briefly, how do you become Permanent Secretary? Did you leave school thinking, "Some day I am going to be a Permanent Secretary"?

**Sir Robert Devereux:** I became a Permanent Secretary by winning a competition. I applied for the competition, because I thought I could do it, back in 2007, so I have been at it for 10 years now, but it was a process which the Civil Service Commission oversaw and in which the Prime Minister made the decision. That is how I became a Permanent Secretary. If you are asking me at what point in my career did I want to be one, I think the honest answer is probably in the several years just beforehand. I have not spent my life thinking, "I am going to be a Permanent Secretary" and I genuinely feel that is not good advice to a youngster.

**Chris Wormald:** I suspect that answer is true from all of us. I entered a competition. My first Permanent Secretary role was at the Department for Education, which was the Department I had originally started in and spent 15 years in. Certainly if I was going to apply to be a Permanent Secretary it was the obvious competition to enter and, like Sir Robert, it was in the couple of years previously that I began to think maybe I should go for the top job. Stephen's background is a bit different, isn't it?

**Stephen Lovegrove:** It is a bit different. I joined the civil service after a career in the City of London working in investment banking. I joined the civil service in 2004, I think, and found that I enjoyed it and seemed to be reasonably competent at it. Like Sir Robert and Chris, a couple of years before I entered a competition to become Permanent Secretary at the Department for Energy and Climate Change I thought the place where I would most like to spend the rest of my civil service career was running a Department.

Q228 **Ronnie Cowan:** If you are looking to appoint somebody to be a Permanent Secretary what are you looking for in their education and their work experience that you think helps them do the job?

**Sir Robert Devereux:** I guess a couple of things. First and foremost, since we are here to serve the Government, being able to work well with the current Secretary of State and all future Secretaries of State is a rather important talent and, since in my experience they are all different individuals, a degree of being able to make relationships is good. It is not a surprise to me that a lot of people who are Permanent Secretary have come out of the policy profession because of the nature of the work and the sort of things that Ministers are interested in tends to be around the making of policy, and knowing what is working, and so some facility with that is pretty normal.



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I guess the other thing that has certainly borne in on me since I am running the largest Government Department is that the capacity to lead very large organisations that by any stretch of the imagination are bigger than some FTSE 100 companies is a talent all of its own. There is a broad range of different sorts of skills that you might ideally look for.

**Chris Wormald:** Just to add, it is not the same for all Permanent Secretary jobs and I think this is quite a key point. The two Departments I have run, Education and Health, are what you could describe as classic central Government strategy and policy Departments and the focus of my job is more towards that end of the skill set. That is very different from what Robert does with a much larger organisation, and I think you have run one of each, haven't you?

**Stephen Lovegrove:** I have. I had a small very policy-heavy Department in DECC, which had 1,700 people in it, and now at the MoD there are 58,000 civilians and 130,000 men and women in uniform, so those are very different challenges. I very much agree with Sir Robert that the key characteristic of a Permanent Secretary in all circumstances is that you have to be prepared to lead your people. I think it is impossible to do the job without that, but they are very varied and demanding jobs so a degree of flexibility or a degree of energy, a degree of intellectual assurance, all of those things are important as well.

Q229 **Ronnie Cowan:** Very briefly, what are the most challenging aspects of the job you have in front of you now?

**Chris Wormald:** The one thing you are never short of if you are running the Department of Health is challenges, as I am sure you can all imagine. The ones that preoccupy me are the challenges out in the system, as opposed to those inside the Department. What I spend most of my time on is the questions of how the health service and social care service are delivering their objectives. What are the challenges and what can we do from central Government to assist with those challenges? Again, I expect you will find the answer is quite different across the three of us, which reflects the different natures of the organisations and the sectors we oversee, but if I was to ask myself how I spend most of my day it is on those sorts of questions.

**Sir Robert Devereux:** I go back to the answer I gave about what I think a Permanent Secretary needs to do. At the top of mind is making sure the labour market is functioning. I am pleased that we have record levels of employment; trying to make sure that disabled people do not have a lower employment rate than everybody else. These are what you might call final outcome mission—

Q230 **Paul Flynn:** When does that start?

**Sir Robert Devereux:** The Government has set itself a target to halve the gap between the employment rate in general and for disabled people.

**Chair:** I think Mr Flynn is on to something here, but it is not really the



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question we are asking. We appreciate that your job is to support Government policy and that is Government policy, but we are not here to discuss Government policy. I think the question is more about—

**Sir Robert Devereux:** Sorry, the question I was being asked was what challenges there were, and it would be odd if the challenges did not include delivering the Government's business. I was going on to say that there are other things about running the Department. As of Monday, 60,000 staff started working different contracted hours based on a contract negotiation I did with the unions last year. As of the week before, we changed the leases on 900 buildings, or we announced that the changes were being made. At one end I obviously have things to do, at the other end I have a very large organisation, and both of those are challenges that the Permanent Secretary has to be across.

**Stephen Lovegrove:** At the moment I would say that I have challenges in three different areas that I am spreading my time across. One is certainly policy challenges and just making sure that we have the right posture and the right structure of our military forces to confront the types of threats that we are seeing developing in the world. That does take quite a lot of time. We have to make sure that our policy colleagues are working in the right direction for that.

Secondly, we have a very large acquisition budget, as everybody knows, the largest part of which is building and buying the replacement for the deterrent. Assuming it does not run over budget, that is going to be £31 billion over the next 20 years or so. Those financial challenges are very much top of mind for me, acquisition challenges, commercial challenges. The other one I am personally spending a lot of time on at the moment is that we have been set a task to reduce the number of civil servants in the MoD by 30% by 2020, which means 17,000 people leaving the MoD—not probably leaving Defence, not all of them leaving Defence. They will be working under different terms and conditions for different employers, but nevertheless seeing 17,000 people leave your workforce of 58,000 is a very major undertaking and one that requires a great deal of communication, leadership and thought.

Q231 **Ronnie Cowan:** Are you involved at all in making the policy or are you simply given a policy and told that is what you have to do?

**Sir Robert Devereux:** I think you will find the level of detail needed to deliver the sorts of things written in manifestos requires quite a lot of work, which Ministers recognise and they expect advice on and workers on. It is much easier to write down a headline aspiration, as your colleague said. It is much more difficult to work through the detail. There are lots of choices in there and so the smart policymaking is basically making sure that you have thought about the very best way in which to deliver what Ministers want and thought about the risks, the opportunities, the things that might land it safely. So it is a complicated business. It is not dictation by any means. That would be nice and easy.



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**Stephen Lovegrove:** The world changes as well, so you may start with a set of—

Q232 **Ronnie Cowan:** Am I right in saying the Government comes along and says, “Privatise NHS, close Jobcentres across the United Kingdom, replace weapons of mass destruction” and you are left on the job?

**Chris Wormald:** Obviously the Government has not said those things.

**Ronnie Cowan:** Clearly it has.

**Chris Wormald:** Clearly it has not said privatise the NHS but I do not think—

**Ronnie Cowan:** They are doing that. That is what is happening.

**Chris Wormald:** Sorry, I do not think we are here to have that debate, as it is not the Government’s policy, as I am sure you have debated with Ministers. On your question in general, of course it is the role of the civil service to deliver the manifesto of the elected Government and whatever legislation we have in place. As Robert said at the beginning, one of the things that you sign up to when you become a Permanent Secretary, or indeed any civil servant, is that you will serve the elected Government of the day to implement its policies. As I say, you may disagree with what those policies are but on your general point, yes, that is your job.

Q233 **Ronnie Cowan:** Are you involved in the discussion to close Jobcentres across the United Kingdom?

**Sir Robert Devereux:** Of course I am. Let me just give you some thoughts. When I first came to the Department in the mid-1990s we had 165,000 staff and a contract that had already been running for buildings for 10 years. That contract runs out now and we think that by having fewer buildings, which we have just announced, we will save on average £180 million every single year for a decade, so £1.8 billion to you and me. That is not about losing any staff. I am not intending to lose staff in this process. I am simply trying to make sure that I have the right amount of carpet to accommodate staff and to have the right amount of front-facing retail presence. We are not in the business of trying to make life more difficult for anybody, but you cannot sit on an estate that is too big and not do something about it. We have a chance to do it now that the 20-year contract runs out, so it is a perfectly rational thing to do. Ministers are aware of it; I have done a lot of the detail on it. I have stood in the offices in Scotland, some of which are closing, and explained the position and colleagues understand that too.

**Ronnie Cowan:** A discussion for another day, I think.

Q234 **Chair:** You mentioned smart policymaking. Each of you is your Secretary of State’s principal policy adviser and you mentioned the fact that your policy statements are made by Ministers and you have to translate these into detailed policy. How hard is it to have the conversation about what is not practical about this broad policy statement and how do you deal with



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that? Sir Robert, your universal credit experience must be very relevant to this.

**Sir Robert Devereux:** The incoming Government had a view that the way the system worked, both in work and out of work, was broken and they came with a view as to how to develop a much more unified system. That system has now begun to be in place. It is very clearly, with all the evidence we have, better than the system it replaced.

Q235 **Chair:** What did we learn from the first two years of the implementation programme on universal credit? Everybody agrees it was extremely difficult and did not go very well and went on being bad for perhaps much longer than it should have been. What do you think the system has learned from that experience?

**Sir Robert Devereux:** Trying to put dates on things that you have not worked through in detail is difficult. For most of the transformations that Government are doing the difficulties are self-evident. Guessing in advance that it can be done by date X is generally risky, so the thing that we have been doing ever since 2013 is basically saying, "Let's take one more step. Let's see how that goes. Let's then confirm our plans for the next step" and so on.

Q236 **Chair:** Why did it take until 2013 to have the discussion about deadlines and dates? What do you think held up the conversation?

**Sir Robert Devereux:** Internally the work that was going along gave us some confidence that it was broadly going in the right direction. It turned out when lots of different things came together that our ability to be confident in the date started to get weaker. Two things were going on with this benefit simultaneously. One was a desire to reshape it; hold that thought. The other one was to make it virtually entirely an online digital service. Doing both of those things simultaneously turned out, by about the summer of 2012, to be more difficult than we had originally envisaged. Simple as that.

Q237 **Chair:** Why do you think senior officials in your Department were not fully aware and were not able to inform Ministers about things that were in doubt or going wrong for such a long period? That was obviously the case.

**Sir Robert Devereux:** I do not think that is obviously the case. I have described the process by which as you embark on an incredibly complex journey more things become apparent with the passage of time. I wish it was possible to be entirely prescient right from the start, but all the steps we were taking were with the knowledge of Ministers including—

Q238 **Chair:** How well were you informed about the progress of the programme throughout 2010 to 2013?

**Sir Robert Devereux:** I was perfectly well informed, but the thing I am describing is the realisation that as you get further down here some of the things that Ministers wanted simultaneously with the final result, such



as a digital service, were more difficult to do. The technical design that we were using turned out to be more—

Q239 **Chair:** Do you think that nobody knew that it was going to be more difficult than originally thought until 2013?

**Sir Robert Devereux:** Let me play it back another way. If you go back and reread the external assurance from the Major Projects Authority at the time, it is not littered with remarks saying, "This can't be done". It was consistently saying, "There are things you need to think about next. We need to review this next time we come", but the view that somehow or other everybody knew that this was not going to work and then it became apparent that that was true simply is not borne out by any of the written evidence.

**Chair:** I am going to leave that there. Marcus Fysh, you have to leave in a moment?

Q240 **Marcus Fysh:** Yes, I do, but I will come back later. I have a question about value for money. What do you define as value for money in your different Departments? How do you go about thinking about value for money?

**Sir Robert Devereux:** I guess the answer to that is that it is in one sense relatively straightforward. On behalf of taxpayers we are trying to make sure that if somebody gives me £1 to spend I can turn it into more than £1. If Ministers would like to do something and it is clear that the overall benefit to the economy of spending £1 of taxpayers' money is one point something, or £2 or £3, then we are in value for money territory. If what Ministers want to do turns the £1 into 90 pence that is not value for money, so it is not a hurdle rate. We do not say that everything that we do in Government must pass a 10% rate of return but we do require, and this is the bottom line for the accounting officer, that the £1 I have been given is worth more when I have spent it than when I was given it.

Q241 **Marcus Fysh:** Is it the same for you?

**Chris Wormald:** It is slightly different. When you are dealing with straight financial investments we do it exactly like that. A lot of decisions in the health service are about how much money for what medical outcome, which does not have a pound sign attached to it, so you cannot do it as a straight equation. The vast majority of those decisions are taken out in the health service by individual clinicians and hospital managers and not in central Government. The question we would focus on much more than what Robert is describing would be the process of things done within the Department. Outside the Department—and this is true in education or in any disaggregated system—the question you ask yourself is, "Do we have a framework by which value for money decisions are taken by all those people out in the system?" That is normally a financial regulator; in our case NHSI overseeing the provider side and NHSE overseeing the commissioning side, and then there are the financial rules within each individual institution and an inspection of those. We



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would focus much more on the framework for value for money than the individual decision than Robert would.

**Q242 Marcus Fysh:** Mr Lovegrove, is it fair to say that there was previously less focus in the Ministry of Defence on value for money, then there was more when the coalition Government came in, and now it is beginning to rethink the thoughts about what value for money means?

**Stephen Lovegrove:** I do not think that we are any less focused today on value for money than my predecessors were since 2010. There were some fairly well publicised financial difficulties in the Ministry of Defence leading up to I think about 2011, which had to be fixed.

Our definition of value for money is much more like that of Mr Wormald. It is difficult to put a value in monetary terms on a warship or a tank or a submarine or aeroplane. Once the general security and defence policy has been set, our approach is to try to make sure that the acquisition of those very large pieces of equipment, because we do spend a lot of money, is done to the extent we possibly can in a competitive environment that drives value for money and best price. To the extent that it is not, we have regulations, procedures and apparatus that allow us to feel confident that the taxpayer is getting as good a deal as it can get. I am sure that there may be moments when we are less effective on that than we would like to be. It is a very big programme, but certainly it is something at the top of mind all the time.

**Q243 Marcus Fysh:** Within your responsibilities to Parliament as Permanent Secretaries for the value for money criteria of your Departments, what regard do you have for the holistic Government view, so the potential impact on other areas of the holistic view of your decisions on particular industries or particular communities?

**Stephen Lovegrove:** I will carry on. We certainly do that. I think there has been a tendency, that is now beginning to decline, for Defence to look upon itself as a bit of a kingdom unto itself, and that is changing. The apparatus of the National Security Council which has brought us into much closer working contact with other Departments working in national security has helped that. There are lots more joint units and we certainly have been working very closely with the Department for Business, Energy and Industrial Strategy on what it means to be the biggest client of British Aerospace, one of the biggest clients of Rolls-Royce, one of the biggest clients of Babcock, one of the biggest employers effectively in Scottish shipyards. These are things that we do think about very carefully and there are plenty of us to be able to do that.

**Q244 Marcus Fysh:** What are the ways in which your relationships with your Ministers operate at the moment? How could they be improved to enable you and your staff to think about value for money when you are making decisions or preparing decisions?

**Stephen Lovegrove:** The heart of this—and I will pass it over to Sir Robert and Mr Wormald—is impact statements and the way in which you



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try to assess all of the various impacts of particular policy decisions, which certainly go a lot wider than the standard Treasury definition of value for money. They do try to look at impacts on local communities and job prospects in certain areas and impacts on local amenities, but they are more probably for colleagues to talk about.

**Chris Wormald:** It works pretty well. In my particular Department we sit down with Ministers every Monday and review the finances and the performance of the sector and we look at those two things together, and value for money is hardwired into those discussions. I do not think there is a problem in the relationship between civil servants and Ministers. Along with Stephen, the question of are we always bringing the best information to the table—and this is something that the Committee will know—is a constant struggle in the Department of Health as to how you balance particular types of procedure and decision. We can always be more scientific about that, but I think that is where the biggest challenge for us is. It is about making sure you have the best data at the table to take the decision, but I do not think there is a relationship issue.

Q245 **Marcus Fysh:** In a situation where there was a potential tension between what a Minister wanted to do and perhaps the advice that was being talked about as being the proper advice on those matters by people at different levels in your Department, how would you go about trying to ensure that the truth was spoken to power in that regard?

**Chris Wormald:** You start by having a proper discussion with the proper data at the table, and that is clearly the prerequisite of everything. In 99.9% of conversations that I have had with Ministers, you have a perfectly grown-up debate where you are looking at the data and deciding what is the best thing to do. Ministers are allowed to disagree with civil servants' advice. They have to listen to our advice but it is ultimately for Ministers with their democratic mandate to decide what they want to do and they are allowed to listen to our advice and overrule it. We then have a decision as to whether we think this is a formal accounting officer issue or not and there is established procedure to conclude that it is, but in my experience that almost never comes up.

**Chair:** All right, gentlemen, shorter answers, please.

Q246 **Dr Poulter:** I want to pick up on a couple of points you made in your earlier answers on value for money. You describe it, particularly in Health and Defence, as much more of a contract or commissioner management relationship in delivering value for money. Could you talk through some of the challenges involved in that?

**Stephen Lovegrove:** I will go first. The biggest challenge is that we find ourselves quite a lot of the time in a monopoly on one side and a monotony on the other side relationship. We are the only real buyer of defence equipment in the UK and there are very few suppliers of that level of kit. That makes commercial negotiations complex. Normal market mechanisms do not act in that kind of situation and, therefore, we have



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to adopt different types of techniques and in particular we have to have recourse to the Single Source Contract Regulations.

**Chris Wormald:** I almost do not need to tell you what ours is, as I am sure you know, but I think our biggest challenge in that area is that we simultaneously want local discretion and national consistency. In our frameworks it is the balance of getting those two types of decision-making right.

**Q247 Dr Poulter:** Looking at your comments to the Treasury, there have been changing relationships with Departments as perhaps the structures in the NHS in England have changed or the contractual relationships and the approach taken by the MoD have changed. I am sure it is the same in DWP. How do you feel Treasury has adapted or understood the change from more of a command-and-control approach to value for money that may have existed before to the changes that are now taking place for more of a commissioner or contractual-based approach to the work of the Department?

**Chris Wormald:** Certainly from my experience, the Treasury understands that very clearly and we work very closely with the Treasury on those issues. There is a genuine public policy question about where do you want national consistency and that is more often what Treasury will argue for and where you want local decision-making. I find that is quite a healthy debate with Treasury.

**Sir Robert Devereux:** One of the things that the Public Accounts Committee has fairly consistently been arguing is that, to be honest, it matters little whether or not I spend the money directly on my own staff or through a contract or through a partner. At the end of the day it is all taxpayers' money and it is my problem as accounting officer to make sure that is well spent. I understand that there are different issues that we may have to consider, but I do not think from a Treasury perspective it matters particularly what the mechanism is. The question we need to ask ourselves is what is the outcome—to come back to one of the points I made earlier—whether it is more employment or whatever it is, what are the methods for doing it and how can you be confident if I give £1 to somebody who gives £1 to somebody else that they spend it well? I have some sympathy with the view that I have to worry about the £1 going all the way down the system and not just hope that good things happen when my partner does something locally.

**Stephen Lovegrove:** On the specifics of your question about Treasury, have they moved on the journey at the same pace as we have, I think they probably have. There is a limit to how much Treasury officials can get into the weeds of some of these things, and we have an organisation down in Bristol called Defence Equipment and Support that is over 10,000 strong, which does most of the acquisition and acquisition support for the Ministry of Defence. I do not know how big the spending team is in the Treasury but it is under 10, so they are not going to get into every decision that is taken down there on value for money grounds. There are



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some very big ones—the successor is the obvious example. It is also important for the nation at large that we try to weave our Treasury colleagues absolutely closely into the decision-making process so that there will not be bumps in the road that are going to cause us difficulties.

**Q248 Mrs Gillan:** You are all running very large and complex Departments and, as with any organisation, the key to running those Departments successfully has to be the relationships at the top. I want to probe a little bit more about relationships between Ministers and senior officials. I do not know whether any of you had a chance to read “Truth to Power”, which was the predecessor of this Committee’s report, where quite clearly the tensions between officials and Ministers were identified. What in your view makes for a good relationship between a Secretary of State and a Permanent Secretary?

**Chris Wormald:** Having at times been one of your senior officials I hope we were a case study.

**Mrs Gillan:** I did not think I had to declare an interest.

**Chris Wormald:** The absolute heart of it is, as with any relationship whether it is senior or otherwise, honesty and mutual respect. You have to be able to have honest conversations. We hope Ministers respect the advice they are given and civil servants need to understand that Ministers are ultimately accountable for those decisions and are allowed to take their own decisions based on the advice that they are given, but if that conversation is happening honestly on the basis of proper data, agreed facts, then everything flows from that.

**Q249 Chair:** What percentage of the time is that conversation 100% open?

**Chris Wormald:** Certainly in my experience—and I have had the privilege of being a senior policy adviser to all three recent parties of Government at national level—it is pretty much universal. You have conversations that go better or worse, but I have found that the basics of that relationship work very well and you have honest conversations with Ministers and then you recognise that the Minister gets the ultimate call.

**Sir Robert Devereux:** I am currently serving my eighth Secretary of State as Permanent Secretary—four Labour, four Conservative. As I said earlier, they are all different as individuals but, rather like Chris, I have not found it difficult to have a conversation with them about both the straightforward things and the more complicated things. That is partly the role and partly I like to think I am perfectly good at making a good relationship with people with quite different backgrounds.

**Q250 Mrs Gillan:** How is that relationship altered when there are external factors, for example the reported briefing on universal credit against you? That must be pretty difficult, mustn’t it?



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**Sir Robert Devereux:** Yes, the point at which your mother rings you up and says, "Your name is in the paper". The good news is that I am the Permanent Secretary and I am still here.

Q251 **Mrs Gillan:** I think I like that reply. It is just from HS2 to universal credit you would have had your fair amount of grief, I would have thought.

**Sir Robert Devereux:** Yes, so I have to be slightly phlegmatic about it. I am now looking back on things that I have done and some of these things are difficult to do. The answer I gave the Chair earlier is absolutely fair. We are running, in universal credit, probably the largest single digital project in western Europe at the moment. It would not surprise me if it is not straightforward. I do not know of a single major programme the Government do that does not go through some difficult times. Part of the trick is to recognise that that is the case and have the fortitude and resilience to crack on with it.

Q252 **Mrs Gillan:** Do you think that you have certain qualities that Ministers value in their senior officials, the fact that you have outlived the politicians, as it were?

**Sir Robert Devereux:** No, I think that is probably not a characteristic that many of them value. What do they value? They value the fact that I know quite a lot about the organisation, obviously not when you first arrive in a new Department but I was promoted from the Department for Transport to be its Permanent Secretary. I came back to what was DWP, having worked in it previously, so I did know something about it.

In my current role, which is different certainly from Chris, it matters a lot whether or not the welfare system is working in every city day in, day out. The mechanisms by which I know about that and I ensure that I have good leadership around the place are valuable for Ministers because at the end of the day if something goes wrong in their area that is a problem for them. In a sense, the sorts of things that I am worried about on their behalf depend on which Department you are in and what is current.

**Chris Wormald:** There definitely is not one universal answer. If I think back over the period when I was appointed at the Department of Education I brought quite a lot of education knowledge with me to the table, having worked in that area for a long time. When I went to the Department of Health I did not have a direct background in health. By that point I did know, hopefully, how to run a Government Department and I did bring a lot of wider experience about public sector reform in a disaggregated system, but I was not bringing direct health experience of the type that a lot of the rest of the people had in the Department. I do think there is quite a big context to this and it is important for us in doing these jobs to be clear what the value is you are bringing in a particular circumstance, and it will not always be the same.

Q253 **Mrs Gillan:** Are you also saying that Ministers value in senior officials



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that fresh look coming from a different angle into the Department as opposed to just coming up through a linear pathway to the top of the Department?

**Chris Wormald:** Yes, and ideally across the wider senior team you would have a range of experiences to bring to the table that bring different things. I hope what I do in the Department of Health is to be able to bring an informed but slightly external view of somebody who has not come up in the system. We have a Chief Scientist and a Chief Medical Officer who are direct medical practitioners who bring that. I have experience and was able to grow up in the Department and then I have civil servants from other contexts who are bringing financial skills in and so on. I do think it is important to think of that top team question of what are they all bringing to the table and does that create an informed debate?

Q254 **Mrs Gillan:** Mr Lovegrove, you have had plenty of time to think about this now.

**Stephen Lovegrove:** I was thinking how much I agreed with my colleagues. I have not served as many Secretaries of State as Sir Robert has but I have served four and I have never had a problem at all in having an honest conversation with those Secretaries of State. Sometimes those are in slightly more public forums and sometimes they are private discussions after there has been a policy discussion and we wonder whether or not everything that we have heard quite stacks up, is that quite the right judgment that the officials have made and so on. I really have never had a problem in having an open discussion with a Secretary of State.

This is very live for the Ministry of Defence at the moment because of Chilcot. One of the points that you just made about a slightly different perspective, slightly different voices, is something that we are working on very hard in the Ministry of Defence, across the whole of the national security Departments, in fact everybody is thinking about it quite hard. What I think we have discovered is not so much that there aren't different voices in the system but that occasionally they do not find a way of being able to percolate up to the place where the decisions are being made. We are working very hard on that.

There is an interesting issue. It is a question of taste between Secretaries of State as to whether or not they want consolidated advice, which colleagues will have come across on a number of occasions. There are policy officials who may disagree with each other about a particular course of action, and they have to put a piece of advice up to the Secretary of State. Some Secretaries of State do not want a piece of advice that says, "This is not the consolidated advice of the Department. This is not the monolithic advice of the Department". They do want just one piece of advice advising one course of action, admittedly with caveats with risks and so on but they would like to have one piece of advice. Other Secretaries of State are prepared to say, "There are differences of



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opinion within the Department about the right way to go and here are the pros and cons of this route and here are the pros and cons of that route". Trying to make sure that all of the nuances of these often very complicated decisions are placed in front of the Secretary of State so that they can have the information to be able to take the right decision is one of the principal concerns of the Permanent Secretary and there are different ways of doing that depending on the kind of person they are.

**Chair:** That is a very interesting answer but a very long one. Please can we have shorter answers?

Q255 **Mrs Gillan:** How much does the special adviser role interfere in the relationship between a Permanent Secretary or a senior official and Ministers?

**Sir Robert Devereux:** I must have had more special advisers than I have had Secretaries of State and I do not think in general that I start with the presumption that they get in the way. Special advisers have a role to play that helps the process of Government work, so there are things that I cannot do constitutionally. There are conversations to be had between my Department and the centre about what is the political way of thinking about this that is perfectly proper for the special adviser to do. There are occasions when special advisers are more difficult to work with than others.

Q256 **Chair:** Go on, give us an example.

**Sir Robert Devereux:** No, I am not going to say—I am not stupid—but it is infrequent.

**Mrs Gillan:** We can look at the list of the ones he worked with.

**Sir Robert Devereux:** You can look it up and you can make your own guesses, but you won't hear it from me. It is infrequent. They are in an odd position, if you think about it. Typically there are one or two of them per Department and they are massed against, even in my central office, 2,000 people let alone 75,000 in the whole organisation. The dynamics of their relationship with the Secretary of State are obviously going to be different but generally speaking, if you cannot manage with a special adviser, it is a bad job really.

**Chris Wormald:** I think we have had special advisers since 1964 and their role has been pretty much constantly debated for that entire period. The only thing I would add to Robert's answer is that they are one of the things that allow us to have a politically neutral civil service. Ministers have to get political advice from somewhere, they cannot look to their civil servants for that, so I do think it is reasonable that they have a very small number of people to assist them with that side of their job. It is one of the things that allows the civil service to be politically neutral.

**Stephen Lovegrove:** Mr Jenkin will be pleased to know that I have nothing to add.



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Q257 **Chair:** Before we go on I want to ask this. Chris Wormald, you are in charge of the policy profession.

**Chris Wormald:** Yes.

**Chair:** What is the learning you are seeking to disseminate throughout your profession from the experience of Permanent Secretaries advising Ministers on policy?

**Chris Wormald:** I could give a very long answer on that but I won't. What we are trying to do in the policy profession is summed up in three words. We want a policy profession that is open, professional and consistent: open, in the sense of taking advice from wherever is best; professional in the sense of policymakers focusing on what skills they need to be a good policymaker—and we have published a curriculum for the policy profession that we expect policy professionals to be able to deliver—and consistent in the sense of you can tell whether your advice is good enough and you have a way of thinking about it. Those are the three areas that we focus on. It is very much learning and development focused. It is not like other professions where it is managed from the centre. What we do is look at how policymakers are developing themselves and what systems they use to provide good advice. I could say a lot more, but I won't.

Q258 **Kelvin Hopkins:** There is a very big difference between a special adviser whispering in the ear of the Minister, perhaps providing papers to the Minister, and acting as a managerial political layer between the Minister and the senior civil service. One of those is perfectly acceptable; the other one is difficult. Is that fair?

**Chris Wormald:** It would indeed be difficult if it occurred.

**Stephen Lovegrove:** I would agree with that.

Q259 **Kelvin Hopkins:** Andrew Adonis, in the Blair days, in the Department for Education?

**Chris Wormald:** I worked with Andrew as a special adviser and then as a Minister. I think he had a tremendous impact across the education system and I don't think he played the role you are describing in either of his roles.

Q260 **Mrs Gillan:** Somebody else we used to work with, Sir David Normington, has suggested that there needs to be greater clarity in the rules governing the relationship between senior civil servants and Ministers. Would you agree with that? Do you think it would help to codify this area or should we leave it well alone?

**Stephen Lovegrove:** I am not sure that it would particularly help to codify it further than it is already codified. I mentioned at the very beginning that I think one of the important attributes of a Permanent Secretary is a degree of flexibility. Part of that is to be able to be flexible enough to make any relationship with a new Secretary of State work,



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notwithstanding the fact that they will all have different preferences, personalities and inclinations. I think too much codification in this area, over and above the standard accounting officer rules, is probably going to be more obstructive than helpful.

Q261 **Mrs Gillan:** You would lose that chemistry, which is invariably different between each senior official and Minister but is essential to make it work?

**Stephen Lovegrove:** That would be my opinion.

Q262 **Mrs Gillan:** Do you concur?

**Sir Robert Devereux:** I would agree with that.

**Chris Wormald:** Yes, I would agree too. It is clearly possible. A democracy not unlike ours, New Zealand, has gone down that route. When I talk to my opposite numbers in New Zealand, they still talk about the chemistry elements that we have just described. Can you run a system like that? Clearly, you can. New Zealand has an excellent civil service and it works on that basis, but I do not think it is necessary. I think the factors we have talked about are really the key issues.

**Sir Robert Devereux:** I am hesitant to make this observation, but given the line of questioning, let's try it. I started in October 1979, which basically means that only twice in my life has there been an entire Administration change and I have been at it for 40 years. It changed in 1997 and it changed in 2010, for all practical purposes. I do think those cusp moments are more tricky for the civil service in general than all the subsequent years. Certainly, my experience is precisely that.

How does a change of Government connect up with the pre-existing civil service? I don't know whether I can codify it but there are things about people who have been in Opposition for a long time turning up and fretting that the civil service has all gone native or that, "By the way, I must have X, Y and Z within three months, six months, nine months" and it is a test of strength. That is tricky territory. In my experience, once you are two or three years into an Administration normal service resumes.

**Mrs Gillan:** You have got them trained.

**Sir Robert Devereux:** No, I think it is more to do with experience. Once you have stood at the despatch box and answered some questions about some stuff, you do clock that you might want to be careful about how you express some of the things you are talking about. But that moment of transition, which as I say has only happened twice to me in 40 years, is an interesting challenge for the civil service. It is a challenge for Ministers, too.

Q263 **Mrs Gillan:** But that is the high-octane moment, isn't it? That is when the real intellectual challenge comes right across the board of the senior civil service, when you have to do that changeover and keep your integrity and be that continuity factor. Surely that is one of the biggest



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moments, almost, in an official's career.

**Sir Robert Devereux:** It is certainly a big moment.

Q264 **Mrs Gillan:** What you are also saying is, of course, that we need to train Ministers better because when they walk through the door they can have had no ministerial experience whatsoever, yet they can be running the country.

**Sir Robert Devereux:** Some of the things that I know have been laid on for different Ministers ahead of an election are probably very wise to do, precisely because of that.

**Stephen Lovegrove:** Some of the space I think you are indicating is being slowly occupied by initiatives such as the hearings and reports like this and the one that you will no doubt be writing. Chilcot is fascinating about the workings of Government and is well worth a read for that, and the Institute for Government as well. These things are talked about a lot more and analysed a lot more than even when I joined the civil service in 2003<sup>1</sup>. There is material out there for people to be able to self-train.

Q265 **Chair:** What do you see as the next stage of preministerial engagement other than just being a special adviser, which has a rather double-edged effect on the development of ministerial material?

**Sir Robert Devereux:** I am not sure you can do better than in a sense what we sometimes try to do internally within the policy profession. This is a subject in which people need to have some private conversations. It is not in the nature of the problem to have a learned tome that says, "This, this and this went wrong because of this, this and this."

Q266 **Chair:** The Ministry of Defence has the Armed Forces Parliamentary Scheme that exposes Members of Parliament, younger Members of Parliament typically, to the armed forces, which they would never ever have achieved in their civilian life. We recommended, in a skills report in the last Parliament that there should be a kind of civil service parliamentary scheme; more exposure for civil servants going into MPs' offices and the Opposition offices but more MPs going on civil service training schemes, spending a week in a Government Department. How would you react to that proposal?

**Stephen Lovegrove:** I would be very welcoming of it. All experience is useful. These are very complex systems, even at the departmental level, let alone the broader parliamentary interaction. I would welcome it. Obviously, I would be guided, inevitably, by my Secretary of State in some of those things.

**Chair:** Of course. We realise everything you are saying is being caveated.

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<sup>1</sup> Stephen Lovegrove entered the Civil Service in 2004.



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**Stephen Lovegrove:** Indeed. However, I think the more that stovepipes are broken down internally in Departments and more broadly the better it can be. I would have no problems with that.

**Chris Wormald:** Likewise. I am sure you know the Institute for Government already does considerably more in this area than used to be done. I don't think we are the people to answer the question of whether it should happen or not but certainly from our perspective—

**Chair:** Maybe the IFG should run the scheme.

**Chris Wormald:** That would be one possibility. There is inevitably a balance to be struck here. One theme that an incoming Administration brings is a completely fresh look and new ideas that have not been formed in Government. That is one of the strengths of the system and you would not want to lose that bit. If you are in the information sharing space and understanding, I don't see how that could hurt.

Q267 **Chair:** Two other brief things. Chris Wormald, you have gone to the Department of Health with relatively little experience in the field of health. Stephen Lovegrove, you have become a Permanent Secretary in a very specialised Department that historically had very specialised Permanent Secretaries, but you are not a defence specialist. What is the effect of having so little subject knowledge and experience in the fields for which you are now responsible?

**Stephen Lovegrove:** Longer working hours, in the first place. Clearly, there is a great deal to learn and I am not remotely shy of saying that I am not—

Q268 **Chair:** How much does that affect your performance, particularly in, say, the first couple of years in post? It must be a disadvantage.

**Stephen Lovegrove:** I think you would be ill advised to go into a role such as the Ministry of Defence with no defence experience or no experience of how to be a Permanent Secretary. I do think it is possible to do it as an experienced Permanent Secretary with comparatively little defence experience. The other thing I would say is that some of the big challenges, in defence anyway, are less to do with defence policy and more to do with some of the commercial aspects of the Department's business, where I think I probably do have something particular to bring.

**Chris Wormald:** Going back to my previous answer, I think you have to be very clear and very self-disciplined about what you are bringing to the table and what you are not bringing to the table. As you say, I do not bring any experience of the health sector and even somebody who had worked in the Department for 20 years would not be bringing clinical knowledge to the table and would look to the Chief Medical Officer or others for that bit of experience. What I hope I do bring, as I think I have said earlier, is that sort of wider public service perspective. I do know what a proper inspection system looks like in Education. I do know how a disaggregated public service works. I have also at times been responsible



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for local government and the health/local government interface is increasingly important. Hopefully there are a number of things I bring to the table that were not previously available in the Department. That supplements the enormous amount of knowledge about both health and medicine that the Department already has. However, I do think that being clear about what you are bringing and what are you not bringing is the essential component.

**Stephen Lovegrove:** I think the heart of being effective in the kind of situation you are talking about is being able, as quickly as you can, to create a top team that is capable of covering the bases. That is crucial.

Q269 **Chair:** But given that Permanent Secretaries rarely stay in post for the five years stipulated, how is that affecting performance? Why is there such churn among Permanent Secretaries?

**Chris Wormald:** Since the five years was introduced, I am pretty sure—I will check the numbers—the average tenure of Permanent Secretaries has gone up. I did four years in Education; I think Robert has done six.

**Stephen Lovegrove:** I did nearly four but then the Department was abolished, so I would have been out of a job anyway.

Q270 **Chair:** There are eight job changes going on at Permanent Secretary level so far this year. That is quite high churn out of 38 Permanent Secretaries.

**Chris Wormald:** I think you know the numbers better than I do.

Q271 **Chair:** What is the answer to this problem, because it clearly is a problem?

**Sir Robert Devereux:** Six out of 36 in a year is everybody staying about six years, so—

**Chair:** No, it is eight so far this year. We are not very far into this year.

**Sir Robert Devereux:** Ask the question again, sorry.

**Chair:** If eight Permanent Secretaries out of 38 are going to be changing in the early part of this year, that is quite a high rate of turnover. It is very time consuming for people who have to make these appointments and very disruptive of the Departments if people are leaving jobs well before the five-year period, particularly if they are coming into the Department without much experience of that Department.

**Sir Robert Devereux:** I am trying to dredge my memory to think whether the people who are leaving are leaving because they are at the end of their careers.

Q272 **Chair:** What is the answer to this problem to create longer tenure and, therefore, higher performance, higher added value, among Permanent Secretaries?



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**Chris Wormald:** I am not sure there is a single answer. I do think, as I have said before, that the expectation that most people will stay for five years is a really important step. Beyond that, it is a matter of us all being consciously aware of the challenge. Sometimes changes do need to be made; sometimes they happen unexpectedly, in unpredictable ways, and we have had a few of those recently, so of course you have to be responsive to the situations that you find yourself in. However, I think the best answer is for the civil service to be constantly aware of those questions and committees like yours to be continuing—

Q273 **Chair:** I think the operative word you used is “expectation”. How do we change the expectation?

**Chris Wormald:** I think the five-year expectation has. I certainly went into my job at Education expecting to be doing it for four or five years. I expect to be doing my current job for four to five years and I think that expectation has changed. It cannot always work out exactly in practice. Stephen has already described how his Department was merged.

Q274 **Chair:** Five years is still much shorter than the average chief executive of a major company and companies do that because length of service improve effectiveness.

**Chris Wormald:** Yes, it is very different in different sectors.

Q275 **Chair:** What about your DGs? How do you find the churn among your DGs?

**Sir Robert Devereux:** How do I find it? Since the time I have been in the Departments, I think nearly all of them have turned over in the space of six years, for different reasons. I am struggling now to think of them one at a time, to answer the question for you.

I am somewhat with Chris. I will agree with the proposition—consistency and tenure is a good thing. I have done this job for six years; I am way better at it now, at six years, than I was at five and at four, all the way through, exactly, so I am in favour of that. However, the thing I am trying to work out is we have also made very plain to you that some of the jobs that we are doing we genuinely think you are better off having been a Permanent Secretary somewhere else. If a vacancy turns up in a large Department, it is highly likely we are going to move somebody from a smaller Department; that means necessarily there is going to be a degree of churn. Everybody could do something for six years and then move around but I guess that probably feels just a bit—

Q276 **Chair:** What is the expectation among DGs for their length of post?

**Chris Wormald:** Speaking entirely personally, I normally say to my DGs on appointment that three years is the absolute minimum and that you expect more than that.

Q277 **Chair:** How many of your DGs have been in post for three years?



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**Chris Wormald:** I have just restructured mine so they are all comparatively new, but that was a conscious choice.

**Chair:** Point made. Restructuring takes priority over length of tenure.

**Chris Wormald:** I will give you a live case study. Certainly the biggest single DG job in my Department, you will be unsurprised to hear, is the finance one. That had a very long-serving DG of finance who had been there for well over five years. He retired and we have replaced him with an experienced finance director from the Ministry of Defence because what we wanted was an experienced finance person, so they have a long track record of finance but not a particularly long track record in Health. You have to be clear what experience—

Q278 **Chair:** Anything further to add on this topic, because we must move on? Any salient points?

**Stephen Lovegrove:** It is probably important to recognise that the role of the Permanent Secretary sometimes can be quite an exposed role and that may be a factor in the length of tenure.

**Chair:** Interesting point. I am going to move on to Mr Flynn.

Q279 **Paul Flynn:** Mr Devereux, have you seen the film, "I, Daniel Blake"?

**Sir Robert Devereux:** I have not.

Q280 **Paul Flynn:** Don't you think you should?

**Sir Robert Devereux:** I am in two minds about whether I should.

**Paul Flynn:** As just an average MP, I thought it gave an accurate portrayal of the good work of civil servants, the ones who are kind and conscientious, but also the other side, the results of what happens with policy. It portrayed what all MPs, I believe, see in our daily surgeries, the suffering and tragedy that result from the decisions made by your Department. I think you would find it educational to see the film.

**Sir Robert Devereux:** I spend two days a week on the road, sitting with colleagues, sitting with claimants, listening to telephones. With the greatest of respect, a fictional story is unlikely to improve on my knowledge of how the system operates.

Q281 **Paul Flynn:** I think you would find it of rare quality and it gives a different point of view, but I would urge you to see it. It is worth an hour of your time.

**Sir Robert Devereux:** I have colleagues who have seen it and they have the same view, that the way in which some of the work coaches come across is entirely as they would expect and the portrayal of the Jobcentre manager—I have not met one who remotely gets anywhere close to it.

**Paul Flynn:** It is an entirely accurate report



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**Sir Robert Devereux:** So you say, but I have visited many more Jobcentres than I suspect you or the filmmaker have and since I have pride in the colleagues I work with, I know something about what they actually do. I will just choose to differ on whether or not this is an entirely accurate representation. It is a film.

Q282 **Paul Flynn:** I spoke to the man who made the film and he did say that much of the information in the film was supplied by people who work in your Department.

**Sir Robert Devereux:** Yes, he may well have said that. I have 75,000 staff so maybe a little bit of local knowledge might be allowed to be introduced to the conversation.

Q283 **Paul Flynn:** In December 2013, there was a damning report by the National Audit Office. They found that universal credit had failed to deliver value for money. Huge mistakes were made. Some obvious ones were £40 million on an IT project that has already been written off. There was £90 million spent on the computer, the software that the Department had known would be defunct in a very short period. The National Audit Office report of September 2013 concluded, "the Department's ability to deal with weak programme management, over-optimistic timescales, and a lack of openness about progress". Despite this I understood you were responsible for a string of overspending on these matters, but you appear to have accepted a £20,000 bonus that year that brought your salary up to £195,000. Is that a reward for failure?

**Chair:** This might be what you mean by exposure of Permanent Secretaries.

**Sir Robert Devereux:** Yes. I am now trying to think: the year in which that report was made, I did not get a bonus.

Q284 **Paul Flynn:** When did you get the £20,000?

**Sir Robert Devereux:** I think it was for the year that ended 2011.

Q285 **Paul Flynn:** What did you do in that year?

**Sir Robert Devereux:** I gave it away to charity. I think I gave the bonus in question to the charity for civil servants.

**Paul Flynn:** Okay. Highly commendable, I am sure, and absolutely right. But you still had the bonus—

**Sir Robert Devereux:** The bonuses are determined by the Cabinet Secretary in consultation with the Prime Minister. I do not judge whether I deserve a bonus, other people do that, and it was not in respect of the year in which you just quoted.

Q286 **Paul Flynn:** This is a long record of what appears to be abject, monumental failures, cock-ups. Who was responsible?



**Sir Robert Devereux:** You will be surprised that I do not agree with that. As things currently stand, I am running a Department that has 50,000 fewer staff than it had when I started. It costs £2.8 billion a year less to run. The performance levels in virtually every element of my business are better. I have transformed the contracts of 60,000 people. Your list of things is to do with a major programme, which we have been discussing with the Chair. These programmes are complicated. I don't think there is a single major programme in Government that has not at some time found itself in some difficulty. I have tried to explain why that is but I simply will not sit here and believe that the entire thing is a shambles. If that were the case, I would not still be here, sir.

Q287 **Paul Flynn:** You will be familiar with the characterisation of the civil servant, the overriding ethos of the unimportance of being right. Those who kowtow to Ministers and say, "Yes, sir, no, sir, three bags full, sir. Would you like to walk over me, Mr Minister?" are the ones whose careers flourish and the ones who speak truth to power are the ones whose careers do not flourish. Is that true?

**Sir Robert Devereux:** Sir, I am trying to recognise that—

**Paul Flynn:** If we look at what Sir Jeremy Heywood was reported to have said, in your favour, he is supposed to have informed the Prime Minister in 2013 that he was concerned about the concerted political briefing campaign against you and all the failures in the Government's universal credit programme. He is understood to have made clear that he did not believe Devereux should be singled out for blame for the project and that responsibility also lay with Iain Duncan Smith, the Work and Pensions Secretary. Is that true?

**Sir Robert Devereux:** It is true that he said those things, I guess.

**Paul Flynn:** Yes, Jeremy Heywood?

**Sir Robert Devereux:** You are quoting what he said. I don't have the source but if that's what he said—

Q288 **Paul Flynn:** We have Lord Maude coming to see us. We are very familiar with him as a witness over the years during his period of office. According to *The Independent* newspaper, Francis Maude and Iain Duncan Smith tried to undermine you with a media smear campaign. It was suggested that you were responsible for the various failures of the Department. Is this right, that they were trying avoid their responsibilities?

**Sir Robert Devereux:** The Chair can decide how you would like me to answer this. We have gone to some trouble to explain that the essence of a good Permanent Secretary is the quality of the relationship, which basically is in private, with Ministers.

**Chair:** Mr Flynn, you were out of the room for some of this discourse, which you will have missed.



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**Sir Robert Devereux:** As a consequence, I think it probably is not highly appropriate for me to comment on what it is that may or may not have been going on. The reality is that you can read some things in the newspapers; you can also see that universal credit is now rolling out. You can see that the Secretary of State at the time, Iain Duncan Smith, repeatedly says, "I now do it on the basis of test and learn and do it gradually" and the thing is now in a position where it is being successful.

Q289 **Paul Flynn:** The rollout of universal credit was foul-up after foul-up and the embarrassment of Iain Duncan Smith trying to apologise and wriggle out of any responsibilities at the despatch box. Who was responsible? We are going to talk to Francis Maude. Was it you? Was it the Ministers?

**Sir Robert Devereux:** I have tried to explain this and I will try once more. The Government of the day had a view that a certain way of doing this would be possible within a certain timescale. It is quite apparent that that timescale was not possible and the Secretary of State of the time is now repeatedly on record as saying that in his view the safe way to do this is to test and to learn and to make decisions as it goes along. That is the position the Secretary of State has had. The vision we were on to start with was all to do with dates and that things would be ready at a certain point.

Q290 **Chair:** How hard is it to create a learning environment if experimentation, iteration and reiteration are exposed to hostility every time a lesson needs to be learnt? How much more difficult is it to have the open conversations if the atmosphere is created that everything that does not go completely right is going to be jumped on from outside?

**Sir Robert Devereux:** The obvious answer to that is that it is very difficult to do. Part of what is going on here is that there is more than one actor in the story, as you have already quoted. You might want to wonder what was passing between them both in advance and in arrears. The thing that I think has landed with Ministers—it certainly was true for Iain Duncan Smith and it is certainly true for the Major Projects Authority—is if you try to do something big and complicated you do need to think about doing it in stages and to learn as you go. That is the way in which we have done the child maintenance reform, which, by the way, to come back to Mr Flynn, was commended by the National Audit Office. It is the way we did the automatic enrolment, which, by the way, Mr Flynn, was commended by the National Audit Office. It is the way in which we have done the changes to the personal independence payment. Time after time after time the evidence is that progressive and careful rollout and learning as you go beats announcing in advance a date by which everything will be finished. That is my big learning from the world of complex programmes and it is a lesson that, in my view, the system has learnt. I do believe the system has learnt that.

Q291 **Paul Flynn:** The next time I get a tragedy in my constituency or some humble person who is deeply insulted by the way they have been treated, I will send them a copy of the answers you have just given.



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Mr Wormald, your predecessor, Una O'Brien, said that the number one priority for the health service was getting the NH finances in better shape and doing so while protecting quality. She said that shifting care out of hospitals was a close second. How do you progress on what she said?

**Chris Wormald:** This is much debated in public right now.

**Paul Flynn:** Every day this week we are hearing of horror stories upon horror stories about the reality of the health service.

**Chris Wormald:** The BBC has decided to run an NHS week so, yes, there are stories every day. There will, of course, be challenges out there. I am sure every single person sees that in their own constituencies. We have had a range of performance challenges in the system over the last few weeks. The NHS has been responding to those challenges. NHS England and NHS Improvement have been doing a considerable amount of work with individual hospitals and others, but I do not downplay at all that there are challenges out there in the system. In terms of what Una said, that is pretty spot on.

Q292 **Paul Flynn:** We do not need a "Yes, Prime Minister" programme. You have just answered me; you used the word "challenges" four times in your brief answer, which is a model of non-speak. If I could give that to someone who is suffering the great indignity of not having comfort, not having anyone to look after them, they spend six months in conditions of squalor and fear, if we send them a copy of your answer about the challenges you face—don't you see that what the "Today" programme and others are putting out now is a picture of awful failure? Terrible failures are taking place in the lives of tens of thousands of other people.

**Chris Wormald:** No, I do not agree with that. In the vast majority of cases, the National Health Service does a brilliant job in treating and looking after patients. I am sure you have met hundreds of people from the NHS who do not act in the way you have described. Do some things go wrong occasionally? Yes, quite clearly. Government's response has had a focus on quality in the NHS, including introducing proper inspections that no previous Government has had. I mean challenges because I mean challenges. I do not think anyone would deny that the health service faces a series of challenges, as does every other western health service at the moment. I do not agree with the picture you have painted, although of course there are individual things that go wrong and those need to be dealt with properly.

**Paul Flynn:** I think I am one of the two members of this Committee who can remember as a 12 year-old life before there was a health service. I am a great enthusiast. It is the greatest political decision and progress that has ever been made, but when you look at it and the evidence that it is starved of money, that it does not have enough, are you going to burble on about challenges with the platitudes that you have insulted this Committee with, with your answer? Are you going to say to your Minister, "Let's have some more money"?



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**Chair:** Order, I do not think this Committee feels insulted. You may feel insulted but I do not think the Committee does.

**Paul Flynn:** It was a terrible answer.

**Chair:** Do you have a further question, Mr Flynn? I do not think you have. Mr Stevenson.

Q293 **John Stevenson:** We talked about the reform of the civil service and about reform moving forward. You obviously want to retain the good parts. Sir Robert, what do you think are the present strengths of the civil service?

**Sir Robert Devereux:** I will go for two. One is that there is quite a long history of good policymaking. There are some complex challenges in life. I will happily use the word again. There are strengths in the civil service in thinking about multifaceted complex problems.

Secondly, because of the 2012 work we have managed to build up substantial skills and capabilities in other areas. If I take just one, the commercial area: it was a goal of the reform programme back in 2012 to improve the quality of commercial competence within the civil service. We have just, on 1 February, moved the 13 most senior people from my Department into the new Government Commercial Organisation. In doing that we have put every single one of them through a capability assessment and I now have people working for me who are extremely good at what they do commercially. We have gone out and brought in people with particularly good track records. I mentioned earlier the estates programme that we have run. I have brought in the woman who used to run it for Shell and she has been the critical negotiator in all of that. Relative to 2012, all of that is a strong improvement.

Q294 **John Stevenson:** You think there are improvements going on?

**Sir Robert Devereux:** I do, yes.

Q295 **John Stevenson:** Mr Lovegrove, what do you think are the strengths of the civil service?

**Stephen Lovegrove:** I certainly agree with Sir Robert. Having spent just about most of my career in the City, I would have identified something slightly different, which is that the dedication to public service and the commitment of the people in the civil service is a very rare and precious commodity. There are many people working in the civil service who are real exemplars of that dedication. That is something that we want to protect and nurture.

Q296 **John Stevenson:** Public service is all very well because you can say lots of people do give a lot to public service.

**Stephen Lovegrove:** I agree.

**John Stevenson:** But what are the strengths, what are the benefits to the wider public?



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**Stephen Lovegrove:** People turning up to work wanting to make the country better. That is genuinely why they are turning up to work. They are not turning up to work in order to punch their ticket and collect the cheque.

Q297 **John Stevenson:** Mr Wormald, you mentioned the New Zealand civil service. If you had a colleague from the New Zealand civil service sitting here beside you what would they say are the weaknesses of our civil service?

**Chris Wormald:** We discuss this quite a lot. The Chair mentioned I was head of the policy profession and we talk across all the Westminster democracies along these questions. We would see some quite similar things. What people come to the UK and ask about and are interested in is very frequently the models of policymaking, uses of behaviour, insight, a lot of the innovations in policymaking. They are interested in what we had done in digital and around transparency, although in the case of New Zealand they have done a considerable amount more.

Q298 **John Stevenson:** What would he say are our weaknesses?

**Chris Wormald:** I am not sure he would say anything in that he has not studied these things in that way.

Q299 **John Stevenson:** What would you say are the weaknesses?

**Chris Wormald:** In terms of what we think we need to be better at, you need to be continuously better at everything. The three particular priorities the Civil Service Board wishes to improve are commercial skills, which Robert has already talked about; digital skills, where although we have made a huge amount of progress there is clearly always a new frontier and a lot going on that we need to catch up with; and diversity of the civil service in all its forms, not just the protected characteristics where we have made quite a lot of progress, but also through social mobility. Those are what we have established as our top priorities for the things the civil service needs to take the next step in, which is not to say there are not lots of other things we want to improve at too, because we want to be continuously improving at everything. But if you are looking for priorities, those are the three we set.

Q300 **John Stevenson:** You would say they are the weaknesses of the civil service at present?

**Chris Wormald:** In that those are areas where we think we have furthest to go.

Q301 **John Stevenson:** They talk about reform a lot and it has been said that reforms end in failure of one sort or another. Mr Lovegrove, why would that be the case?

**Stephen Lovegrove:** I do not know who said that. I do not necessarily recognise all reforms end in failure. All reforms are likely to have—to use obviously an overused word in this context—challenges and they are



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likely to end up with bumps on the road, but I do not think that all reforms end in failure at all.

**Sir Robert Devereux:** I do not either, so I am not too sure whether we are talking about reforms of institutions or reforms of the things that institutions deliver.

Q302 **Chair:** I think they are talking about reform of the civil service. Very often when the Government set out to reform the civil service they do seem to sort of run into the sand.

**Sir Robert Devereux:** I am not sure I know particularly. I have just given you an example of the extent to which the—

Q303 **Chair:** Let's accept that the glass is half full on each of these reforms and some of us can see the glass is half empty. What do you think makes reform in the civil service more difficult than, for example, in a private business or a single institution, a much smaller institution? What makes reform difficult in the civil service? You have been subject to a great many initiatives over the years. You must be fairly used to them.

**Sir Robert Devereux:** Correct. We have now set our stall out for the brilliant civil service we want to be. That stall the Civil Service Board has gone through is one we feel quite a lot of serious ownership for. If I pick just one of the four things that we were interested in, which is about leadership, I have personally done a huge amount to make sure the leadership within my Department has cascaded all the way through a very large business. I can show results that compare incredibly favourably with any private sector company of the same size.

I do not think I accept it always runs into the sand territory. Generally, given that we do have a federated arrangement with lots of different Departments and lots of Secretaries of States in it, making sure we are all pointing in the same direction and have the same interest in the reform is probably a prerequisite for it, but—

Q304 **John Stevenson:** Given what you say then, do you think the civil service at present has the capacity to continue to change and to continue forward?

**Sir Robert Devereux:** Yes, of course I do.

Q305 **John Stevenson:** With its existing capacity at present you think it still can change in reform?

**Sir Robert Devereux:** Yes, of course I do.

**Stephen Lovegrove:** If I may answer your question, Chair. Why is it more difficult to change the civil service than it is to have a transformation programme in a large multinational? That is a fair observation. At its heart the reason for that is that corporations, while they do have corporate social responsibility and so on, are on earth in order to do one thing, which is to maximise value for their shareholders



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and improve their profits and cash flows. The process of running a Department, let alone the whole of the civil service, is incomparably more complex than that. There are many more legitimate ambitions that politicians—Ministers obviously—and to a certain extent senior civil servants have for that organisation and its outputs. That makes it a more complex, more difficult thing to move in the way that you are suggesting; it is a bit easier to move a multinational. That is what it is, what does not constrain us but makes it a more complex challenge.

Q306 **Chair:** Chris, would you like to add something?

**Chris Wormald:** I completely agree with Stephen. The other important thing in this is attitude to failure. Our acceptable failure rate most people would say is zero. We do not accept that there should be a failing hospital or failing school or any of those things in the public sector. I do think, and it goes with Stephen's point, that that drives you towards the tried-and-tested as opposed to the experimental. That is probably the right thing for the public sector to do.

I am not sure the civil service is any more difficult to reform than any other aspect of the public service that has that culture. You can debate whether that is a good culture or a bad culture but I do think that is frequently at the heart of these—

Q307 **John Stevenson:** Do you think that leaves the civil service to be risk averse as a general—

**Chris Wormald:** Yes, and not always unreasonably. There are whole areas of public policy where you want to take very risk averse decisions and do basically what is known best practice. We expect doctors—I am sure Dr Poulter would agree—to prescribe or treat in accordance with best practice. We expect social workers to do that in children's services and child protection. We expect quite risk averse decisions in that way. Our challenge is that there are huge chunks of public policy where that is true. It is whether we then take that attitude when we do not need to. We could probably be clearer about where the Government and the public services can innovate and take risks and where the balance of public interest goes on, "No, what we want is to do the tried-and-tested thing". These are interesting balances but I do think that is—

Q308 **John Stevenson:** There must be a difference between Departments. Certain Departments can be more innovative, ambitious, take a greater risk, while other Departments will be far more culturally very careful, very slowly—

**Chris Wormald:** Yes. That is the correct thing. If you asked yourself the question: could a hospital innovate with its IT in the way that a start-up IT company could? Of course it can't. You want hospitals to do tried-and-tested things and you want your IT system not to fall over. It will take a defensive decision, and that is correct. Somebody who is not in that very direct day-to-day delivery of public service area perhaps can be more innovative. This is where your question has some merits. The challenge



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for us is do we take that perfectly reasonable approach to risk, which covers a lot, and then apply it to everything? That is a danger that you do get in the public services, which I think is where your question was aimed.

**Stephen Lovegrove:** Lord Maude was always very interested in this particular subject when he was in Government and he was always keen on failing fast and learning from mistakes and moving on. In practice, while I agree with everything that Mr Wormald has said, that can be quite difficult in this sphere. I have an example from my previous Department, which is the Green Deal scheme that you are probably aware of, which is very laudable. It had a very laudable aim, which was to encourage people to invest in the energy efficiency of their own homes. It was overly complicated and it did not work because of a misunderstanding of consumer behaviour. This is not an unknown thing in a large multinational corporation. Sometimes they misunderstand consumer behaviour.

It was certainly a poorly designed scheme and we should have shut it down sooner, and we did shut it down ultimately reasonably quickly. But it left a very difficult legacy because the amount of criticism that the scheme came in for I suspect would have put off the policy officials who were in charge of its design ever wanting to poke their head above the parapet again in designing a new scheme for a very laudable aim. It is a difficult environment to do these kinds of things in.

Q309 **John Stevenson:** Do you think that politicians need to be a bit more tolerant and allow greater space for the civil service to innovate?

**Chris Wormald:** I go back to my previous answer. In particular areas in some cases politicians are rightly intolerant. My example is—there are examples from previous Departments—at Education I was responsible for the free schools programme, originally setting up 200 free schools. If we were in Stephen's old world of venture capitalists we would probably say if we were setting up 200 new things, 70% or 80% of those working would be great. We would never take that attitude with setting up a new school because the individual child only attends the one school and you are rightly held to account on whether every child is getting a good education.

In those areas I do not think people would expect politicians to be more tolerant of a failing school than they are. In other areas it is perhaps true. I agree with the thrust of your questions. We need to be smarter at where we allow risk innovation, and therefore failure, and where we are saying, "The public is right to expect defensive decisions because we do not experiment on education, we do not experiment on health" and all those sort of things. Possibly it is just a little subtler debate.

Q310 **Mr Turner:** It is rather like there was failure in education in the 1980s but fortunately that had been overcome. I would like to ask you a question about the European Scrutiny Committee. We interviewed Sir



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Ivan Rogers and one of the things he said, which rather surprised me, was that between May 2015 and December 2015 the Government knew what they had to do; they had to hold this referendum pretty quickly and they had views about how to do it and they got it wrong in terms of their winning. They lost the referendum. What surprised me was that Sir Ivan felt that it was not his job to advise the Government—although I would say it was in his area—because the decision had been made but the decision was not able to change. From my point of view, it was very helpful in that they lost the referendum, but what he could have done was said, “If you took this more seriously—” and I think I would have said, “Well, we have lost this election on our side” but he did not advise the Prime Minister.

**Chris Wormald:** You may be asking the wrong witnesses because I do not think any of us were involved in those issues. I can give you an answer in general. I cannot comment on the specifics.

Clearly when an issue has been put to the electorate the rules on what civil servants can and cannot do are very clear. If it is not a general election we can support the Government’s position—that is if the Government have a position—and civil servants provide help but it is not our job to advise on electoral politics and we are the last people you would want to take advice from on that or on any of the party aspects.

I am sorry, I cannot comment on your specific question right down to the detail but in general I will say that the rules on what civil servants can and cannot do both in general elections and in referendum are clear.

Q311 **Mr Turner:** In the period between May and December 2015 no referendum had been organised. There was preparation for it but not the actual referendum itself. I just felt civil servants could have helped the Prime Minister not to fall into a hole.

**Chris Wormald:** You have gone beyond my ability to comment because I do not know about—I can only give you the general answer. You will have to ask somebody else.

**Chair:** We were not party to your cross-examination of Sir Ivan. Can I move on? Thank you very much.

Q312 **Dr Poulter:** I wanted to pick up on some of the issues that we began to touch upon earlier about the capability of the civil service. What would you say are the key capability challenges in the years ahead?

**Chris Wormald:** The three areas I outlined earlier plus leadership, which is always a theme. Those are the things the Civil Service Board wishes to focus on going forward. There are some obvious very specific skills, challenges around our exit from the European Union; both exit and the skills we need going forward beyond that. That will clearly continue to be a big focus of work. Then the final element—Robert has described very well how it works in DWP—is that conscious sense of continuous improvement that we need across all Departments.



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Q313 **Dr Poulter:** Does anybody have anything to add to that at all?

**Sir Robert Devereux:** No, I go with that.

**Stephen Lovegrove:** I would just add the way in which, either wittingly or unwittingly, people construct their careers and their jobs these days is very different from what it used to be. People move around a lot more, job tenures are shorter, people work in different sectors. The civil service still has some way to go in thinking carefully about making sure that it is still attracting the right kind of people to work in it for the future. We need to make sure that we are responsive to the way that people coming into the workforce are looking to spend their careers.

Q314 **Dr Poulter:** What suggestions would you have to make the civil service continue to—

**Stephen Lovegrove:** I would say this, wouldn't I, given that I am a late entrant myself, but I think we probably need to be a bit more thoughtful about the way in which people can move from the private sector to the public sector, where they can pick up their careers after a period out. We have a lot of advantages in things like flexible working and job shares, where we can maximise the attractions of the civil service because these are difficult jobs and we need some of the best people in the country to feel attracted to doing them. We need to keep questioning and challenging ourselves that we have the right kind of offer.

**Chris Wormald:** It is a very good point both for the civil service and for the wider public services. Careers like mine where you join the civil service at 22 and you are still here at my age are not the model for the future. When I used to talk to 18 year-olds when I was still at Education they simply did not expect to have a single career that lasted their lifetime. They might go into the civil service, then go and do some voluntary work, then go back to university, then go and do something else and maybe come back to the civil service. But our model of you arrive and you stay for 20 years is much less likely. That is true of all public services—in particular in medicine of course. For any career where you have the training right at the beginning and then the payback is over a long period of time, we have to think very carefully about the issues Stephen is raising.

**Sir Robert Devereux:** We have done some things in this area, in both the commercial area and the digital area. We have now made contracts of employment available that have a different balance between pay and pension. They are closer to what you would expect in the market. If you imagine I could bring some people in who want to work for me for five years because they are attracted by something but intend to go back out again somewhere else, having done five years, that helps smooth the transition both in and out again.

It does end up with a multiplicity of different things being paid to different people in the civil service, which comes with its own problems,



but those are some of the techniques that we have used to try to facilitate that transfer backwards and forwards.

Q315 **Dr Poulter:** Mr Lovegrove mentioned earlier about making the civil service attractive and you touched upon that there, Sir Robert, in your comments about the remuneration package that is offered. Do you feel the current offer is adequate to a graduate but also adequate to the second group, which is people from the private sector or with previous life experience entering the civil service? Your thoughts on that.

**Sir Robert Devereux:** It is perfectly possible to attract relatively senior people into our organisations simply because either they have already made a lot of money or they are incredibly attracted by the simple scale. The guy I have running my digital department at the moment is a world-class person. He has come at a fraction of the pay he was getting previously because playing with a trainset as big as ours is one of those professional challenges. He knows what he is doing is important.

It is more difficult, if I am honest, to see how that works out if you are 35. Attracting graduates who want to be in London may be fine. The point at which people have families and are thinking about housing and all the rest of it is the bit I am most fretful about. We have options about the start and the end of the hierarchy. If you did want people who have done 10 years to stay with you then making sure they are attracted to do that is more difficult. It is much more difficult to be within proximity of most of these Government Departments now.

**Chris Wormald:** Can I add, going back to your specific question on graduate level, that the fast stream continues to be a very attractive route to graduates and we continue to approve a large number of excellent people? We were looking at figures earlier and the diversity of it is encouraging as well.

The route right at the beginning of careers where we need to do more is the apprenticeship side, along with the rest of the economy, and we are doing a lot of work on what are good apprenticeship routes into the civil service, including a policy apprenticeship, which we are developing as part of the policy profession. I believe the MoD—not to drop you in it, Stephen—is a leader in this and you might want to say more.

**Stephen Lovegrove:** We do. We are, I think, the biggest—in fact, I know we are the biggest—employer of apprentices in the country. But just to pick up on Sir Robert's point, I agree. At the beginning of a career and at the end of a career, the intellectual stimulation and the range of problems that you come across, the range of people with whom you work are very attractive aspects of working in the civil service. We are probably in danger of trading on that a bit too heavily with people mid-career, when there are very obviously more remunerative options elsewhere and people have different responsibilities as they go through their lives. I agree with Sir Robert that that engine room, those 30 year-olds, is something we need to keep a very watchful eye on.



**Q316 Dr Poulter:** You say people come in as graduates, the first 10 years may well be spent in the civil service and then the age of 35 is a benchmark that is mentioned, in that people may think at that point of exiting or leaving. How do you think that affects the capacity or the capability of the civil service as an organisation in how it functions internally but also how it can provide advice and effectively support Government Ministers?

**Sir Robert Devereux:** I think I am making this observation with a future perspective, really. I worry that this will get worse rather than everybody will leave the building at the age of 30. We are not in this position at the moment, but compared with what it was like when I started, it would be hard to see people having the quality of life I had at 20, 30 and 40, just because it is a much more expensive place to be now. Thinking about that for the future, we are having to think we are in a world in which Ministers are now much more familiar with digital stuff, video-conferencing, so how can you do more of the stuff that we would traditionally do face-to-face in a Whitehall Department from a distance? Some Ministers are relatively comfortable with that; others want to see a real human at 5.00 pm.

**Chair:** We need to speed up.

**Sir Robert Devereux:** I am sorry. I will stop then.

**Stephen Lovegrove:** I joined the civil service when I was 37 and I was in a position where I could make that kind of choice. I think if we get that permeability between the private sector and the public sector right and get it working in a way that it does not quite work at the moment, there is still a slight sense of a black box on one side and a black box on the other, which is not justified, in my experience. If we can get that working, I think we are going to be fine, because the fundamental attractions of the job are great, but we do need to be thoughtful about it. If we don't think about it, we might find ourselves in trouble.

**Q317 Kelvin Hopkins:** Just thinking about that theme, I was a student in the 1960s. The plum job was to become a member of the administrative class of the civil service, as it was called. Only the top academic people would do that. You put very eloquently the dedication to public service, which is fundamental too: a combination of intellect and dedication to public service is what being in the civil service is about. I wonder if that has been lost and I would worry about it if it has.

But my question, and it has been touched on already, is about the problem of generalist skills as against specialist knowledge and having specialists in for longer terms in the civil service. I have to say that there are two examples where we lost out. There is the West Coast Main Line franchise fiasco where it turned out that senior staff had left, there were too few and junior staff who could not handle the contract and it went wrong. In my own experience, I have a very big concern—and Chris Wormald may know this—about alcohol and health; we had a debate last week. Fifteen years ago, I wanted to contact the civil servants dealing



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with this. They said there was one junior civil servant dealing with this subject and they left and there was nobody and it was not being taken seriously.

Isn't this sort of stripping out of people in the civil service, early retirements, reducing the size of the civil service and not having sufficient people doing the job with the experience and skills a problem?

**Sir Robert Devereux:** Can we make a distinction? When we talk about the civil service there are two potentially different ways to think about this. There are Whitehall Departments within a mile of here with probably 20,000 people and there is another 380,000, most of which will be—

**Kelvin Hopkins:** I am talking about the senior civil service.

**Sir Robert Devereux:** You are talking about the civil service. In the stripping out, I have fewer senior civil servants than I had previously, for sure. I am not sitting here thinking, "I don't have enough to do the priorities that Ministers want". There has been a persistent reduction in the amount of funding to run Government Departments and so we have had to get smarter in what we do. I think that is my most pressing problem. We have accommodated ourselves to that, but I don't think it is not enough bodies to go around.

**Chris Wormald:** A very short point. I think we have been over-reliant on long-serving people being able to remember and we have not put enough effort into knowledge management and knowledge transfer. In the future we are going into, where people will not probably be civil servants for 40 years, we have to be much smarter at that bit.

On your specific alcohol question, I am sure the Chief Medical Officer, who speaks about it often, would be delighted to debate it with you.

Q318 **Chair:** But I hazard a guess that the corporate memory of your Department is held two or three layers down.

**Sir Robert Devereux:** No, I don't think that is true. My top policy person has been working in this area for 20 or 30 years. The directors that work for him, from memory, have likewise been doing that. At each level of this organisation, a lot of people stay in the Department for Work and Pensions because they are good at it and they like it and think it is important. I do not think I do have, in the policy space, thinking about the corporate management—

Q319 **Chair:** But that stability is very important.

**Sir Robert Devereux:** It is important. It is one of the reasons that we have managed to land some quite big things and complicated things, because we have people who know what they are talking about. Very definitely I have brought in people who have particular skills in digital and operational business, but there is some strength and depth in that sort of core, "What are we all about and how does it work?"



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Q320 **Kelvin Hopkins:** One of my questions was going to be about the loss of corporate memory, the loss of institutional memory and importance of recordkeeping. I understand that there are fewer staff and so on, records are not kept in the way they used to be kept. I know we have had sofa government in Downing Street and so on, where records are not kept at all, but isn't recordkeeping and corporate memory vital so that you do not make the same mistakes and you learn from the past?

**Stephen Lovegrove:** It is absolutely vital. Just to refer to the Chilcot report again, one of the very powerful recommendations that it made was that we need to work much harder on knowledge management, recordkeeping and knowledge transfer to make sure that the perspectives that need to be brought to bear on any given problem are in fact brought to bear on it. It is again something that we are working on very hard. There is plenty of progress to be made.

Q321 **Kelvin Hopkins:** The next question is about whether in-house delivery or outsourcing is more appropriate. We have been through a period of outsourcing and in many cases it has not been well done. Indeed, my leader is now talking about having a policy of insourcing, bringing things back into the direct role of the civil service. Do you have a view? It is difficult in different applications.

**Stephen Lovegrove:** Yes, I do have a view on that, which is that outsourcing and insourcing are neither right nor wrong. It is a judgment that needs to be made on the basis of the service that you are trying to provide. For instance, the Ministry of Defence used to have enormous numbers of drivers. They were just drivers; they were employed as Ministry of Defence civil servants, but it doesn't seem to me to be a particularly sensible use of taxpayers' money to keep those people on the staff, so it is a sensible thing to do to outsource them.

If you are outsourcing something that is fundamental to the output of the business, which is strategically important and you want those individuals or those capacities to be fully aligned with the strategy of the Department, then you need to think a bit more carefully. It can either be a very good thing, which indeed the people involved, the people who are being outsourced, may really like, they may find themselves with many more job opportunities than they would have necessarily had working as a civil servant, or it can be wrong.

Q322 **Kelvin Hopkins:** Insourcing and outsourcing are a question of price as well, and it may be more expensive to outsource. One report that this Committee did a few years ago now, not so long ago, was about developing a much bigger in-house capacity for IT. Instead of being completely at the mercy of IT companies that take advantage and, if they fail, they just get a second contract to redo the work again, if we had a big in-house expertise on IT we would do better on behalf of the public.

**Stephen Lovegrove:** I think we would all agree with that.



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**Sir Robert Devereux:** In the last two years, we have brought 700 people into the digital world inside the Department. Even in that world, we are consciously, deliberately keeping some large contracts at our disposal, because I don't want to staff up the entire Department for the piece of work. But a very conscious decision has been made to bring technical competence into the organisation instead of being entirely reliant on external contractors. The thing that you are interested in doing we have been doing and have done in hundreds.

Q323 **Mr Turner:** Does the civil service procure and manage contracts in the best way it can?

**Sir Robert Devereux:** I gave some answers earlier about some of the things that came out of the 2012 reform. I think that is part of the diagnosis there, that we were spending too long on the act of procurement and not enough time on the act of understanding the market and shaping it to get the right people ready to play and at the other end of contract management. The big changes we have been making are to try to make the physical act of procurement rather smarter—more use of catalogues, more straightforward, shorter time. But I have much more confidence in understanding, "Well, what is the nature of the market out there? Is it possible that this is something that can be developed or not? How many players might I have? How will I encourage them to bid?" and on the other end, "Can we be all over the contractors to make sure we understand that we are getting the performance that we intended?"

That is what has been going on in my Department. In thinking about doing health assessments, we did a lot of work on, "How many people are out there who are competent? What might their interests be? How would you organise that?" At the end, we have then been managing them incredibly carefully, the net result of which is we have very significantly more output from these contracts than we had two years ago. We have done both of those so, on reflection, where we were in 2010 was not good; where we are now is a lot better.

Q324 **Mr Turner:** Mr Lovegrove, Mr Wormald, do you agree with this or do you have other things to add?

**Stephen Lovegrove:** I do agree with that. Can it be made better? Yes, of course it can. In the MoD, we are constantly contracting for goods and services on a very large scale. It has to be one of those evergreen projects to improve, and it is one of those evergreen projects to improve. I would agree with Sir Robert. We have historically spent more time on negotiating a contract or buying a piece of kit than managing the contract afterwards or then thinking about the servicing of the piece of kit. That is typically where we get more problems.

**Chris Wormald:** Nothing to add.

Q325 **Mr Turner:** The DWP and MoD were identified as having made significant



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progress. Why has the Department of Health struggled to improve its commercial capability?

**Chris Wormald:** Sorry, identified where?

**Mr Turner:** In evidence to the PAC last year.

**Chair:** On commercial capability.

**Mr Turner:** Sorry, yes. Why has the Department of Health struggled to improve its commercial capability and contract management?

**Chris Wormald:** For the Department of Health, the vast majority of commercial activity moved out from the Department with the 2012 changes and went out into the service. It is probably fair enough that the Department slightly struggled with what was its new role in that area. It is an area where we need to improve in future. As you have probably seen, we are in the process of seeking to appoint a new chief commercial officer for the Department and we do need to enhance ourselves in that area. But to be clear about the role, we buy very little of what is bought in the health service. Our job is to create the right frameworks so that the hospitals, CCGs, NHSE, NHSI can buy well out in the system. It is a slightly different challenge and I wouldn't deny that we need to be better at it.

Q326 **Mr Turner:** The Government's transparency principles state that commercial confidentiality should be the exception rather than the rule. What are you doing to ensure this principle is upheld?

**Chris Wormald:** I would say this isn't a huge part of my business.

**Sir Robert Devereux:** This is a bit like the point I made earlier about the way the Public Accounts Committee goes about this. I think it is not in the taxpayers' interests for us to disclose in public things that simply mean I would pay a higher price next time I bid. I think there is a space for commercial confidentiality. It is too easy to use that as a "You can't ask me any questions at all about anything", which I do not buy. I hope that in the way that we have been responding to questions in that space, if I think the taxpayer will be worse off because I tell you this fact, I will try to use the commercial indemnity. If this is just a matter of, "Is contractor A performing properly? Are they doing what they should do?" then it is not obvious that that is commercially confidential and we should tell you.

**Stephen Lovegrove:** I agree with that. When it comes to transparency, an important reform in Defence has been the institution of the single source contract regulations, overseen by the Single Source Regulatory Office. That gives taxpayers a degree of transparency into some of these monopoly purchases, which is a very welcome development.

Q327 **Mrs Gillan:** Just moving on from that, I am just going to ask you a question about cross-departmental co-operation. When it comes to transparency, surely it is not correct for Departments to withhold reports



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on major projects. I am thinking of the Major Projects Authority report that two of them were withheld from everybody by Government into HS2. Surely that is cheating the taxpayer, by not living up to the reality that there are very high risks with a project of that nature.

**Sir Robert Devereux:** Yes. I am not familiar with that particular report, but I am familiar with the general review. We have had, as I understand it, a perfectly good conversation with both the Public Accounts Committee and the National Audit Office, which says if you want to run a system of internal assurance and you have a body like the Infrastructure and Projects Authority coming to say, "I am going to have a look at this. I am going to see how it is going to go" then if you want candour in answer to those questions, you need to be careful about how quickly you are going to publish it.

The way we have settled with the Public Accounts Committee is the National Audit Office read all these reports and once a year we publish the latest report that we have had as of the previous September. That is the position that has been reached with your fellow committee and the National Audit Office. I have not made it up, but there is a choice here between do you want the system to function, and what is the proper degree of scrutiny. The choice of the minute has been to put a bit of daylight between the timing of the report and what is made public.

Q328 **Mrs Gillan:** It is still not published now, but the National Audit Office is very critical of cross-departmental working. In its 2014 report, it highlighted the poor and inconsistent central engagement with Departments; the lack of clarity of roles between Departments; the overlapping functions of central Departments; even difficulty in getting buy-ins from other Departments. The accepted fact is that the Treasury will look after the public spending and the Cabinet Office will try to co-ordinate policy, but can each of you just think about it and give me an example of what is considered to be good cross-departmental working so that we have some examples to fall back on?

**Chris Wormald:** Robert and I have a great one. We recently published the Health and Work Green Paper. I think it was the first time that these two Departments have worked in that way on the issue of how health and work interrelate. We had an entirely joint operation that produced that and we are now moving forward in an entirely joint way. I think it is one of the things we both said we are extremely proud of. On your general point of do Government do that well enough, often enough, I don't think we could deny that, but we certainly do have examples of that sort. I hope that was true from your point of view as well, Sir Robert.

Q329 **Mrs Gillan:** But you would say those are the exception rather than the rule?

**Sir Robert Devereux:** Personally, it depends quite a lot. If the two Ministers in the two different Departments want to achieve something together, then nothing will stop it happening. If they don't really want to



achieve it, then no amount of clever civil service structures will make it happen.

Q330 **Chair:** Looking at the Chilcot experience?

**Stephen Lovegrove:** The Chilcot experience I think is an example where departmental advice was often at odds with one another and then landed in an unhelpful, unco-ordinated way in the centre. It is laid out in Chilcot, but I think it would be fair to say that there is a long way to go on cross-Department working, but the examples of it happening are more frequent now, considerably more frequent now than they were 10 years ago.

Two very quick examples. When I was at DECC we set up an international energy unit with the Foreign Office, which had some very important insights that were brought to bear on policymaking that I don't think would have emerged without it being in place. When I left DECC, I was almost in the position of writing myself a letter to receive when I got to the MoD. There is an issue in the UK with nuclear skills. We have the new nuclear power stations being built; we have a lot of decommissioning to get done; we are obviously building the successor to the deterrent. All of those things are coming at pretty much the same time. They will all require a level of nuclear skills in the country that we do not currently really have. That requires cross-departmental working from now BEIS to Education to the MoD. We are working on that intensively at the moment.

**Chris Wormald:** Can I add one thing, an area where we need to improve? The vast majority of the examples I have seen where this works best are intensely local and turn on intensely practical things. At the hospital I was visiting on Friday, one of the big breakthroughs in working with social services was physical space and IT in the hospital for social workers to be based there permanently. The thing we don't think about often enough is what we are doing to facilitate those sorts of joining up at local level and where our rules do and don't get in the way. That piece of the equation I would probably think about more than how the Departments join up.

Q331 **Mrs Gillan:** Are we going to aggravate that situation even more with this drive for more devolution?

**Chris Wormald:** Not if we do it well. If you look at some of the City Deals— Manchester was a great example in the health and social care space—that can be a huge driver to joining up services. If we devolve badly, you may well get that then, but I think it is about the quality of thinking that goes into the devolution. As I say, we do have some great examples of that, but we have to be aware of the risk that we raise.

**Mrs Gillan:** Define “devolve badly”.

**Chris Wormald:** If you think about devolution service by service, then you may have decision-making closer to individuals, which is a good thing, but you haven't captured the real benefits of place-based policymaking. If in some of the best City Deals you are able to look



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across the piece and say, "What has place got to add to good policymaking and good delivery and how do we devolve that improves that?" then you can make some real progress. As I say, it comes down to some intensely practical things.

One of the big drivers of the Manchester health and social care integration was the appointment of one of my ex-DGs to be the person who was going to co-ordinate and be in charge and accountable for doing it, a locally taken decision that a person needed to look across those two systems and drive improvements. As I say, very often it is those intensely practical local things that make the difference, as opposed to a sort of grand policy in the scale.

**Mrs Gillan:** Anything to add?

**Sir Robert Devereux:** No, I think I would go with that.

Q332 **Chair:** Finally, Mr Lovegrove, you chair the Leadership and Learning Board, which oversees the design and delivery of the Civil Service Leadership Academy. It is obviously intended that the Leadership Academy should make a real impact on the development of leadership in the civil service. How are you going to make sure that it has that impact?

**Stephen Lovegrove:** You are right, I took over the chairmanship of the Leadership and Learning Board at the end of last year. I think that is a recognition of the need to replace some of what was lost with the National School of Government, which I know has been an interest of this Committee in the past. The three areas where we are focusing at the moment are I think the right ones. They are leadership at every level, and recognising that running and operating within the civil service is going to be difficult unless we invest more in our leadership skills. Sir Robert is leading that particular strand. We want great leaders at every level.

There is another strand that is about improving the ability of Government to act as an intelligent client. In a sense, that is brigading many of the professional academies, the heads of profession, underneath the Leadership Academy so that we can have a co-ordinated approach to that part of the improvements that we need to make.

Lastly, there is another strand, which is to allow in particular senior civil servants to learn from some of the kinds of situations that we talked about glancingly today, such as the West Coast Main Line or HS2, or indeed successes, such as the way in which the Government dealt with Ebola. There are a number of case studies where senior leaders are taking their colleagues through in order to be able to share some of the lessons that they have.

We have high hopes of the Leadership Academy. We have taken a decision that we want it to have a physical presence as well. Obviously Sunningdale is not available to us anymore, so we are going to be moving to and using some of the facilities that the defence establishment



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has in Shrivenham, which is very impressive and which I want to use from a defence perspective more intensively anyway. It is a big programme of work and it is one that we are intent on getting right and making effective.

Q333 **Chair:** Sir Robert, you are in charge of the Effective Leaders programme. How confident are you it is going to have impact?

**Sir Robert Devereux:** I am pretty confident. It does require us to be as interested in evidence as we are in everything else in our lives. I have noticed that discussing leadership styles sometimes comes across as a slightly impertinent personal question. I am trying hard, and I did this down in Shrivenham just three weeks ago with newly-promoted senior civil servants, to say, "What sort of things can we see work?" I am going to say this unashamedly, but we have a way of measuring how motivated, how engaged, staff are in the civil service. That is what the people survey does. In my Department, that score has gone up 17 percentage points in six years because we have done something very consistently, very coherently over a long period.

That is perfectly learnable, so I took with me the person who runs my staff maintenance business. He brought two people who run his Plymouth office to try to get across to these colleagues what it means to go to leaders at every level and not just for them to be reading out a script from the Permanent Secretary. That is the sort of stuff that we have been doing. That is the singular thing behind most of the things we have been able to do in delivering all the reforms Ministers have wanted in welfare. It has been because we have gone about it in this way.

Q334 **Chair:** When was this embryo Leadership Academy last discussed in Cabinet?

**Sir Robert Devereux:** When it was last discussed in Cabinet? I don't know the answer to that question.

Q335 **Chair:** Has it ever been discussed in Cabinet?

**Chris Wormald:** I don't know when it has been discussed in Cabinet. The place it reports into is the Civil Service Board, of which Robert and I are members, and we discuss it frequently and Stephen has attended to present on. It is a civil service project, so that is the—

Q336 **Chair:** How many Ministers are engaged with the establishment of the Civil Service Leadership Academy? One? Does the Prime Minister know about the Civil Service Leadership Academy?

**Sir Robert Devereux:** I don't know.

Q337 **Chair:** How is this going to have impact if there is so little political leadership from the top of Government to make this an important programme of the Government?



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**Sir Robert Devereux:** That might depend on your view about what is going on here. Stephen has just gone through the three things we are talking about here. In my experience, Ministers expect civil servants to be capable of leading their organisations. They don't expect to be looking over our shoulders to know how to do it.

Q338 **Chair:** But isn't this one of the reasons why civil service reform does not have the traction that we would like it to have, because there is not even an expectation from senior officials that Ministers should be engaged in this?

**Sir Robert Devereux:** I think the most important thing for getting the three strands done is for Permanent Secretaries to be accountable for making it happen in the civil service, which we are leaders of.

Q339 **Chair:** Just imagine you are the Permanent Secretary in a Department—which should not be difficult—and you have to tell your Secretary of State, "Oh no, that so-and-so official, he has gone away for a week's residential course on effective working in Government and rounded technical and professional expertise and great leaders at every level". What is the reaction of the Minister going to be when the DG is not there to deal with the crisis?

**Stephen Lovegrove:** I have to say, I have not come across a Minister, either Cabinet rank or a junior Minister, who doesn't recognise the need for training and people making an investment in their professional skills. If it was the DG and the DG absolutely had to come back for a crisis in that situation, I have absolutely no doubt that the DG in question would hotfoot it back from Shrivenham in order to be able to—

Q340 **Chair:** You have answered my question really. If Ministers understand the need for professional development of leaders in the civil service, why aren't they offering more visible buy-in?

**Stephen Lovegrove:** I think you make a good point. It is not something that we have concentrated on as we have been in the establishment phase of the Leadership Academy, which is broadly political sponsorship, understanding and support of the Leadership Academy. We have had other more everyday things to think about, but it is a good point and I undertake to take that away and speak to the relevant Ministers in the Cabinet Office about what we might do there.

Q341 **Chair:** That would be very helpful and I think would be very positive. You mentioned our interest in using the Leadership Academy as the basis for reconstituting some kind of National School for Government that has the confidence of Ministers. I understand John Manzoni and the team understand the importance of creating a place within which people remember and associate with learning and development. How many Ministers do you think are even aware that there is this huge lacuna in the development of a huge and vital national institution; it doesn't have its own training establishment?



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**Stephen Lovegrove:** I could not answer that question. I don't know.

**Chris Wormald:** I think you will find Ministers probably focus on their own Departments rather than asking themselves that question across the civil service, which I think is a fair challenge, as Stephen has said. A lot of Ministers do take a big interest in this. Jeremy Hunt, as I am sure you know, championed the Connecting programme and he helped to send Department of Health officials to work in hospitals or other health settings, where quite a large number of those are very interested in these issues. I suspect they see them from a departmental view rather than across Whitehall, and of course it is formally the job of the Minister of the Cabinet Office as the Civil Service Minister. I do think this is an issue we should take away.

There is quite a lot of engagement in wider training. One of the things we do within the policy profession—and this is one of the things that Francis Maude, who you have mentioned, championed—is we are piloting a master's in public policy with the LSE, which we are sending 30 people a year on. The then Minister for the Cabinet Office was a huge supporter of that programme and it would not have happened without that ministerial buy-in. I do not think it would be fair to say there is no ministerial interest, but I think it would definitely, in fairness, be from the perspective of that Minister and that Department rather than across the piece, so fair challenge.

**Sir Robert Devereux:** I can see why you are interested in the location. I have had perfectly pleasant times being down at Sunningdale and, I would agree, you associate the place with it, but let's just get it in perspective here. Most of the things that have happened to change the lives of 75,000 people who work for you are not because they have been to Shrivenham or anywhere else, they have been because I and my colleagues—many, many levels of them—have been around their offices. The stuff we have done on commercial is because we have put people through training and tested them, so it is a piece—

Q342 **Chair:** We are having another of those arguments now that I always have with civil servants, where we, from the Committee perspective, present some difficulties and then you present how well it is all going. What we need to agree is what the shortcomings are in this programme for the Civil Service Leadership Academy.

**Sir Robert Devereux:** Sorry, I was commenting just on the physical building, that is all.

**Chris Wormald:** I don't think, Chair, there is a million miles between us, to be honest.

Q343 **Chair:** No, I do not think there is. I am very encouraged with Stephen Lovegrove's buy-in to this idea of getting more ministerial support.

**Chris Wormald:** Yes, but the fact that we wanted, all the way up to the Cabinet Secretary, who chairs the Civil Service Board, to establish a



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leadership academy was in a way a way of saying yes to your question: did we think there was a gap here where we wanted to look civil service-wide to supplement what individual Departments do? Yes, we did. We saw that gap and we are trying to fill it.

Q344 **Chair:** But how much more could you achieve and how much more quickly if you could say, "Look, this is the Prime Minister's decision. This is the decision of the relevant Cabinet Committee. This is what we have to do by this time and this date" as opposed to, with all the other pressures you are under and all the other tasks you have—the 540 commitments, Brexit—this tending to slip by the wayside because it is not a political priority of Ministers?

**Sir Robert Devereux:** I guess it does depend a little bit on whether you think leadership is some sort of optional nice-to-have or whether you think it is mission critical. So my view—

Q345 **Chair:** Obviously we wouldn't be in this situation if somebody had not decided leadership development was optional, because otherwise we would not have scrapped the National School for Government. Mistakes have been made in the past and we are now rectifying them.

**Chris Wormald:** This is a slightly—how shall we put it? That was a disagreement you had with a previous Minister, wasn't it? You did not agree with the decision that Francis Maude took. Whatever else there was in that, there was not a lack of ministerial engagement. I think you just did not agree. We do recognise that there is much more we need to do in this area. I cannot speak for Cabinet on this, but I expect they think it was the Cabinet Secretary and Head of the Civil Service's job.

**Chair:** I am very encouraged by that. I am very encouraged.

**Chris Wormald:** He has been one of the big driving forces, so I do not think there is a lack of senior drive and commitment. As I say, I do not think there is a million miles between us here. You just want us to go faster, don't you?

Q346 **Chair:** I am not criticising you in any way at all. I am simply pointing out that we could give this more welly.

**Stephen Lovegrove:** Yes. I think the point is that the more profile the Leadership Academy can get the better. I think that is something that we would all agree with. Indeed, I am very happy to come with colleagues who are working on this intensively to brief the Committee or members of the Committee if that would be helpful.

**Chair:** That is a very kind offer.

**Chris Wormald:** I do think—and it goes to Robert's point—we should not wait to be told by politicians that these sorts of things are important. We should get on with it because we are the leaders of the civil service.

Q347 **Chair:** That is a very interesting question, isn't it, because in the end,



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your priorities have to be Ministers' priorities?

**Chris Wormald:** Yes, and we do all those. What—

**Chair:** If something vital to the future of the civil service has not been flagged sufficiently to Ministers as an essential priority, it is going to get pushed aside, is it not?

**Chris Wormald:** No, I do not agree there needs to be—

**Sir Robert Devereux:** No, I really do not agree with this. I am sorry, I know you think we are trying hard to say we are agreeing with you, but you are providing a line that basically civil servants have to wait to be told and asked by Ministers otherwise they will not take it seriously. I think that is to diminish the sense in which we regard ourselves as leaders. I am helping to lead the civil service institution; I am having to run a Government Department. I have a lot of self-interest. I cannot deliver the things that you want me to do unless I have good leaders, so I have a very strong self-interest in this. It would be lovely as well if Ministers wanted to say, "Yes, we are in favour of this too" but I am certainly not sitting here thinking, "Gosh, I am not going to be successful unless the Cabinet Committee blesses me".

**Chair:** We will encourage Ministers to say that.

**Sir Robert Devereux:** Please do.

**Chris Wormald:** Please do.

Q348 **Kelvin Hopkins:** Don't you have a role in protecting us from the foolishness of Ministers from time to time, because they—

**Chair:** This Committee has a role, yes.

**Sir Robert Devereux:** I think they might have a role, but my role is to serve the Government.

Q349 **Chair:** Of course, and of course there has never been a disagreement between a Permanent Secretary and a Minister.

**Chris Wormald:** Can't think of one.

**Chair:** Thank you very much indeed. You have been very helpful to us and very patient. We are very grateful for your time and for your tremendous commitment to the civil service.