

The Civil Service in the New Millennium

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Lord Salisbury is reputed to have said to Queen Victoria "Change, change, why do we need change? Things are quite bad enough as they are." I would of course take issue with the last part of his remarks, especially in relation to the Civil Service. But I know that quite a lot of people sometimes feel that we have had quite enough change, thank you very much, and that it is about time that it stopped.

I can understand why people feel like that but I am afraid that 'no change' is not an option. Even a well-trying institution with as many strengths and virtues as the Civil Service has to face the challenge of continuing change and modernisation. The important thing is to ensure that the process is constructive and does not damage our core values or the contribution which we make to stable, good government. I am grateful for the opportunity to explain why.

The story so far

Let me recap the story so far, for the benefit of new readers. For the last 20 years or so - people dispute the starting date, usually depending on when they first became involved - the Civil Service has been undergoing substantial management and cultural reform.

If you entered the Civil Service in, say, the 1960s (as I did) the literature would have told you that senior civil servants were policy makers. They were not expected to know the cost of the resources which they controlled or the staff who worked for them. They would not have had budgets. They would not have described themselves as managers. The task of making things happen was the responsibility of the people beneath them, the executive staff. There were three classes in the Civil Service - administrative, executive and clerical - and the description "executive", which in other contexts was rather prestigious, had a slightly pejorative ring to it in the Civil Service even though we ran some of the largest businesses in the country.

The programme of reform

Reform began in the early 1980s with manpower controls, a very blunt instrument which like all blunt instruments had an immediate but imprecise effect. After that we moved on to the financial management initiative, the introduction of budgeting, the invention of running cost controls and the drive for efficiency through Rayner scrutinies.

Probably the most important reform began in 1988 when we moved to the introduction of Next Steps Agencies. Like all the best reforms it was based on a simple idea: that you should give the people running a large operation a clear framework within which to work, the resources and management powers which they need to do the job, and targets and key performance indicators for appraising whether they had done what they were meant to do. It was hugely effective. Three-quarters of all civil servants now operate in such agencies.

I would stress in passing that the agencies are still very much a part of the departments to which they belong. The reform is a management reform, not a constitutional innovation.

Along with Next Steps, the development of the Citizens' Charter in the early nineties focused us on the need to provide an excellent service to our customers and the public, in the same way as we had traditionally focused on service to Ministers.

We launched major programmes of contracting out, privatisation and market testing. The latter were often not only a very worrying experience for the staff directly affected but a sobering one for senior levels of the Service. For years we had been arguing to the Treasury that we had no further fat to trim. We now learned that savings of the order of 20

percent or more could routinely be achieved through market testing and greater efficiency.

Through all these reforms ran a strong thread of decentralisation, to a degree which many of us beforehand had thought unlikely. Perhaps the biggest surprise of all was the delegation to departments and to agencies of responsibility for pay and grading, a function previously held tightly by the central departments - the Treasury and the Cabinet Office - often carried out in negotiation with the trade unions in a smoke-filled room.

There is a further major change taking place at the moment, largely unnoticed but to my mind a powerful lever for improving the management of the Service and its accountability: the introduction of resource accounting and budgeting. Once this is in place civil servants will be much more visibly responsible for the way in which they deploy specific resources to meet a given objective.

I would not claim that the manner in which we implemented all these reforms over the years was a model to emulate. There was not enough overall vision or strategic planning. Too often it was uncoordinated, with different parts of the centre of Government launching similar initiatives simultaneously or at a pace which long-suffering managers in departments found difficult to handle.

It may be that that is always the way with major change: that there is no easy or tidy way of moving a very large institution in a direction which it is likely to find unpalatable. For instance we have reduced the staffing of the Civil Service from around 750,000 in the 1970s to around 460,000 now, a reduction of around 40 percent. We did not know that that was what we were going to do when we set out down this road and it would have been unthinkable at that time to articulate it as part of our vision, even in the most secret enclave. It is always tempting to tell the story afterwards as a model of clear planning!

What it meant for senior staff

Some of this has been very demanding on our senior staff. People who want to get to the top nowadays must have a wider range of qualities than would have been required of them in the past. Policy making - and I will come back to this issue - was and still is important. But we now require people in public service to be good managers and good leaders of their organisations and to know how to achieve results through the people who are working for them and through the application of project management skills. They also need to have good presentational skills: to be prepared to appear in public, on television, before select committees - indeed, before yourselves - and to be prepared to give interviews to the media and to understand the needs of modern news management.

Here again I do not think we have always managed change well. We have too often been inclined to say to senior staff that they had to become managers - a major cultural change - without giving them the training which they needed or indeed any form of support at all. We simply expected them to be good at it overnight. A weakness in management became a character defect when people were being considered for senior posts. People who would previously have got to the top of the Service found themselves held back without really understanding why, while others who had some management experience were brought forward.

But the fact is that change was necessary and it happened.

The present day

Now I would like to turn to the present day. Change does not of course come to an end. There would be some very long faces among management consultants if it did!

As we enter the new Millennium, the Civil Service is on the threshold of another major chapter in its development. I will come in a minute to the "Modernising Government" White Paper published before Easter; but it needs to be seen as part of a larger change in the environment in which public servants work, which is altering rapidly.

Let me mention some particularly important features of this change.

One is the use of information technology, IT. You can now shop 24 hours a day, deal with your bank electronically 24 hours a day, and book your summer holidays without leaving your living room. We have news coverage 24 hours around the clock: when I joined the

Service in the 1960s there were about 15 broadcast news bulletins a day whereas in 1999 there are nearly 50 an hour, every hour, 24 hours a day.

The speed of communication, the growth in the use of IT and the sheer volume of information which can be transmitted are commonplace. But what is particularly important to the management of a large organisation like the Civil Service is the unpredictable consequences and opportunities which can flow from this.

To give one example, I hear that it is now being predicted that a Senator in the United States may soon receive one million e-mails within a day on a controversial issue. The same could happen here. The ability of our IT systems to cope with this kind of dialogue with the public must be a matter of some doubt, as Sir Humphrey would say. We are only now putting in place a proper IT system across government departments, a system known as the Government Secure Intranet. People's expectations from public services are rising and we must, repeat must, keep pace with them. So one major external challenge is better exploitation of IT and the new ways of doing things which it allows.

Constitutional reform

A second, quite different, area of major change is constitutional reform. The Government's modernisation programme means a fundamental change in the framework within which the Civil Service works. In the first session of this Parliament three separate pieces of legislation were passed giving different parts of the United Kingdom - Northern Ireland, Scotland and Wales - their own form of devolution. I do not want to talk about Northern Ireland for reasons which you will understand. But it is worth noting that all three forms of devolution are conceptually different and different in detail

The Government have made it clear that it wishes the new administrations in Scotland and Wales to be served by civil servants who are part of the unified Civil Service of this country. What this will mean in practice and how we will manage relations between the UK Government and the devolved administrations is a fascinating challenge. With elections taking place tomorrow, it is not theoretical. It is something to be addressed by every Government department in its everyday business. It is the job of the Civil Service to make the new arrangements work. I am confident that we will do so.

Our core values will remain common across the Service: for instance the same approach to appointments will apply as we have always applied, recruitment on merit on the basis of fair and open competition. But the context in which we operate will be new. Under our present constitutional arrangements all civil servants are working to the same government whose writ covers the whole UK. Our Ministers may have disagreements but at the end of the day these have to be resolved within the framework of collective responsibility and membership of one government. When the new arrangements for devolution come into place this summer members of the unified Civil Service in Scotland and in Wales will be working to Ministers who have been elected by a different electorate and who are answerable to the Scottish Parliament and the Welsh Assembly respectively.

Let me give you an illustration of what this will mean in practice. There will be many occasions in the years ahead when the UK Government negotiates in Brussels on matters which for domestic purposes have been devolved to the Scottish Executive. The UK Government will want to consult the Scots and to ensure that it takes their interests fully into account in deciding how to proceed. There will be a good deal of contact between the leading Departments in Whitehall and their opposite numbers; and in the last resort, there will be a Joint Ministerial Committee in which the UK Government and the devolved administrations can discuss the negotiating mandate which should be adopted. But there will be no collective responsibility governing the conduct of that committee. The participants will each be answerable to their own electorate and their own Parliament or Assembly. Final decisions will be a matter for the UK Government to take. For the civil servants concerned we will be working for different political masters in different governments rather than in one collective government, but to our own common standards and core values. I would only say that I think the Cabinet Office is not going to be short of work.

There are also important changes ahead - not to be underestimated - in the field of the rights of the individual against the State. The Human Rights Act when it comes into force will give the citizen rights of legal action against public bodies, directly enforceable in our

courts, of a kind which they have not had before. The same will be true of the Freedom of Information legislation which will be published shortly. For the managers of public bodies these new pieces of legislation will entail major training of their staff and an understanding of the new culture of legally enforceable rights in which they do their business.

A third major development in the environment in which the Civil Service operates was the coming to power of a new Government in May 1997. It would be wrong for me to make public comment about that as an event beyond saying that I think we demonstrated conclusively to the doubters - and there were a number - that the Civil Service can still manage a transition in power just as well as it has always done.

But viewing it as the manager of a large organisation, a change of Government is an important event. Simply as a factual statement, a new political generation has come to power: many key figures were in their early 40s and even their 30s in May 1997. But they also brought with them electoral commitments which had a strong focus on outcomes, on commitments which they wished the public service to deliver in the community, untrammelled by any sense that this department does some things and that department does other things.

Having focused agencies and businesses very tightly on their targets and objectives within their own particular area of operation we now face the challenge of getting them to work together, to harmonise their targets and pool some of their sovereignty to make the changes which the Government has promised to deliver.

I hope I have said enough to illustrate that the environment in which the Civil Service operates is changing fast. Now let me turn to the response.

Modernising Government White Paper

The White Paper on Modernising Government published on 30 March. is a key document which signals a change of course for the Civil Service for the next 10 years as important as Next Steps 10 years ago. Its main thrust is modernisation with a purpose: better policy making, better responsiveness to what people want, and more effective public services.

Some of it is the stuff of good management, the constant quest for improvement and quality. I will not take you through it beyond mentioning the UK Public Sector Benchmarking Model which is the largest of its kind in the world. It illustrates a major new drive to the campaign for more effectiveness within Government.

But I would like to say something about the delivery of joined-up public services that meet the needs of citizens, and not just the convenience of service providers. The evidence is that the public has grown impatient of barriers to effective and convenient services that stem simply from the way government is organised. They do not want to have to worry about what part of government they are dealing with. They take the view that it is we, the providers of public services, who should do the worrying. They are used to private sector services being available when they want them in a form which is convenient to them. They want us to do the same.

This may sound very obvious but I can tell you that it is also very challenging. We are now committed to finding ways of delivering public services 24 hours a day, seven days a week, where there is a demand. There is also a commitment to eliminating obstacles to joined-up working through local partnerships and one-stop shops: and to finding out what the public actually wants from the services which it pays for through its taxes.

The People's Panel is part of this. Five thousand people, randomly selected from across the UK, are advising us on everything you can think of - and several which might not occur to you - from the ways in which services are delivered, to the most effective use of new technology. And we are looking at the public services which we provide from scratch, sending out teams to look afresh at how we deal with common "life episodes" from the point of view of an ordinary family - beginning with the birth of a baby.

We also recognise that we need to involve front-line staff in this process. They are the people who are close to users. They know the pitfalls. So we are developing 'learning laboratories' and workshops where front-line staff from a range of public services can put their views directly to Ministers.

Encouraging and nurturing innovation in the Civil Service is one of the most important challenges which we face. I do not believe that there is a shortage of ideas, not least among staff who actually run services. Successful innovation is taking place. For example, last week in Bristol I saw a demonstration of a pilot project of the National Land Information Service (NLIS). The information on land and property needed to buy or sell a house is accessed or requested on line from the relevant organisations, a one-stop-shop service which speeds up the whole process. The Ordnance Survey, Land Registry and other public and private bodies have worked together to deliver this pilot project and an improved service to the user.

The NLIS project is set to expand across the country. But in general I do believe that there is a problem of ignorance and sometimes about 'not invented here'. It is striking how often one pocket of people in a public service have come up with a new approach which works, and nobody else takes it up. That is part of the reason why there is often a huge range in the performance of different units doing similar tasks. We want the new Centre for Management and Policy Studies to help put this right.

We also want to look at our concepts of accountability and make sure that they do not reward too highly the 'safe' way of doing things, at the expense of improving our services. Risk is not an easy concept when dealing with the taxpayers' money but it is clear that we need to explore new ways of introducing a more professional approach to risk management.

In short, we are engaged in a quiet revolution: involving staff, consulting users, setting new targets. That revolution also needs to encompass policy-making.

Policy making - the complete picture

I mentioned earlier the pride which the Civil Service has traditionally taken at its more senior levels in its ability to advise Ministers on policy. But we are now beginning to question among ourselves quite how good we were in fact at this skill. Were we talking about devising policies which could be managed effectively to deliver the outcomes which the Government of the day wanted? Or were we more concerned with devising policies which the Minister could get through his Cabinet colleagues and Parliament and present successfully to the press? And how often have we in practice gone back later and evaluated the success with which policies have delivered what was claimed for them at the time when they were launched, rather than simply move on to devising the next policy which helps the Minister through a difficult moment?

It would be invidious to single out particular policies as examples of unsuccessful policy making. I would simply say that there have been rather too many examples of policies which have been made to work by the combined brain power of a great many clever people, to less than satisfactory effect; and that there has also been some areas in the life of the nation, particularly on social policy, where our record of finding effective solutions across departments as a whole has not been good.

One of the challenges faced by the Civil Service at the moment is a renewed drive to look at some of the most difficult areas of social policy - what some people call the wicked issues: for instance, the worst housing estates, rough sleepers and teenage parenthood - and to devise policies which will be effective, really effective, in bringing about improvements. We have set up the Social Exclusion Unit in the Cabinet Office to tackle this challenge. Their task is to assemble teams drawn from a wide variety of backgrounds - not just the Civil Service - whose task is to come up with better policy prescriptions to deal with these problems.

We have also set up a Performance and Innovation Unit to tackle other areas selected by the Prime Minister where policies spread across a number of departments and where delivery mechanisms are similarly divided between different parts of the public sector. Their task is to assemble teams to pull together all the facts and options, and to come up with proposals for improvements. Their projects at the moment include policy towards the rural communities, the ageing population, electronic commerce and the delivery of Government services in the regions. They also have an important project on developing the concept of accountability, and devising incentives to encourage better working across departments and different parts of the public sector.

All this reflects a renewed focus on the importance of delivery. The Government has set very clearly its priorities, stressing in particular health and education. These priorities have been reflected in the allocation of resources following last year's Comprehensive Spending Review. Every department across Government has entered a Public Service Agreement specifying the targets and outputs which it is committed to delivering. We have to make sure that we have policies in place which will actually deliver, on the ground, the results which are wanted.

A big agenda as we approach the new Millennium.

Implications for the Civil Service

So what does all this mean to the Civil Service itself?

First, I think it means that we need to be sure that our managers and our bright young rising stars are properly equipped to do the job which is asked of them. The Modernising Government White Paper announced the setting up of a new Centre for Management and Policy Studies, and we have identified and appointed its first Director, Professor Ron Amann, currently Chief Executive of the ESRC who takes up his post in a few months time.

The Centre will be based around the old Civil Service College, and will provide a new focus for training. But it will do more than that. It will pull together the very best in management training, drawing on public and private experience in the UK and overseas. It will research and evaluate the results of our policy making, identifying and spreading good practice. It will provide a window at the heart of government for the best new thinking from the academic community, from management consultants and from business, in this country and abroad, on innovation, policy making and leadership. It will provide a place where people can stand back from the grind of their daily jobs and think how they can improve their way of doing things.

We are setting up a Public Sector Employment Forum, which will involve the NHS, education, local government, and other public sector bodies as well as the Civil Service to work together on the key personnel issues which face us, so that we can pool our knowledge and share our experience.

Second, we need to be sure that the management reforms of the last decade are working as we meant them to do. For instance, we encourage people to move to other departments or to the private sector on secondment to develop their careers, but we also make it more difficult for them to find their way back in to the Civil Service because we have introduced job advertising across many departments. This problem, together with the need to find better ways of recruiting, developing and retaining talented staff is being looked at by a special working group who will be reporting to me in the Autumn.

There are areas where it may be that we have adopted private sector practice but interpreted it in a public sector manner which is not as effective: for instance on performance pay. Over the next few months we will be looking in detail at how we can encourage managers to use pay and performance management, including non-pay incentives and rewards, to encourage the behaviours and skills we want to see in a modern Civil Service, both for individuals and for teams. Here again, a small working group chaired by a permanent secretary will be reporting later in the year.

Third, and above all, we need to enhance the sense of corporate unity across the Civil Service as devolution and the other challenges unfold. My view is that we need to have a debate about what sort of Civil Service we wish to be in the next century. Our core values will remain our core values: selection and promotion on merit, political impartiality and the provision of our best independent advice to the government of the day. But there are other values which we need to build into our culture.

We need to develop a Civil Service which communicates, both internally and with the outside world, one of the most difficult challenges faced by any organisation, but a real prize for those which succeed.

We need to consider how to make delivery - the delivery of real, practical outcomes which make a practical difference to the ordinary member of the public - part of our core values.

And we need to bring about a real culture change which values diversity. We have far too few women, people from black and ethnic minority backgrounds, and people with disabilities in the senior parts of the Civil Service. We must be part of, and not apart from, the society we serve. This is a top priority. We want a Civil Service which values the differences that people bring to it. We need to have the benefit of those differences. We must not only reflect the full diversity of society but also be strengthened by that diversity.

At present 18 percent of senior civil servants are women, and 1.6 percent come from ethnic minority backgrounds. We intend to double these proportions over the next 5 years, so that by 2004-5 35 percent of the Senior Civil Service will be women and 3.2 percent will be from ethnic minority backgrounds; and we will be setting targets for people with disabilities later in the year.

These targets are challenging but we believe that we can meet them. We also believe that a truly diverse organisation is one in which the differences which individuals at all levels bring are valued and used. To do this we need a change in culture, a change which has to be led from the top, a change which I and my Permanent Secretary colleagues are leading.

We have already received some recognition for our efforts. As some of you may have seen in the press last week, Opportunity 2000 has recently rated central government first above fourteen other employment sectors for its work in championing and investing in women's progress. Three of the five top-scoring organisations were in the public sector: the Department of Health, the Contributions Agency and NHS Wales. Welcome though this is, the job has only just begun. I hope that in a few years time I will be able to tell you that we have received similar recognition for the whole of our diversity agenda, not just the progress of women.

Conclusion

I have attempted to provide you with a snapshot of the Civil Service today, and my views on some of the challenges we face. I realise that there is a lot which I have not mentioned: for instance about Europe and the very important task which we face in relating to our opposite numbers in other EU countries. But I think I have said enough to illustrate my theme.

I do believe we have one of the best civil services in the world. Our staff, their skills, their integrity and their commitment, are a huge asset. We may not always be good at advertising ourselves - I do not think we are - but you only have to look at the record of other countries beating a path to our door to find out how we do it, to realise that we have an institution which is valuable and a world leader. But we will only retain this position if we constantly strive to improve what we do.

I have the privilege to be leading a Service which has undergone a major process of cultural and management reform over the last two decades and which is now poised on a further major new phase in its own development. I believe we are well up to the challenges which face us; but it is important that the nature of those challenges is understood by a wider audience like yourselves whose help and support we may need as we work our way through our new programme of reform.

I am very grateful to you for listening so patiently this evening.

SIR RICHARD WILSON

(Secretary to the Cabinet and Head of the Home Civil Service)