



An open letter: two challenges and an opportunity

Preface

Government in the UK is undergoing the most far-reaching changes seen for more than 60 years. The combination of continuing fiscal austerity, unprecedented cuts in administrative budgets and the Coalition's radical proposals for reshaping the role of the state in public services, have created considerable uncertainty about the future of the Civil Service. Everyone accepts that the Civil Service is going to be smaller. What is its role going to be? And how is it going to operate? These questions require urgent answers if the Civil Service is to adapt successfully to these demanding new circumstances.

This open letter sets out the Institute for Government's view of the challenges on civil service reform facing Sir Jeremy Heywood, the Cabinet Secretary, and Sir Bob Kerslake, the Head of the Civil Service, as they begin their dual leadership. Our analysis of the challenges and suggested ways ahead is based on the Institute's work studying the problems facing government over the past three years – in particular the lessons learnt from our close engagement with decision makers in Whitehall. It also marks the start of a wider, public debate which the Institute is launching about reform of the Civil Service and improving the effectiveness of government.

The focus in the open letter is on Sir Jeremy and Sir Bob's task now in strengthening the corporate and collective leadership and capabilities of the Civil Service. Our recommendations are about enabling the Civil Service to respond to the spending and reform challenges. We are positive about many of the developments that have occurred over the past decade that have improved the way the Civil Service operates. Within a smaller and reshaped state, a confident and effective Civil Service remains essential to the success of government.

However, our analysis questions the way that Whitehall conducts spending reviews and makes policy, and we suggest improvements. There is also an urgent need to improve value for money and to remedy serious defects in the provision of management information. The Institute has identified clear gaps in current capabilities and accountabilities, which we intend to address in our current and future work programme.

These questions are only part of the Coalition's broader programme for reform of the Civil Service, for which Francis Maude, the Minister for the Cabinet Office, is responsible. In this open letter we concentrate on specifically civil service issues facing Sir Jeremy and Sir Bob, as well as Mr Maude, not these wider questions. There is nothing in the open letter on important questions of pay and conditions, or machinery of government, and there are only passing references to improving project and IT management, and to the career development of management and staff, and the role of non-executive directors on departmental boards, which the Institute is addressing separately in its research and learning and development work.

Studies of past reform efforts, show the importance of political involvement. Change has only been sustained when there is firm and clear ministerial backing, otherwise the forces of inertia and prevarication prevail. Professor Rodney Lowe's¹ history of the Civil Service records the missed opportunities over reform which reflected a combination of muddled thinking, a failure to appreciate the constraints of parliamentary accountability and a quasi-federal departmental structure, vested interests, but, above all, a lack of clear political priorities and will. Harold Wilson and Edward Heath both publicly championed modernisation of the Civil Service but were uncertain and contradictory in implementation.

The other lesson is that reform will only be embedded if it gains cross-party support. For all the chopping and changing between governments in the 1960s, 1970s and 1980s, key changes in, for example, public expenditure planning and control were continued despite new parties coming to power. Now also, the issues facing the Civil Service cross party boundaries and would have to be addressed whichever party, or parties, were in power. All the recommendations in the open letter would, and should, be taken forward whoever forms the next government in 2015.

This open letter is about creating a high-quality, high-morale and highly effective Civil Service. All three elements go together. Unless reforms are urgently introduced, there will be the risk of a downward spiral of cuts, inadequate services and a demoralised Civil Service. There is the potential to do much better.

A handwritten signature in black ink that reads "PJR Riddell" followed by a horizontal line and two dots.

Peter Riddell
March 2012

Two challenges and an opportunity

1. The Civil Service is at an historic turning point. For much of its existence the Civil Service has been a bastion of stability and incrementalism, but fundamental change is now a necessity, not an option. As the Civil Service substantially reduces its numbers of staff, and demands from the Government's radical reform of public services increase, the question is whether the Civil Service will adapt to meet these challenges as a confident and capable organisation or shrink in both size and stature.
2. This open letter highlights the challenges and points to ways ahead, based on the Institute's own work, which will help the Civil Service to be more effective in the new conditions.
3. Together, Sir Jeremy and Sir Bob need to provide strong leadership at the heart of the Civil Service to grip this agenda, to lead and shape the future Civil Service. But it will not be easy to do so. There is a window of opportunity, but the same factors that create this opening also pose daunting challenges. The stakes are high, not just for the Civil Service and the Coalition, but also for the public. Success will help ensure that high-quality services can be provided, though at a lower cost than before. Failure will mean not only a demoralised Civil Service but also inadequate services and a dissatisfied public.

The fiscal position

4. The UK's fiscal position remains very serious, with a deficit that will not be eliminated soon. We are in the midst of the biggest contraction in planned levels of public spending since World War II. Unprotected departments (that is excluding health and international development) face an average reduction in their overall spending settlement of 19%². The reality of savings on this scale is that neither departments nor the Treasury really know what the impact of the planned reductions will be on services.
5. In parallel, the Civil Service is facing an unprecedented reduction in resources. The Thatcher government aimed to cut the Civil Service by a little over 10% in four years. Whitehall has already achieved cuts on this scale in just 18 months since the 2010 Spending Review, and there is still a long way to go to meet the reductions in administrative budgets of between 33% and 50%.
6. There are two big dangers. First, that spending cuts are achieved mainly through big and blunt cost-cutting measures to balance the books. As we pointed out in *Undertaking a fiscal consolidation*, cuts fall where they are easiest to make rather than where they are best to make³. It can be easier to resort to short-term cost cutting rather than driving better value.

2 HMT [2010] *Spending Review 2010*

3 McCrae et al [Institute for Government 2009] *Undertaking a fiscal consolidation*

7. Second, large additional risks have been created because virtually all departments are making big 'headcount' reductions in staff numbers alongside big changes in how they work. However, the best evidence from the private sector shows that only one in three large-scale change programmes succeeds⁴. Results from the recent Civil Service People Survey suggest that the Civil Service may fare worse. On average, only 27% of staff either agreed or strongly agreed with the statement 'I feel that change is well managed' in their organisation. This is the second lowest score of the survey⁵. If change is not well managed, this will lead to a number of failing departments, which find themselves unable to deliver the Government's agenda.

The reform agenda

8. Inspired, in part, by Tony Blair's reflections on his 'wasted' first term, this Government has set out a very ambitious reform agenda to be completed before the end of this parliament. The pace and scale of reform would be a severe test of the capacity and capability of the Civil Service under any circumstances. Introducing legislative reforms in health, education, welfare, policing and justice, as well as major changes in defence and immigration all at the same time, amount to unprecedented tests. And that is before taking into account constitutional reform and the threats from terrorism and fighting the war in Afghanistan – any of which could come to dominate Parliament and the political agenda.
9. The Government is also seeking fundamentally to redraw the distribution of power between different levels of government and between citizens and state. The Prime Minister has spoken of his desire to "turn government on its head", to take power away from Whitehall and central government – be that through making government more transparent; fostering new forms of service delivery through markets and payment by results; or by setting up mutuals⁶. The Civil Service faces a more general challenge from the proliferation of other sources of power around the country – whether in the devolved governments and legislatures; in elected mayors and, in future, in elected police commissioners. Each of these will have major implications for the future functions, structures and accountability mechanisms across the Civil Service.

The opportunity

10. Today, as civil service leaders face a long campaign to reduce the deficit, there could not be a stronger need to challenge what the Civil Service does and how it does it. Many long held functions and ways of working of the Civil Service will disappear or have to be reshaped radically in order to avoid further reductions in frontline services.
11. The ability of the Civil Service to take on these challenges is much improved⁷. The Civil Service is far from the simplistic caricature of a closed, change-resistant and self-serving

4 Gardini et al in McKinsey Quarterly [Nov, 2011] *Finding the right place to start change*

5 Cabinet Office [2012] *Civil service people survey 2011: summary of findings*

6 Cabinet Office [2011] *Open Public Services*

7 Cabinet Office [12-2009] *Capability Reviews: An overview of progress and next steps*

mandarinate. Working in the Civil Service is nothing like it was 30 years ago or even a decade ago. Today's Civil Service consistently attracts some of the best talent in the country; is diverse, with women now running the toughest departments in Whitehall; capable of successfully overseeing delivery of huge and risky programmes like the Olympics and Paralympic Games and embracing continuous innovation in public service reform.

12. This generation of civil service leaders has experienced a sustained period of change – from the Rayner scrutinies, the creation of Next Steps Agencies, Public Service Agreements, the drive for delivery, to the push on diversity and capability championed by Lord O'Donnell. There is international interest in the UK experiments in performance management, delivery, capability, commissioning and payment by results. Despite a tough year of cuts, civil service leaders managed to maintain staff engagement at around previous levels⁸.
13. Yet in the view of many politicians of all parties, the Civil Service simply doesn't work well enough⁹. Deeply rooted weaknesses can no longer be safely ignored given the scale of the challenge over the coming years. We have outlined below the six key priorities the new leadership must tackle if the Civil Service is not only to achieve the spending cuts and deliver the Coalition government's policy programme, but also to emerge with stronger capabilities. This is not just a vitally important agenda. It is also extremely urgent, requiring fast action. Change is well underway in Whitehall, with the quickest moving departments having already shrunk by around 20%¹⁰ and set their own future direction. One of the key risks for the Civil Service as a whole is the scale and pace of the cutbacks given the lack of strategic coordination across departments. Sir Jeremy and Sir Bob will need to develop dynamic corporate leadership to grip this and drive change across a united Civil Service. The risks and challenges are enormous, but there is an opportunity too to develop a confident and capable future Civil Service.

8 Cabinet Office [2012] *Civil service people survey 2011: summary of findings*

9 See for example: Cabinet Office [2008] *Excellence and fairness: Achieving world class public service*; Cabinet Office [2011] *Open public services*; Hallsworth, M Parker, S and Rutter, J [Institute for Government 2011] *Policy making in the real world*; Lodge, G and Rogers, B [IPPR 2007] *Inside Whitehall's black box*

10 [Institute for Government 2011] *Whitehall Monitor #10*

What should be the agenda for reform?

14. In the four years since our creation, the Institute for Government has been conducting research, and convening private and public discussions on our core mission to help make government and the Civil Service more effective. We now highlight six crucial areas that we believe should be at the heart of the reform agenda for Sir Jeremy and Sir Bob as the new leaders of the Civil Service.

15. These are the strategic, cross-cutting, systemic issues that can only be tackled across the Civil Service – which ministers, senior civil servants, and non-executive directors have repeatedly identified in the course of our work. They are not abstract reforms but closely connected to the immediate challenges faced by the Civil Service. They are not easy to tackle effectively.

Value for money

16. A vast amount of money passes through civil service departments every year. Managing this flow of resources is a complex and multi-faceted task. Some is operational spending, directly controlled by civil servants. Other spending is passed on to a variety of public sector bodies, at arm's length from government. The Civil Service also increasingly purchases services, mainly from the private sector. In each of these settings, departments need to be able to assure ministers, Parliament and the public that they are securing the best possible value for money from all the resources they manage.

17. However, it is far from clear that they can do this. Departments lack good systems for judging continuous improvement in value for money, making it difficult to hold senior leaders to account¹¹. A recurring issue raised across the Institute's work has been the degree to which the Civil Service is unable systematically to produce management information linking what it spends to where it generates value¹². This absence is particularly striking to those from a commercial background, such as the new non-executive directors on departmental boards.¹³

18. Things are changing. Our forthcoming report on informed decision making looks at approaches across the Civil Service that have successfully improved management information, revealing ways for boards to improve value for money¹⁴. A key finding of this research is the increasing role finance professionals are taking in driving these improvements. However our work two years ago on board effectiveness found that despite the drive to increase professional finance and commercial presence in departments, the benefits of this drive were not yet realised at board level¹⁵.

11 [National Audit Office 2011] *Progress in improving financial management in government*

12 McCrae, J Stephens, J, and Mehta, R. [Institute for Government forthcoming] *Informed decision making*

13 See, for example, Lord Browne's evidence to the Public Accounts Committee, 28 June 2011

14 McCrae, J Stephens, J and Mehta, R. [Institute for Government forthcoming] *Informed decision making*

15 Parker, S Paun, A McClory, J and Blatchford, K [Institute for Government 2010] *Shaping up*

19. So there is still a long way to go. The National Audit Office (NAO) summarised the position when revisiting their assessment of financial capability in the Civil Service:

*“There is scope for still more progress in two significant areas: despite a clear commitment from the Centre, we do not yet see good financial management strongly positioned as an indispensable part of departments’ deficit reduction strategies; [and,] we do not feel that the culture of the Civil Service has yet taken information-led management, and financial management in particular, to its heart.”*¹⁶

20. There is a greater need for urgency given the fiscal situation. Establishing a new priority on delivering value for money across all departmental spending means starting with permanent secretaries. Performance assessments of permanent secretaries should cover how well departments are equipped to, and indeed succeeding in, raising value for money. These assessments themselves will need to be based on meaningful management information, benchmarking performance either with similar operations across the Civil Service or within the private sector.

The spending review

21. The next spending review must be different from the 2010 review. The Treasury’s aim then was rapidly to agree the allocations within overall spending limits. This curtailed time for planning and meant the process centred largely on the traditional series of bilateral negotiations between Treasury and departments. This largely ruled out big cross-government savings and has left many departments, 18 months on, with a long way to go to create detailed plans for meeting their targets¹⁷.

22. As such, achieving the savings targets up to 2014/15 will be extremely demanding. A recent NAO report concluded that, while departments *“took effective action in 2010/11 to reduce costs... departments are less well placed to make the long-term changes needed”*¹⁸. Our research shows departments are still working largely in isolation of each other on savings options¹⁹.

23. The fiscal numbers published in the 2011 Autumn Statement mean that for many departments the next spending review could be just as tough as the last one. A different approach will be required next time round to have any realistic chance of rising to the challenge.

24. Identifying the most promising cross-departmental savings should be part of the preparations for the next spending review and work needs to begin now. This should cover not only programme and capital spending, but also administrative budgets and how departments can operate together more efficiently. Rather than waiting for a formal Treasury process, this should be about departments choosing to work together because it is in their mutual interests. They need to be able to offer ministers the best possible options.

16 [National Audit Office 2011] *Press release 3-3-2011*

17 [National Audit Office 2012] *Cost reduction in central government*

18 [National Audit Office 2011] *Progress in improving financial management in government*

19 See for example: McCrae, J Page, J and McClory, J [Institute for Government 2011] *Transformation in the Ministry of Justice, interim evaluation report*.

Design policies for implementation

25. The counterpart of driving value for money is ensuring that new policies have clear objectives and are well designed. Getting policy wrong, wasting money and effort and failing to make change happen cannot be afforded.
26. Our research suggested that, at the end of the last government, both civil servants and ministers felt that policy making could be done better, despite some improvements over the preceding decade. Ministerial-civil service relations fell short of the open, honest and constructive attitudes both told us they wanted. Ministers felt civil servants too often lacked expertise and knowledge to help them; civil servants felt unable to challenge ministers²⁰.
27. Ministers are clearly accountable politically for decisions, but the Civil Service needs to take responsibility for the quality of the policy process. Designing policies that work needs to become a core civil service expertise, extending across a wide range of backgrounds, well beyond those who are part of the 'policy profession'. Civil servants must become expert at seeking out new ideas, collaborating with others, understanding potential impacts and turning policies from strategic concepts into measures that can be put into practice and work. Building on existing accounting officer responsibilities for 'value for money' and 'feasibility', permanent secretaries must also be prepared to challenge policies which do not have a sound enough basis for committing public or private resources.
28. This is a radical shift in civil service accountability. It would force the Civil Service to develop new skills and expertise. It would need to be underpinned by a shift in culture – looking outwards, engaging with implementers, and understanding users. This also means being prepared to learn from successes and failures. Over time, it should allow a healthier approach to risk.
29. Some immediate steps can be taken to start this shift. Sir Jeremy and Sir Bob can make permanent secretaries accountable for the quality of the policy in their departments and the Treasury could widen the formal responsibility of accounting officers. We suggest that the head of policy profession should become a head of policy effectiveness, who would oversee the quality of departmental evaluation efforts and be able to commission independent assessments. The Cabinet Office secretariats should ensure that policies meet an 'implementability test', before they come to ministers for political agreement²¹.

20 Hallsworth, M and Rutter, J [Institute for Government 2011] *Making policy better*

21 Hallsworth, M and Rutter, J [Institute for Government 2011] *Making policy better*

30. In parallel, the job description of the policy maker and the view of who makes policy need to change. No longer can policy makers regard themselves as sitting on top of a 'delivery chain' which they can expect to follow instructions and deliver required outcomes. They will be delivering through multiple providers, driven by user choice. To act as what we have called a 'system steward' requires different skills and behaviours from those that have traditionally been prized in policy makers²².

Relationships beyond the Civil Service

31. The Civil Service works with many organisations – such as devolved administrations, local government, Europe and arm's-length bodies (ALBs) – to deliver outcomes for the public. However, our research into ALBs, local and central government relations suggests that these relationships have too often been unproductive.²³

32. On the one hand, micro-management has stifled the very freedom to innovate that decentralised bodies were set up to provide. On the other hand, there have been cases of inadequate oversight, leading to organisational drift and a lack of appropriate consequences for failure. Critically, there is no strategic view of how to manage relationships with ALBs or local authorities and democratic bodies – leaving them beset by conflicting policy messages from different government departments.

33. The Civil Service can no longer afford such unproductive relationships across the public sector – not least because of the Government's emphasis on decentralisation, shown, for example, by the introduction of elected mayors and police and crime commissioners and the expanded role for ALBs, such as Monitor, in overseeing major aspects of public service delivery.

34. We recommend a far more streamlined and strategic approach to managing these relationships. For ALBs, this means much greater clarity on their freedoms and associated accountabilities. We believe that the confusing array of different governance arrangements for ALBs currently can be simplified by allowing just four basic types of body – with governance controls and freedoms strictly tied to the function that the ALB performs. Sharper accountability is also required. In addition to the planned triennial reviews of ALB performance, civil servants must be held to account for their ability to manage ALB relationships effectively.

22 Hallsworth, M. [Institute for Government 2011] *System stewardship*

23 Gash, T et al [Institute for Government 2010] *Read before burning: how to increase the effectiveness and accountability of quangos*, p.p. 11-12 and Gash, T et al [Institute for Government 2008] *Performance art: enabling better management in the public services*, p.p. 21-3

35. For relationships with local elected leaders, the Civil Service will need a similarly strategic approach. The arrival of strong city mayors (subject to referendum results) and police and crime commissioners will create a new political dynamic and, potentially, a vocal set of lobbyists against poorly coordinated central-local communication. This could be a positive force for improvement, but this new set of relationships will need to be managed efficiently.
36. It is also vital that the Civil Service prepares for the possibility of substantial changes in the devolution settlement. Further devolution of powers for current national responsibilities, such as tax and social security, let alone full-scale independence, would have far-ranging implications for the Civil Service as a UK wide organisation as well as specific, major programmes.²⁴

Raising capability and knowledge

37. The preceding sections reveal the key capabilities, knowledge and skills that the Civil Service requires: financial management and planning, commissioning including market making, quality policy making, system stewardship, collaboration across and beyond the Civil Service etc.
38. Previous Institute research concluded that capability building should be a core aim of the Cabinet Office²⁵. However, the Civil Service has found it hard to build the capability it needs. Lord O'Donnell's Capability Reviews found "*'building capability and skills' to be the weakest and slowest to improve feature of the Civil Service*"²⁶. After 17 reviews only one department was rated as 'well placed'. There is a troubled history of central efforts to address this gap. Our two forthcoming research papers on the short lives of the National School of Government and its predecessor, the Centre for Management and Policy Studies, expose the root problem as the lack of vision, commitment and follow-through from the most senior leaders rather than the flaws of successive institutions and their programmes²⁷.
39. The Civil Service People Survey reinforces the importance of skills in leadership and managing change. According to the Civil Service People Survey, these have the strongest influence on staff engagement, which in turn is a strong predictor of performance, customer satisfaction and the extent to which the Civil Service is respected and trusted²⁸. However, of the nine themes examined in the people survey, 'leadership and managing

24 Blatchford, K, Smith, R and Swinney, P [Institute for Government 2011] *Big shot or long shot: how elected mayors can help drive economic growth in England's cities*

25 P Parker, S, Paun, A, McClory, J, and Blatchford, K [Institute for Government 2010] *Shaping up*

26 Cabinet Office [12-2009] *Capability Reviews: an overview of progress and next steps*

27 Richards, S, [Institute for Government 2012 forthcoming] *The National School of Government*; Haddon, Dr C. [Institute for Government 2012 forthcoming] *A good idea that didn't work out? The Centre for Management and Policy Studies*

28 Macleod, D, Clarke, N, [BIS 2010] *Engaging for Success*

change' received the second lowest rating²⁹. Sir Jeremy and Sir Bob should signal very clearly that this theme will continue to be a key measure on which they judge and reward the effectiveness of senior leaders in departments.

40. As more and more departments fundamentally change their operating models it is more important than ever to evaluate and learn from what works. At present, it is no one's job to acquire, hold and share this knowledge and these insights. This is the civil service equivalent of research and development: a long-term corporate investment in the growth of the value added by the Civil Service. It will require quality support at the Centre and strong backing from the new civil service leadership.

Accountabilities in Whitehall and Westminster

41. Our research on departmental leadership concluded that the dual-track leadership of departments headed by both a secretary of state and permanent secretary often produces uncertainty about who leads on specific areas and where exactly responsibility lies for any given issue³⁰.
42. Other commentators go further claiming there is a governance vacuum at the top of Whitehall as the result of the lack of clarity between the respective roles and responsibilities of ministers and civil servants³¹.
43. This is a difficult issue to address. Diagnoses and prescriptions often generate a sharp intake of breath. But if Sir Jeremy and Sir Bob are to lead substantial reform of the Civil Service, they need to encourage and accept an open debate in the Civil Service and beyond. The Institute for Government will shortly launch a wide-ranging research project on this issue. It is critical to the long-term health of the Civil Service.
44. The role of Parliament is crucial, but is, at present, a source of mutual frustration. The direct election of committee chairs and members has led to more assertive and challenging behaviour, which raises important issues about the roles and accountability of ministers and civil servants. The Civil Service will have to adapt to that. However, there is a big gap of understanding, and of contact, between senior civil servants and members of committees and parliamentary officials. There is an urgent need for discussion on the means, and style, of holding civil servants to account to prevent the relationship degenerating into a prickly, defensive and counter-productive stand-off.

29 Cabinet Office [2012] *Civil Service People Survey 2011: summary of findings*

30 Parker et al, [Institute for Government 2010] *Shaping up*

31 Lodge, G, and Rogers, B [IPPR 2007] *Inside Whitehall's black box*

Leading successful change

45. Sir Jeremy and Sir Bob's success as leaders should be measured by the progress they make on these six issues. Yet how they lead is as important as the agenda. It matters more than whether the Cabinet Secretary/Head of the Civil Service role is one or two jobs, full-time or part-time. Sir Jeremy and Sir Bob have to set the pace and the tone quickly to demonstrate to senior leaders that they should themselves make a significant contribution to this corporate effort. This involves:
- being ambitious and clear in priorities
 - tackling issues which senior leaders believe really matter to the capability and performance of the Civil Service
 - ensuring that the civil service reform programme has political backing at the top level
 - showing that the dual leadership works via mutual support and trust
 - giving signals of what, and above all, who is valued and rewarded in reform projects.

Building an effective corporate leadership

46. The Civil Service needs corporate leadership. The group responsible for the strategic leadership of the Civil Service – the Civil Service Board – has already been reshaped by Sir Bob. Its members should be visible across the service. They should be doing two jobs as well – in their departments and as part of the visible leadership and engagement that Lord O'Donnell did so well by himself on behalf of the Civil Service. The crunch point will be when this team take tough, painful decisions together, defend them and follow them through. That is the point at which it will turn from something like a committee into a leadership team.
47. But leadership is needed from beyond the Civil Service Board and permanent secretaries. The flagship leadership development and talent management programmes should include substantial involvement in this work. Directors and director generals should see that they need to be active leaders of corporate action if they are to progress to the next level.
48. The new leadership is rightly focusing on a plan of action rather than yet another strategy statement. Highlighting a limited number of areas will allow the concentration of enough resources to make changes happen.
49. Support for the development and delivery of the reform plan needs to come from the most talented people across the Civil Service rather than just from those working at the Centre.

Setting direction

50. Successful reform requires positive reasons to change as well as the immediate pressures of reducing the deficit. Sir Jeremy and Sir Bob need to explain how change will improve the Civil Service and will benefit the public. The leadership should offer a positive expression of what the future Civil Service is going to be like after 10 years of staff cutbacks and savings. Those leading change in departments urgently need clarity on the direction that the Civil Service as a whole is taking so they can make sure their plans are aligned.
51. Both political and civil service leaders need to address the fundamental issue of what the enduring functions of the Civil Service are. Which skills and what experience will be valued and rewarded throughout civil servants' careers? The majority of civil servants work outside London in delivery jobs. Will they remain civil servants? Or will they be part of new agencies or other bodies in the public, private or voluntary sectors?
52. Some of the main features of what the Civil Service should look like follow from the six areas we have outlined.
 - The Civil Service will inevitably be smaller following successive cutbacks – but clear about the core functions that it is best placed to carry out. It will be better at internal collaboration, more outward looking, and connected into a wide range of networks.
 - The Civil Service will have stronger capabilities in financial management, commercial skills, leadership of change, collaboration and people management. People with these skills will be valued and rewarded, and deployed across the Civil Service into the toughest roles. Senior leaders will see their corporate leadership roles as important as their departmental ones and know that their future promotion will depend on their contribution.
 - Senior civil servants will take greater responsibility for the quality of policy advice, and make themselves indispensable advisers to ministers.
 - Senior civil servants will be more personally accountable, both to the Head of the Civil Service and to Parliament. There will be greater clarity in relations between the Centre - and public services outside Whitehall.
 - Departmental leaders will be stronger at managing value for money throughout the public sector. They will routinely use management information to make better decisions, scrutinise value for money and efficiency.

Conclusion

53. For all the improvements in the running of the Civil Service over the past generation, the failure to achieve many of these goals underlines how hard the task will now be for Sir Jeremy and Sir Bob. The running theme of this open letter is the need for corporate leadership at the top of the Civil Service. That means permanent secretaries and other civil service leaders acting in the general interest rather than their departmental interests.
54. The Institute for Government was created to promote the effectiveness, and efficiency, of government. This means identifying what changes need to be made and seeking to promote and encourage them in conjunction with decision makers in Whitehall and Westminster. To this end, we aim to continue our close engagement with politicians and civil service leaders, while continuing to offer constructive, independent assessments.
55. Our future work programme will continue this approach: for instance, in looking at how to improve the management information available to departmental leaders, and examining how departmental transformation programmes have worked in the past two years. We will be continuing to press for improvements in policy making and in relations with arm's-length bodies, in line with the recommendations of past Institute reports. We will shortly start a major project on the accountability of ministers and civil servants, looking at their mutual relations, and at how they are held to account within both Whitehall and Westminster.
56. The Institute's work and this open letter are about much more than the internal workings of the Civil Service. All these suggestions will only matter if government becomes more effective and provides high-quality services. The ultimate judge of whether these efforts work will be the public.

The Institute for Government is here to act as a catalyst for better government

The Institute for Government is an independent charity founded in 2008 to help make government more effective.

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- We offer unique insights and advice from experienced people who know what it's like to be inside government both in the UK and overseas.
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February 2012

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