



FDA evidence to the PASC inquiry on Civil Service Reform

Introduction

The FDA is an independent trade union for the UK's senior public servants and professionals. It has more than 18,000 members across government and the NHS; they largely work as senior managers, policy advisers, diplomats, tax professionals, economists, solicitors, prosecutors and other professionals.

The FDA is grateful for the opportunity to give written evidence to PASC's inquiry into the Government's plans for Civil Service Reform.

The FDA believes that the UK has one of the most - if not the most - effective civil services in the world, underpinned by high ethical standards and political impartiality. We recognise, however, that a search for continuing improvement must be embedded in any organisation if it is to maintain a capability to address the forces of external change. This is more critical than ever, given the immense economic - and consequent political and social - upheavals that the UK faces.

We broadly welcome the Civil Service Reform Plan although we have concerns, some of them significant, about aspects of the range of initiatives being proposed. These concerns are highlighted below.

It is important that the Government sets out quickly how the initiatives in the Reform Plan are to be taken forward, including timetables and the identification of senior responsible officers (SROs). The FDA looks forward to engaging constructively both at the 'centre' and with departments, as appropriate.

Executive Summary

- The FDA will welcome the opportunity to enter a dialogue with the Government on the future functions and therefore size of the civil service;
- The FDA is concerned that open policy-making should not be seen as policy-making 'on the cheap';
- The FDA is fundamentally committed to civil service impartiality and will robustly defend this principle;
- The FDA fully supports the Government's commitment that staff should have the skills and expertise they need. We welcome the opportunity to work with the Government on this agenda;

- The FDA welcomes the provision of training through the Major Projects Leadership Academy;
- The FDA considers that further Government consultation on its proposals that ministers should have a greater role in the appointment of permanent secretaries is necessary. We believe that any evidence that there is a problem to address is essential;
- The FDA believes that the use of time-limited appointments should be infrequent and exceptional;
- The FDA is concerned that civil service diversity is not addressed in the Reform Plan;
- The FDA believes the commitment to strengthen the civil service professions is most welcome;
- The FDA welcomes the proposals to further improve the Fast Stream, an area where we have been closely engaged;
- The FDA recognises that more exchange between the public and private sectors can be beneficial. However, civil servants require more assurance concerning proper deployment on return. We also believe that pay levels for those coming in must relate fairly to those already in the civil service;
- The FDA will scrutinise closely any proposals that could impact on the impartiality of permanent secretaries, including the role ministers and others play in their appointment;
- The FDA welcomes the commitment that the Government will provide a good employment offer for staff, but if the Government is serious, then this has to include reform of the pay system - including consideration of wider comparability. Pay systems for the vast majority of civil servants have seen no meaningful reforms for nearly 20 years. We believe that work should be undertaken to design pay systems for the civil service that could be implemented from (say) 2015 and underpin more effectively the wider changes being proposed in the Reform Plan;
- Any review must look at the total package, including pay. If the Government seeks to exclude critical elements of the package for dialogue and consideration, then this will simply be seen as another attack on the package that civil servants receive, and talk of modernisation will simply be seen as a code word for cuts;
- The FDA believes the changes to the Civil Service Pension Scheme have only widened the discrepancy between the reward package for senior managers and professionals in the civil service and the wider public and private sectors;
- The FDA has consistently rejected the idea of an "earn back" scheme for Senior Civil Servants. This appears to be a crude way of introducing performance-related pay at zero cost.

Chapter 1 Clarifying the future size and shape of the civil service

1.1 The Reform Plan highlights the reduction in staff numbers over the period from 2010 to 2015, which will see the civil service shrink by around 23%. And it must not be forgotten that these reductions in staffing levels follow many years of efficiency savings leading up to 2010. In HM Revenue and Customs, for example, staffing levels will have fallen from around 100,000 in 2006 to around 55,000 in 2015.

1.2 The FDA accepts the argument of the Reform Plan that “there is no right size for the civil service”. However, cuts on this scale place enormous pressures on those who remain in the civil service. Too often, staffing cuts translate into longer working hours as civil servants seek to cover work previously carried out by former colleagues. The last FDA survey of its Senior Civil Service (SCS) members, conducted in autumn 2012, found that 37.4% worked between 6 and 10 hours more than their contracted hours per week and 29.9% regularly working 11 or more hours beyond their contracted hours each week.

1.3 The challenge by 2015 of matching resources to workload will be profound, given the many problems facing the country. FDA members will work hard to meet that challenge and we will engage constructively on reforms that facilitate delivery. But that cannot be a matter of simply adopting all that is being proposed in the Civil Service Reform Plan. We need to establish a meaningful dialogue on the enablers that will facilitate a reduction of resources on the scale set out in the Plan.

1.4 We welcome the statement that there are no further headcount reduction targets. Too often, headline targets for reduced headcount are not matched by reduction in the work that the civil service is expected to deliver. And where there are enablers to achieve headcount reductions, the staff savings are often realised before the means to deliver those savings are delivered. It is, of course, a matter for the elected Government to decide what it wants its civil servants to deliver and this will dictate the size of the civil service. But there needs to be a realistic appraisal of what the Government wants the civil service to deliver and the resources required to achieve those ends. The FDA will welcome the opportunity to enter a dialogue with the Government on the future functions, and therefore size, of the civil service.

Action 1: identify some further examples of changes in delivery models

1.5 This has been an objective of successive governments, and the record of achievement has been mixed. It will be important to learn from that experience and where the intention is to “transfer power and control away from Whitehall” for ministers to recognise and accept the political consequences of such a transfer.

1.6 The FDA has no *a priori* view of initiatives such as mutuals, and will monitor closely experiments such as MyCSP. However, any extension of new partnerships with either the private sector or civil society must be matched by an investment in the capability of the civil service to draw up, and effectively monitor and manage, medium- to long-term contractual arrangements.

Action 2: Publish plans for digital by default

1.7 The FDA will consider the Cross Government Digital Strategy being published in the autumn.

Actions 3 and 4: Shared services

1.8 The Reform Plan lays great store on the savings that can be generated through the provision of shared services. One of the most significant examples to date of the shared services concept is Next Generation HR. Our experience of Next Generation HR/Civil Service Employment Policy has been one of frustration and delay in implementation. Not all departments have appeared bound by centrally negotiated HR policies, negating the benefits of centralisation, and it is important that relevant CSEP policies are subject to full and meaningful consultation with the FDA before being finalised. Government needs to learn the lessons from implementation of NGHR. We welcome the opportunity to engage in meaningful discussions on the shared services agenda.

1.9 The delivery timetables set out in the Plan are challenging. FDA members will be interested in each of these actions and we call for early engagement so that we can help shape these plans.

Chapter 2 Improving policy-making capability

2.1 The Reform Plan sets out three key actions to improve policy-making capability, with the aim of increasing the consistency of quality of policy-making across Government and ensuring that policy is developed with implementation in mind. The FDA shares those aims, and we believe that there has already been significant investment across the civil service in the process of designing and delivering policy initiatives.

Action 5: Open policy making will become the default

2.2 The Plan states that open policy making will become the norm and proposes a contestable policy-making pilot. Many departments already use external expertise within the policy-making process, through both stakeholder consultation and engagement and through the procurement of research. High-quality and impartial evidence is very important in ensuring that government policy is based on the best possible advice.

2.3 However, the FDA is concerned that open policy making should not be seen as policymaking 'on the cheap'; the experience of our members is that robust and effective use of external input into the policy process can be very resource-intensive.

2.4 At the heart of the civil service and of good government is the principle of impartiality. External advice may not be impartial, being based on the personal biases and assumptions of those contributing it, but the partiality of that advice may be less apparent because of the patina of academic expertise and independence. Moreover, think tanks are often clearly politically orientated. And both academic centres and think tanks can often rely on funding from

organisations that may have a commercial interest in the outcome of any research and policy options. It should also be noted that charities and other third sector bodies, held out as possible sources of policy advice, also have their own agendas, and in recent years the third sector has, as a consequence of funding changes, developed into being more like the small business private sector than a form of the public sector. The FDA is fundamentally committed to the impartiality of the civil service and will robustly defend this principle.

2.5 The Government must also not lose sight of the point emphasised in Chapter 3 that “implementing policy should never be separate from making it”. It is not obvious from the Reform Plan how a concerted programme of open policy-making will draw together the other two elements of policy making, that is, implementation and the legislative process.

Action 6: Ensure administrative resources match Government policy priorities

2.6 The Plan sets out proposals to ensure that administrative resources match government priorities. This is nothing new: departments constantly prioritise resources to respond to the swingeing cuts in departmental running cost budgets and FDA members daily make decisions on how to use scarce resources to deliver the Government's objectives.

2.7 The Reform Plan gives no examples of where there has been a mis-allocation of resources or where there is 'fat on the bone'. Many FDA members, however, can give examples of resources being diverted on ministerial whim to lower priority activity or to 'pet projects'. Effective use of resources requires clear priorities for action to be set and maintained; frequent changes of policy direction or priority result in inefficient resource use. The FDA therefore welcomes action to reduce internal bureaucracy and unnecessary activity, but urges the Government to follow its own rhetoric by setting clear and consistent priorities.

Action 7: Ensure that staff have the skills and expertise needed to develop and implement policy

2.8 The Reform Plan also sets out the Government's commitment to ensure that staff should have the skills and expertise that they need. The FDA fully supports this commitment and welcomes the opportunity to work with the Government on the civil service skills agenda, including through the FDA Learn project funded by the Union Learning Fund. The UK civil service is rightly highly respected internationally for its professionalism and expertise, and we are committed to ensuring that the Government continues to invest in the skills base of the civil service.

Chapter 3 Implementing policy and sharpening accountability

3.1 This section of the Reform Plan touches on important matters about the constitutional role of the civil service. The current position set out by the Armstrong Doctrine is that “the civil service as such has no constitutional personality or responsibility separate from the duly elected Government of the day”. This principle is important in protecting the ability of the government of the day to demand fearless and impartial advice from their civil servants without the political risk of that advice being used against ministers out of context by their

political opponents. This impartiality is at the heart of the strength of the UK civil service and any reform must be very cautious not to damage it.

Action 8: Substantially improve the deliver of major projects

3.2 There is already a substantial body of evidence on the reasons for success and failure of Government policies from the National Audit Office (NAO), and the Government should make sure it takes account of this evidence base. One of the major risks to project delivery does not seem to be discussed in the Plan, that is, of changing short-term ministerial priorities during the development of the project. Whilst this cannot account for all problems with Government project delivery, it cannot be discounted. If the Government wishes to have greater scrutiny and accountability for policy development, ministers must be ready for those reviews to identify this as a problem in some cases.

3.3 The FDA welcomes the provision of training through the Major Projects Leadership Academy. Indeed, a drying up of training opportunities across the civil service has been reported by many of our members as a consequence of the current 'austerity' policy agenda. This acknowledgement by the Government of the importance of investing in its staff is welcomed.

3.4 The FDA has for several years argued that the current policy of rotating Senior Civil Servants (with a typical SCS appointment expected to be four years and in practice often less) is inefficient and counter-productive. The Government's commitment to reduce the turnover of senior responsible officers (SROs) is welcomed, and we would encourage them to extend this aspiration to other senior roles as well. Of course, in current circumstances - with a pay freeze and a significant reduction in the generosity of the pension scheme - the overall reduction in the reward package, particularly of the more senior grades in the civil service, will make this retention much more difficult. The Government may find it interesting to explore with the non-executive directors on departmental boards the level of remuneration provided to private sector leaders of projects of a similar scope and significance to those in government.

Action 9: Management information

3.5 The FDA endorses the proposal to implement "a robust cross-government management information system".

Action 10: Sharpen and make more transparent the responsibility of Accounting Officers

3.6 The FDA is pleased that the Government acknowledges that the current model underpins the effective working of government. It is clear therefore that any changes to it must be approached with great care after much deliberation if ineffective government is to be avoided.

3.7 In principle, there is no FDA objection to previous accounting officers giving evidence to Parliament; they may well have relevant information and, particularly where the evidence involves detail of implementation, they may be better placed to advise upon it. However, the rules around this must be carefully worked out to avoid confusing accountability (rather than clarifying it, as the Government wishes). The FDA looks forward to consultation on the detailed proposals. Our

greater concern is about the apparent party politicisation of the Public Accounts Committee (PAC), which will - if not addressed - undermine both the constitutional role of the PAC and the effectiveness of the NAO.

Action 11: Strengthen the Ministerial role in departmental and Permanent Secretary appointments

3.8 The impartiality of the civil service, and the ability of an incoming Government of a different political persuasion to trust senior appointees to act in a politically impartial fashion, is clearly of great constitutional significance. The current system of appointments is designed to protect that impartiality and the FDA is not aware of any evidence that it is not working.

3.9 The FDA considers that further consultation by the Government on its proposals, and clear evidence that there is a problem to address, is essential before this policy is implemented, with a full evaluation of the potential impact. We would be particularly concerned about any comparison with the US model. The US system is personal not political, and arises out of the fundamental difference in the US Constitution from that of the UK regarding the relationship between the Executive and Legislature. In the US, senior officials change with a new President - whether or not they are of the same party as their predecessor. Appointments are subject to confirmation by Congress, which can take up to a year to achieve with obvious harmful effects.

3.10 The length of a ministerial (or even Government) tenure is typically shorter than the typical appointment of a permanent secretary or other senior appointee. Any change to the involvement of ministers in the appointment process must be carefully balanced to ensure that the short-term political - or simply personal interests - of a particular minister do not outweigh the larger constitutional importance of the appointment.

3.11 The Reform Plan does not detail how this ministerial involvement will take place. However, wider comments by Government spokespeople have indicated that it is likely to mean something like the minister choosing from a short list of 'suitable' candidates, as opposed to the current process where the minister is offered one best candidate on a 'take-it-or-leave it' basis. The FDA would be eager to see a full and considered consultation on any such process. We would recommend that, in any circumstance where the minister deviates from a recommendation of the Civil Service Commissioners as to the appointment, a full account be provided to the Civil Service Commissioners of the justification for that deviation. We would also recommend that the Civil Service Commissioners be able to override the minister's preference if, in their view, the reasoning violates the principle of open competition on the basis of merit.

3.12 Any consultation should also examine the potential consequences of the permanent secretary changing with each change of Cabinet minister and of such a change also opening the possibility of an incoming permanent secretary then wanting to re-appoint a new team of director generals and even directors. Such an approach would take the UK civil service much nearer to the US model with profound constitutional, but also HR, consequences.

3.13 Moreover, it is hard to square this overall approach being proposed by the Government with the stated intention of ensuring that SROs stay in place for a much longer period to ensure delivery of important initiatives.

3.14 The Reform Plan also suggests the use of more time-limited appointments in limited circumstances. The FDA can see merits in this proposal (the alternative, used with depressing frequency in government, is the appointment of consultants). However, it is clear that such appointments should be infrequent and exceptional. We would therefore recommend that the Government reports annually to Parliament on the number of such appointments made, and the justification for them, to help provide reassurance that this process is not being used to get around the long established merit-based appointment of civil servants.

3.15 In both of these circumstances, which involve changes to current recruitment practices, it is important that the diversity implications of the policy be monitored and reported.

Chapter 4 Building capability

4.1 The FDA believes that the civil service needs to be broadly representative of the population it serves and that this will increase the service's openness to new ideas and improve decision making at all levels. The FDA is concerned that, barring one reference by Sir Bob Kerslake, the diversity of the civil service is not addressed in this Reform Plan. Statistics show that women and people from a BME background are under-represented at the most senior levels of the civil service. The Reform Plan was an opportunity for the Government to address this issue.

4.2 It is also disappointing that diversity issues are not addressed in the discussions on development schemes. We feel that this is a particular area of concern as people from certain communities lack experience and knowledge of the techniques to pass the assessment centres that are often used for entry to such schemes. The FDA urges the Government to invest further, possibly using some of the £90m saved from Civil Service Learning, in schemes such as the Public Sector Mentoring Scheme (a joint FDA-Cabinet Office project) to encourage people from all backgrounds to reach for the top of the civil service.

Action 12: Produce a five-year capabilities plan

4.3 The FDA endorses the view that skills and talent are the bedrock of civil service capability. The most finely honed skills and outstanding talent are not enough: resources and tools are also needed. But the FDA's first concern here is that in describing the aspiration for change, the Plan risks painting a picture of a poorly skilled, mediocre civil service. This is simply not the case, and does a disservice to the very many hard-working, dedicated public servants who daily tackle the problems that beset us.

4.4 That said, the FDA welcomes the commitment to put skills, learning and development onto a stronger footing through five-year plans. The first years of austerity have sadly shown that spending on skills development is amongst the first casualties of the squeeze on discretionary spend. The FDA will support the work to ensure we have a strong, clear and relevant Competency Framework. But this has to address properly the actual skills people need and the things they are able to do, rather than placing emphasis on how people behave. The FDA is already working closely and well with Civil Service Learning, notably through our work on Union Learning, and we look forward to building on this. The FDA represents many of the key professions in the civil service and works closely with heads of

professions in departments and nationally. The commitment to strengthen the professions is most welcome.

Action 13: Actively manage the fast stream, other high performers and the SCS

4.5 Leadership and its quality are key to the future of the civil service. The FDA welcomes the proposals to further improve the Fast Stream, an area where we have been closely engaged. The FDA will be concerned to see that the promise of the Fast Stream is delivered, and that there are indeed opportunities for those completing their Fast Stream programme to move on to more challenging senior roles.

Action 14: Make it easier for staff to move between the civil service and private sector

4.6 The FDA recognises that more exchange between public and private sectors can be beneficial and we will work constructively with Government to develop this. Exchange would be better facilitated if civil servants were given more assurance concerning proper deployment on return, and recognition within their home department's pay systems of achievements on secondment or loan. But the FDA also believes that the pay levels for those coming in must relate fairly to those already in the Service. We have drawn attention to the wide disparity in the starting pay on appointment of those being brought in when compared to civil servants, no less skilled and talented, promoted to the same levels. Indeed, this is something the Civil Service Commissioners and Senior Salaries Review Body have expressed views on for the past several years.

Action 15: Permanent secretaries

4.7 The cadre of permanent secretaries we have is first class. They provide clear, impartial advice to ministers and assure the political independence of the civil service. The FDA believes this political independence is at the heart of the standing of the civil service. The FDA will therefore scrutinise closely any proposals that could impact on the impartiality of permanent secretaries, including the role ministers and others play in their appointment.

Action 16: Replace existing capability reviews with departmental improvement plans

4.8 The FDA fully supported the development and rolling out of the Capability Reviews, and welcomes the embedding of a clear process for monitoring the performance and capability of departments.

Chapter 5 Creating a modern employment policy

Action 17: Creating a positive offer for staff

Action 18: Drive the culture and behaviours being sought through the new competency framework

5.1 The FDA welcomes the commitment that the Government will provide a good employment offer for staff. We do not accept, however, that there has been "significant recent change on pay" other than to implement what is for most of our

members a two- or even three-year pay freeze, and slash the overall SCS paybill. The pay systems for the vast majority of civil servants have seen no meaningful reforms for nearly 20 years. We believe that in the interregnum of the current pay restraint across the public sector, work should be undertaken to design pay systems for the civil service that could be implemented from (say) 2015 and underpin more effectively the wider changes being proposed in the Reform Plan.

5.2 The changes to the civil service pension scheme have only widened the discrepancy between the reward package for senior managers and professionals in the civil service and the wider public and private sector. We share the goal that a “new offer” should be created for staff, but if the Government is serious, then this has to include reform of the pay system - including consideration of wider comparability.

5.3 The FDA made a strong case during the negotiations on the new pension scheme that any reform had to consider the impact on the total reward package. This was rejected by the Government. We recognise that any review has to include many terms and conditions that civil servants have accepted as part of their package over many years. But any review must look at that total package, including pay. If the Government seeks to exclude critical elements of the package for dialogue and consideration, then this will simply be seen as another attack on the package that civil servants receive, and talk of modernisation will simply be seen as a code word for cuts.

5.4 Governments over many years have made statements about strengthening the link between performance and pay. The last Conservative Government introduced non-consolidated performance-related pay to both the Senior Civil Service and the delegated grades. These have been revised and reviewed many times over the years, increasingly becoming a replacement for fair consolidated cost-of-living increases. Much of this money has in turn been summarily removed from pay systems after public and media outcries about ‘bonuses’, even though such performance-related payments bear no relation to the ‘bonuses’ - particularly in the private sector - that caused so much concern.

5.5 The FDA has always argued that a reward package has to be looked at in the round. One element cannot be isolated from another. Pay levels, progression, cost-of-living increases and any link to performance are part of that package and need to be considered together.

5.6 The FDA has consistently rejected the idea of an “earn back scheme” for Senior Civil Servants. This appears a crude way of introducing performance-related pay at zero cost. It is an ill-thought through concept, poorly argued and evidenced, which fails to recognise the roles that Senior Civil Servants play in the modern workforce. Crude measurements of performance, with such dramatic consequences for pay for those roles, are nothing more than a gimmick to avoid the real issue of pay reform. The willingness of any individual to risk such a large proportion of their pay will be determined by any number of factors including their age, family commitments, relationship with their manager and role in the organisation. Moreover, there is likely to be considerable scepticism that any deferred salary will actually be paid if specific targets are met (rather than being withheld

because circumstances dictate or in the light of media pressure, or because other staff have done 'better'.)

5.7 We believe that its introduction would be significant step backwards when what is needed is real pay reform, and would have a demoralising impact upon the SCS. We would urge the Government to re-think this proposal and will argue strongly in our evidence to the Senior Salaries Review Body against its introduction.

5.8 As with many elements of the Reform Plan, meaningful engagement with staff and their representatives will be vital in ensuring that change can happen effectively and with the consent of those that deliver vital public services.

5.9 The FDA has over many years cooperated with the development of competency frameworks and whilst we welcome the broad approach, the current CSEP competency framework still requires further discussion.

5.10 We welcome the commitment to at least five days a year investment in targeted learning, as this has been one of the casualties of the increased pressure on departmental budgets. Inevitably, the question of funding will arise and further clarification and commitment will be needed on how this will be achieved.

5.11 Many civil servants experience frustration in the quality of IT and burdensome bureaucracy, and commitments to improvement are welcome. Simple measures such as civil service (rather than departmental) email addresses and building passes for at least members of the SCS are long overdue. That said, there are still multiple email addresses being used in some departments as a consequence of machinery of government changes, which is a genuine barrier to efficiency. We welcome the recognition in the Reform Plan that the perfectionist approach to IT security makes flexible working difficult for many people.