



Civil Service Reform Plan Progress Report

October 2014



Civil Service Reform Plan

Progress Report

Contents

Foreword	i
1. Introduction	1
2. CS21 – A Civil Service for 21 st Century	3
3. Capabilities	7
4. Digital	12
5. Major Projects	14
6. Open Policy-Making	17
7. Functional Leadership	22
8. The Way We Work	26
9. Conclusion	29
Annex A: Summary of progress against actions	30
Annex B: Charting the Functional Leadership journey, by function	43

Foreword

What is the Civil Service?

The Civil Service exists to serve the Government of the day. Civil servants are accountable to Ministers and, primarily through them, to Parliament. Many civil servants advise Ministers, while most have jobs that directly serve the public. The Civil Service occupies a unique position because of this clear Ministerial and Parliamentary accountability, underpinned by a strong ethos of public service.

The Civil Service is a permanent institution, with robust and long-standing professional values which govern how it operates. These professional values – objectivity, honesty, impartiality and integrity – enable UK civil servants both to serve Governments of different hues over time and different Governments in London, Edinburgh and Cardiff. Those same values also govern civil servants’ dealings with the public, and underpin the trust placed in civil servants to advise on or decide issues without any personal favour or prejudice.

Serving the Government of the day and being able to serve future administrations

The Civil Service is sometimes said to be “independent” or “neutral”. It is neither. It is wholeheartedly committed to serving the elected Government of the day in devising and implementing its programme. What is internationally unusual and often envied is the Service’s ability to preserve its impartiality so that it can transfer seamlessly its expertise, commitment and loyalty to a Government of a different political make-up tomorrow.

Preserving that ability depends on two things:

- First, civil servants must act in a way which earns and retains the confidence of Ministers, while at the same time ensuring that they will be able to establish the same relationship with those whom they may be required to serve in some future Government. This means taking care not to become politically partisan in the provision of advice and operations. But first and foremost it means dealing competently and straightforwardly with current Ministers as the best way of demonstrating that future Ministers will enjoy the same support. The most successful and productive Ministerial/official partnerships are based on open debate, candid advice and challenge. This is essential for clear, well-evidenced decisions. Discomfort over value for money and implementability should be handled by way of an open discussion and, if necessary, a Ministerial Direction. But once a Ministerial decision has been taken, civil servants have a professional duty to make a reality of that decision. There should be no delay, fudge or ambiguity. The Government’s democratic mandate persists until the day that it is removed by the electorate or by the House of Commons.
- Second, officials must ensure that they and their colleagues sustain the skills and capability of the Civil Service to serve current and future Governments equally well. It will be unusual for Ministers to see any tension between the requirements of current Government policy and the actions needed to develop the Service’s capability. But time and resources are scarce, and in the event that the permanent head of a civil service organisation thinks that his/her organisation’s professional capability is being seriously eroded by current Ministerial priorities or decisions, then that Accounting Officer should seek a Ministerial Direction.

The case for Civil Service Reform

The Civil Service’s professional framework and values command cross-party support in the UK and respect internationally. The Civil Service employs, and continues to attract, some of Britain’s most talented people – across professions and grades. The Civil Service has delivered many extraordinary things against a backdrop of reducing budgets and headcount. But as with any successful and long-standing organisation, there is always considerable room for improvement. Too often, great civil servants are held back from delivering to their full potential for Britain by structures and processes that are old-fashioned and rigid, tools and training that are not up to the job, and a culture that does not consistently encourage innovation and openness. Ministers and the leadership of the Civil Service cannot afford to rest on their laurels.

Increasing the pace

Since the publication of “The Civil Service Reform Plan” in 2012, there has been real progress towards the Government’s vision of a Service that is more skilled, less bureaucratic and hierarchical, and more unified. Indeed, in the last year it is striking how many of the ideas and principles behind the Plan are being adopted by enterprising and enthusiastic civil servants. We are proud of this achievement and salute those who have made it happen. But Ministers and Civil Service leaders know there is much more to be done, and that any 21st century organisation not constantly improving is, in reality, slipping back. The Government is therefore not defensive about informed commentary on and criticism of the pace and depth of Civil Service reform. Indeed, we welcome the encouragement to step up the pace.

Crucial to embedding creativity, innovation and continuous improvement throughout the Civil Service is to develop its culture so that these traits are fostered and rewarded. Changes in culture require strong, coherent leadership. There needs to be clear, collective Civil Service leadership, focused on performance and competence, and every bit as up for changing the Civil Service as are civil servants deeper in the organisation. This is the top priority for the incoming Chief Executive and Head of the Civil Service, working closely with Ministerial and official colleagues to achieve it.



A handwritten signature in black ink that reads "Francis Maude." with a period at the end.

Rt Hon Francis Maude MP
Minister for the Cabinet Office



A handwritten signature in black ink that reads "J2" in a stylized, cursive font.

Sir Jeremy Heywood
Cabinet Secretary and Head of the Civil Service

1. Introduction

- 1.1. In 2012, we published a plan to reform the Civil Service. Our objective was clear: a Civil Service that was smaller, more efficient, more skilled, more open and less bureaucratic. In short, a Civil Service better able to deliver for Britain. Our plan had 18 headline actions and in 2013, One Year On, we published an honest assessment of our progress. While the Civil Service was providing effective support to the Coalition Government in implementing a radical GGovernment programme, and while it was managing to do this with fewer people and at lower cost, progress on the reform agenda was falling behind. Our overall assessment was that we had not put sufficient leadership or resources into mobilising behind the Reform Plan. Role modelling the transparency we were calling for across GGovernment, we published honest RAG ratings against all actions. We made clear both our dissatisfaction and our commitment to re-double efforts and step up the implementation of reform. The prize was – as it remains – too important to scale back on our ambitions.
- 1.2. A year on, the picture is different. Progress on the reform agenda has accelerated in the second year of our programme and change is happening on the ground.
- First, we have continued to focus on the letter of the actions that we committed to. We have approached this year's report card in exactly the same honest and granular way that we approached last year's assessment. The report card shows an improved position, with more actions completed and fewer reported as significantly off track.
 - Second, we have focused our leadership and resources on seven 'game-changer' priorities: CS21, Capabilities, Digital, Major Projects, Open Policy-Making, Functional Leadership, and The Way We Work. In each of these areas, we have challenged leaders in the Civil Service not to be satisfied with the letter of our public commitments but to embrace fully the spirit of the change needed. As our more detailed reporting in the chapters which follow shows, the Civil Service is responding to that challenge.
 - Third, we have always known that our reforms would only truly stick when they started to embed within Departmental plans and to impact on the working lives of civil servants across the country. At this year's Civil Service Live events, bringing together thousands of civil servants in Bristol, Liverpool, Newcastle and London, the discussion around Civil Service reform was not 'whether' but 'how'; and, then, 'what next' to meet the challenges of the future. People across the Civil Service shared at those events the actions they were taking in their own teams to create a modern Civil Service in which people can realise their full potential, take ownership of their work and truly be of service to the public.
- 1.3. In spite of this acceleration, there is much more still to do in the key areas before we can say the ambition of the reform agenda has been realised. We must complete the actions we set out in our reform programme two years ago, embed change in the game-changer priority areas, and map out future reforms commensurate with the challenges we face. In particular, it is apparent that insufficient change has been made to the culture of the Civil Service. Greater effort and stronger leadership is required in these areas to deliver the culture of continuous improvement needed to deliver a modern organisation ready to tackle the challenges of the future.
- 1.4. In recognition of the scale of the challenge, the Prime Minister announced in July the creation of a new full-time post of Chief Executive of the Civil Service. Once appointed, the Chief Executive – who will have a strong track record of delivering organisational transformation in the private sector – will work with the Cabinet Secretary and Head of the Civil Service to make a reality of the Government's ambitious efficiency and reform programme and ensure that the continuity of reform is not broken and decisions are not unpicked or fudged. We need to ensure that these reforms are here to stay, and develop longer term plans for the continuing regeneration of a Civil Service fit for the 21st century.
- 1.5. So in addition to completing the specific actions still outstanding from the Reform Plan, the priorities for the remainder of 2014/15 will be as follows.

- Tackling the cultural issues that still hold the Civil Service back from providing the best service it can – to Ministers and to the public. We need culture change that supports innovation, challenges the bias to inertia, makes us more receptive to relevant experience from other organisations so that all parts of the Civil Service are as good as the best, and makes the most of the formidable talents at our disposal, regardless of gender, ethnicity, sexuality or disability. Leadership here is the key. We will develop a new leadership statement making clear the expectations on all leaders within the Civil Service; establish refreshed approaches to learning and development, performance and talent management systems aligned behind that statement; and take steps to encourage more collective leadership of the Civil Service, working across Departmental boundaries, starting with a newly-reinvigorated Civil Service Board.
 - **Taking urgent action to fill the critical skills gaps in the Civil Service.** These include digital skills (for example, with the use of the new digital recruitment hub within the Government Digital Service and expansion of the DWP's Digital Academy); project management skills (where we are extending the availability of high quality development packages to the next generation of project and programme management specialists); and commercial and contract management skills where gaps are most acutely felt. **To help close the key capability gaps, by April 2015 we will move to the presumption that Senior Civil Service appointments below Permanent Secretary level are open to external candidates as well as civil servants.**
 - **Taking urgent action to remove the barriers which stop talented people fulfilling their potential.** We have published our diversity strategy, *Talent Action Plan: Removing Barriers to Success*, which responds in part to an external report commissioned to explore the barriers facing talented women in the Civil Service. Permanent secretaries have committed to the urgent implementation of this plan. The plan also announces the commissioning of further work to look at the barriers facing other under-represented groups. The **Talent Action Plan**, addresses recommendations by Lord Browne and others. There will now be a far greater leadership focus on identifying and bringing on talent and succession planning.
 - **Planning our next steps on digital and technology.** We will continue with our programme of work transforming the twenty five exemplar services. But there is further to go – in the same way that we have transformed the citizen's interaction with Government information through GOV.UK, we will now transform many more interactions with the state. Therefore we will focus on our future **digital and technology strategy** to ensure that Government keeps pace with digital transformation. Our plans will include further improvements to our digital service delivery to the public, setting ambitious goals for increasing the proportion of transactions with the public which are completed online, and on ensuring that civil servants have access to technology which is fit for a modern workplace.
 - **Embedding 'Functional Leadership'** – realising the efficiency savings to be gained from the central delivery of cross-Government professional services and formalising the role of Heads of Function in leading their profession and raising professional standards. This will be one of the new Chief Executive's core tasks.
- 1.6. We said we would pick up the pace of delivery and we have. Reform is moving from a plan on paper to a reality being delivered and experienced by civil servants across Britain. To meet this challenge, all civil servants must think about the services that they deliver and seek to make it the best possible service – faster, simpler, more efficient – for the end user.
 - 1.7. We will complete outstanding actions in the current plan while developing the next steps. This will always be a work in progress. If we do so successfully, it will put the Civil Service in the best possible state of readiness to respond swiftly to the needs of future Governments and their programme of reform.
 - 1.8. But beyond that, we also recognise that, in an ever-changing and more challenging environment, any organisation which is not constantly pressing and impatient for change will fail to keep pace and fall behind. Indeed, part of the culture we are seeking to instil is one where the need for constant change, improvement and regeneration is embraced not just by every leader but by every member of the Civil Service who takes pride in the job they do for Britain.

2. CS21 – A Civil Service for 21st Century

Summary

Tackling cultural issues which prevent the Civil Service from providing the very best service to Ministers and the public is essential. We have embedded the competency framework but have gone beyond that, seeking the views of hundreds of civil servants on the culture and behaviours that they take pride in and want to retain for the future and the culture and behaviours which are getting in the way of delivering the best for the public and which need to change. Changing culture is a long term task and starts with our leaders – we are now committing to developing a clear leadership statement setting out our expectations of all Civil Service leaders, given effect through our leadership development training and our performance management systems.

- 2.1. Changes to structures, systems and processes are necessary to ensure that the Civil Service is fit for the future; but they are not sufficient. As with any large and complex organisation needing to reform, it is the culture and behaviours of people throughout the organisation, coupled with unified leadership, that will make the difference between success and failure in the longer term.
- 2.2. As the Civil Service changes – open policy-making becoming the norm, digital by default, new forms of partnership with the private sector, commercial acumen valued as much as policy skills, greater interchange with industry – so over time will its culture. But it is not enough to wait for these changes to shape the culture. We must take conscious action to create the culture we want and to develop the leadership we need to meet the challenges of the future.
- 2.3. In the Civil Service Reform Plan we said that we would put a single competency framework in place across the organisation. This was in place for the beginning of 2013/14 and its significance should not be underestimated: it was a powerful signal that while we may work within departments we are all part of a single Civil Service bound by a common set of values. On a simpler level, it also made it easier for people to move between departments and to understand other people's roles.
- 2.4. However, this fell short of an honest examination of the cultural and behavioural change which is needed to make the Civil Service a fit and high performing organisation for the 21st century – and which our people recognise and want to see. This year we have talked to hundreds of people from across the Civil Service, in different departments, at different levels and in different cities. We asked them to identify elements of our culture which people value and want to protect and retain for the future; and elements of the culture and behaviours they see which need to change. The feedback and comments people gave us have then been distilled into high-level observations on what most people felt should be retained or changed.
- 2.5. They highlighted our public service ethos and the strong levels of pride which civil servants feel in their work and the positive impact it has on communities and individuals. They talk about the high levels of public trust in our truthfulness, and the core values of honesty, integrity, impartiality and objectivity which are the hallmarks of the British Civil Service system. The Service's ability to preserve its impartiality is internationally unusual and often envied throughout the world.
- 2.6. People also talked about the strong intellect and a 'Whitehall brand' which still attracts the best and the brightest from our top universities. New and long-standing civil servants alike view the intellectual challenge and the breadth and diversity of the Civil Service as positive attributes. Opportunities to move sideways and the genuine commitment to flexible working are highlighted as often better compared to experiences of the private sector. And increasingly they highlight examples of innovation, high performance and delivery. In driving the culture changes we want to see, it is important that these successes are acknowledged and celebrated. We will continue to identify and reward success through the annual Civil Service Awards that showcase the very best of the Civil Service.

2.7. There is plenty, however, that people want to change. They see too much grade deference and hierarchy; they do not feel ‘safe to challenge’ those above them, either Civil Service leaders or Ministers. Some feel that their ways of working are too closed, introspective and risk-averse, others that diversity and difference are not always valued in practice, or that sometimes people are promoted because they fit rather than break the mould. There are some externally-recruited civil servants who find the culture a welcoming and friendly one, where their external perspective is highly valued; but others talk about a “clubby”, closed shop mentality that takes too little interest in the insights that incomers can bring from their previous organisations. We take all of these views seriously. We must do more to empower civil servants by giving them more clarity about their space to operate. Most concerning of all, the Hay Report cited examples of anti-collaborative behaviour being rewarded, bullying not always tackled robustly, and senior managers and leaders who sometimes appear to act counter to the expressed values of the Civil Service.

2.8. Key cultural indicators within our People Survey offer us metrics which give quantitative expression to this qualitative feedback.

INDICATORS		2009	2013	
	Leadership			
	B42	I believe the actions of senior managers are consistent with my organisation's values	39%	43%
	B43	I believe that the board has a clear vision for the future	36%	42%
	Performance			
	B20	The people in my team work together to improve the service we provide	79%	80%
	B58	I am trusted to carry out my job effectively	86%*	88%
	B18	Poor performance is dealt with effectively in my team	38%	38%
	Impact			
	B60	My performance is evaluated based on whether I get things done, rather than solely follow process	63%*	65%
	B19	The people in my team can be relied on to help when things get difficult in my job	83%	84%
	Open			
	B49	I think it is safe to challenge the way things are done	39%	38%
	B29	I think that [my organisation] respects individual differences	71%	72%
	Innovative			
	B59	I believe I would be supported if I try an new idea, even if it may not work	63%*	67%
	B21	The people in my team are encouraged to come up with new and better ways of doing things	68%	73%

* introduced 2012

2.9. People care deeply both about elements they want to protect and retain, and about elements they want to change; and they are ready to play their part in making change happen. There are some great examples in departments of creative ways in which culture change is being driven, both by leaders in departments and by groups of people who are enthusiastic for change.

Future reform

2.10. We have already created a network across departments, meeting face-to-face and using digital networking tools, to learn from and spread best practice. We will continue to nurture our networks and other self-organising networks so that they can act more effectively as informal, non-hierarchical means of challenging and influencing the traditional management structures. As part of this, each department will run an accelerated decision-making process where people who are close to the business analyse a critical business issue and develop recommendations for improvement. The chosen solution will be presented to a panel of senior leaders who will be asked to make a clear decision on the recommendation clearly, publicly and ‘on the spot’.

- 2.11. We recognise, however, that culture changes embed most quickly when driven and role-modelled by senior leaders. This was the clear message of work done on key elements of our culture, including empowerment and ‘safe to challenge’, by High Potential Stream volunteers, who all stressed the importance of cultural change being driven with clarity and energy from our senior leaders. This has been reinforced by external voices, for instance in the Institute for Government’s report *Leading Change in the Civil Service*. We also accept and embrace the message from our people – given clearly in our CS21 workshops, in the Hay Group report *Women in Whitehall* which was published alongside our *Talent Action Plan* and indeed in our People Survey results – that senior leaders and managers do not always appear to live the values we claim.
- 2.12. Developing our collective leadership and focusing on behaviour is critical to culture change and to embedding reform. We will develop a comprehensive and unifying leadership approach for the Civil Service. This transparent approach ensures that all staff in the Civil Service understand what the expectations are for the top leadership team. It will include the following elements.
- A ‘leadership statement’ setting out the leadership behaviours expected of all Civil Service leaders. This statement will be developed by and with our most senior leaders, but will reflect the clear messages from our people about the changes in culture and behaviours required to make us fit for the future.
 - Refreshed leadership development reflecting the expectations set out in the statement: mandating this development training at certain grades and at key points of transition and aligning the leadership development aspects of our high potential programmes.
 - Making an evidence-based assessment of behaviours against this leadership statement, via 360 feedback, a core part of the performance assessment of all individuals within the Senior Civil Service.
 - Building a dataset of metrics on leaders and leadership to monitor and assess progress on improving the leadership of the Civil Service.
- 2.13. This new approach will need to be developed, owned and promoted by our most senior Civil Service leaders. But it will need to be agreed by Ministers, whose working styles and behaviour inevitably impact on the culture and behaviours at the top of the Service.
- 2.14. We are also committing to take further actions recommended by the work done by High Potential Stream volunteers on leadership, empowerment, ‘safe to challenge’, professions and career paths.
- We will undertake pilot effectiveness reviews of 2–3 Executive Boards, mirroring those already undertaken in relation to Departmental Boards.
 - We will draw the lessons from the private sector case studies on ‘empowered accountability’ and set up 2–3 pilots within small units to test new approaches to setting and articulating objectives and ‘freedom to operate’ for each role.
 - We will set up an alumni network for those who have left the SCS or High Potential Streams as an asset for generating further outward secondment opportunities, promoting the Civil Service as a career, and encouraging a more open interchange with the private sector.
 - We will complete entry and exit interviews for those coming in from (and moving back out to) the private sector to improve induction to ensure that we draw fully on their experience of their previous organisations.
 - We recognise that we must do much more to encourage the flow of people between the Civil Service and other sectors in order to benefit from external expertise and to give our people wider external experience. We will work with departments to maximise the mechanisms in place for moves, such as secondments. The Civil Service can only benefit by people taking up roles elsewhere, to return with experience accrued of different ways of working.
 - We will strengthen the Heads of Profession as part of our Functional Leadership agenda; we will also begin a longer-term piece of work on whether we could move to a gradeless, or radically de-graded, Civil Service.

- Alongside this, we have commissioned an external piece of work looking at the experience of external hires to the Senior Civil Service and considering how we can better make sure new external recruits are given the chance to flourish in this environment. This will report towards the end of 2014 and we are committing to take action on the recommendations.
- 2.15. Finally, engaging future leaders from the High Potential Stream in tackling questions on the future of the Civil Service is in itself intended to support the cultural shift away from departmental siloism towards a more unified Civil Service. Tackling questions of this kind will in the future form a core element of the development of members of the High Potential Stream.

3. Capabilities

Summary

Critical skills gaps remain in all four areas of priority – digital, project management, commercial and leadership – and action to fill those gaps remains an urgent priority. The new digital and commercial recruitment hubs and the programme led by the Major Projects Leadership Academy are ensuring that there is sustained action to address these gaps. Therefore, the priority focus for 2014/15 will be on the commercial and contract management skills where the gaps are most acutely felt. To help close the key capability gaps, by April 2015 we will move to the presumption that Senior Civil Service appointments below Permanent Secretary level are open to external candidates as well as civil servants. A further priority is taking urgent action to remove the barriers which stop talented people fulfilling their potential – we have published a diversity strategy, the *Talent Action Plan: Removing Barriers to Success*, and will publish a refreshed Talent Strategy within a year.

- 3.1. Our people are the Civil Service's most significant resource. They deliver services, develop policies and manage projects and budgets worth billions every working day. Many of the ideas that have shaped the reform programme have emerged from the creativity, aspirations and frustrations of civil servants themselves.
- 3.2. Investing in their skills underpins successful reform across the Civil Service. In our Capabilities Plan we set out four priority areas where individual and organisational capabilities needed to be strengthened as the central plank of the reform agenda:
 - leading and managing change;
 - commercial skills and behaviours;
 - delivering successful projects and programmes; and
 - redesigning services and delivering them digitally.
- 3.3. It takes time to develop and acquire specialised capabilities of this kind, and to bring about the necessary change in organisational culture to ensure that this agenda is prioritised. In this, the Civil Service is similar to other large organisations. However, over the year, progress has been made, particularly in the priority areas of digital and project management skills, enabling the foundations of a more capable and professional Civil Service to be laid. We recently published the Capabilities Plan 2014 Annual Refresh which summarises progress on this agenda.

Further reform

- 3.4. Our focus is now:
 - taking urgent action to fill critical skills gaps – bringing more skilled people in from outside the Civil Service as well as growing our own skills;
 - commercial and contract management where the skills gaps are acutely felt;
 - taking urgent action to remove the barriers which stop talented people fulfilling their potential; and
 - continuing to build basic skills and instilling a culture of continuous assessment, learning and development for all our people.

Building basic skills and learning for all

- 3.5. This year, every civil servant is expected to undertake and demonstrate learning and development, be that through a formal course or informally through mentoring, as well as learning ‘on the job’ to improve their capabilities according to their gaps, so they have the full range of skills to do their job successfully, and the gaps within their department or business area. We have made it clear that line managers are expected to support their people in building capabilities, particularly across the four priority areas.
- 3.6. This learning has to start from day one, which is why corporate induction materials on Civil Service Learning will be overhauled by May 2015 and re-launched. Completing probation will depend on showing that these have been read and understood, ensuring that all new joiners have a solid understanding of the core business of the Civil Service. We will draw on the experience of Singapore and make courses on getting the basics right essential for all civil servants. This will include areas such as public finance, parliamentary liaison, the Civil Service’s relationship with Ministers and a broad overview of how the Civil Service is changing, complementing on the job experience.
- 3.7. There is more to do, however, to improve Civil Service Learning so it becomes the world class development portal we want it to be. We have listened to the feedback on Civil Service Learning and are making improvements so it is easier to use.
 - ‘Passports’ or learning logs will be introduced making it easy to download and show what learning has been done.
 - We will improve signposting so that people can easily identify relevant learning that matches their capability goals.
 - Free text reviews of courses have been introduced to the Civil Service Learning online portal as well as a ‘Trip Advisor’ style rating system so people can see clearly which courses have the best feedback.
 - The courses getting the best feedback will be advertised more clearly.

Taking action to fill critical skills gaps

- 3.8. Our priority skills gaps remain as identified in the Capabilities Plan – leadership (addressed under CS21 above), project management, digital and commercial. We are addressing these capability gaps in two ways – bringing skills in from outside the Civil Service, and growing our own.

Bringing more skilled people from outside the Civil Service

- 3.9. We have already attracted some excellent talent from outside the Civil Service. In April 2013, nearly a quarter of all Senior Civil Servants had joined directly from outside the Service, bringing in vital new skills and expertise.
- 3.10. There is more to do, however, to attract the widest range of talent and skills to the top jobs in the Civil Service. To help close the key capability gaps, by April 2015 we will move to the presumption that Senior Civil Service appointments below Permanent Secretary level are open to external candidates as well as civil servants.
- 3.11. We are targeting measures to bring in skilled people from outside on areas of critical skills gaps. On digital, the Government Digital Service now has a recruitment hub to support departments in attracting the right people to technology and digital leadership roles across Government. To date the hub has secured 70 external hires and is currently working with departments to fill 96 positions over the coming months.

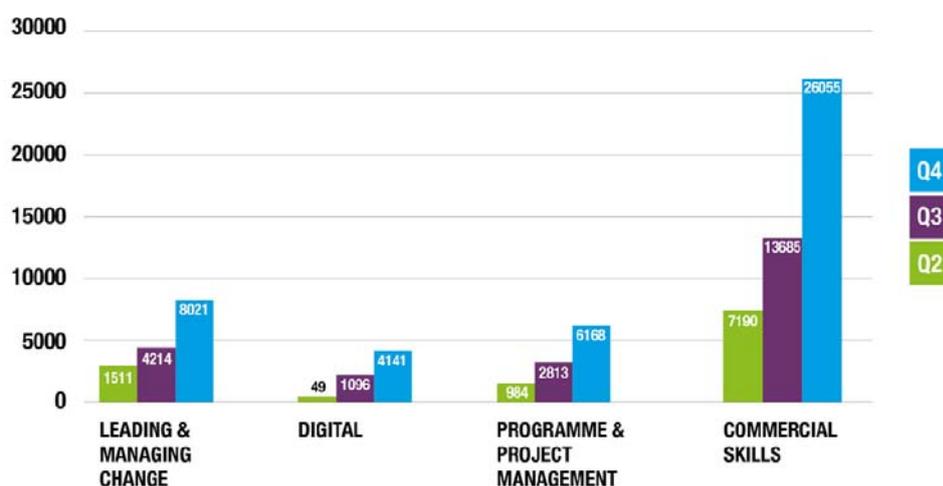
3.12. The most critical skills gap remains on commercial and contract management.

- A Commercial Recruitment Hub has been set up, providing a specialist Whitehall-wide service to attract and deploy talent into the profession. In its first campaign, 40 senior vacancies were filled across six Government departments. The successful candidates, 68% of whom were from the private sector, bring a broad range of experience from organisations such as Citibank, NPower, NHS England, Network Rail, the BBC, XChanging, AstraZeneca, Natural England, Barclays and Royal Mail, as well as from a number of Government departments. Campaigns are also under way to fill three Commercial Director roles.
- In addition, a number of senior commercial leaders from industry are now working with us as Crown Representatives. Drawing on expertise gained from a variety of FTSE 100 and other high profile companies, the twenty Crown Representatives play a key role in helping Government to act as a single customer and delivering value for money for tax payers by building strong relationships between Government and strategic suppliers and securing savings on major procurement programmes.

Growing our own

3.13. In addition to bringing in skilled professionals into the Civil Service from outside we want to grow more of our own talent in the key functional specialisms. In November 2013 we introduced new learning offers in the priority areas and have since seen a huge increase in the number of civil servants completing appropriate training courses. For example, there has been high demand for learning about commercial skills and behaviours, as the graph below illustrates. Similarly, the other three priority areas have also seen a large demand for courses, both online and face-to-face. We are expanding the successful Commissioning Academy, doubling the size of the programme to meet an ambitious target of 1,500 participants by 2016.

Completion of courses in priority capability areas*



* new offer introduced in November 2013, part way through Q3

3.14. However, we still need to know if this is having the intended impact. Therefore, by the end of the year we will have refreshed the competency framework self-assessment tool and departments will have completed a second skills assessment. This will provide the data we need to see how we are closing the skills gap in these four priority areas.

3.15. This commitment to development extends to the leadership of the Civil Service. Future Permanent Secretaries will be expected to evidence that they have the right mix of skills, including leadership. Those

applying for Permanent Secretary posts from inside the Civil Service will be expected – and after summer 2016 required – to have completed an appropriate business school leadership programme in advance of taking up an appointment. This will ensure that leadership skills are prioritised for the top management posts in the Civil Service. Those applying from outside who are unable to demonstrate a strong track record of business leadership will be required either to have already completed a similar programme, or will be willing to complete one early in their tenure. Given the premium we place on this commitment, we will start by immediately sending some of the existing Permanent Secretaries to business school. We will also consider how we ensure the talent pipeline for Permanent Secretary posts has the right mix of commercial and transformational leadership capabilities.

- 3.16. We also know that interchange with other sectors brings our own people valuable opportunities to grow their skills and test themselves in different environments. We have met the target number of outward secondments set for our new secondments and interchange programme for 2013/14. Through this programme, by April 2014, 43 outward secondments, separate to those arranged at departmental level, had been arranged across a range of sectors, with particular success so far in the pharmaceutical, energy, and financial sectors. Both UKTI, and the Cabinet Office partnerships team helped Civil Service Resourcing to identify initial companies to target. This has now been broadened out to include a range of other FTSE 100 and international organisations. This year we are increasing the total number of internal and external secondments through this programme to 100 by April 2015. We know we must do more to encourage the flow of people between the Civil Service and other sectors in order to give our people wider external experience. We will work with departments to maximise the mechanisms in place for moves, including secondments, ensuring momentum builds so movement in and out of the Civil Service is part of a successful career, and it is normal for civil servants to have periods working outside the Civil Service. The Civil Service can only benefit from the experience accrued through interchange and secondments, both inward and outward.
- 3.17. These measures – alongside the role that Heads of Functions are taking to raise standards and capability in the professional communities they oversee (set out below at 7.8) – are improving the skills of current civil servants. But we also have an eye to the much longer term, growing skills in these areas through a number of specialist Fast Streams. For 2015 we have launched 16 Fast Stream schemes, including a refreshed Digital and Technology scheme, and new schemes for Finance, Audit and Commercial. These are now attracting the brightest of the next generation who will develop the skills we need from the very beginning of their careers.

Removing barriers to talented people achieving their potential

- 3.18. Our final priority for our people is in ensuring that talent is identified, developed and retained. This means recruiting and promoting on the basis of merit from the biggest pool of talent available to us, and not excluding people because of their gender, ethnicity, sexuality or disability.
- 3.19. The Civil Service High Potential Stream was launched in July 2013 with the aim of creating exceptional future leaders across the Civil Service. This has been a significant step forward in extending the corporate talent programmes to those at SCS 1 and Grades 6/7 levels. In addition, all Corporate Fast Streamers now have developmental opportunities across the full range of core skills and capabilities needed for our future leadership team.
- 3.20. A recent report by Lord Browne highlighted, however, that there is more the Civil Service can do to make the best use of its diverse talent. This now has to be a priority for change. This will mean adopting consistent talent management principles to develop a cross-Whitehall talent pipeline and improve succession planning, building on the success of the Civil Service High Potential Stream. It will also mean a far greater leadership focus on identifying and bringing on talent and succession planning.
- 3.21. Alongside steps to improve the way in which we identify and promote talent across the board, we are also committed to tackling barriers which exist to talented people from under-represented groups progressing.

- 3.22. While the Civil Service does well in terms of the overall diversity of its work force compared to other sectors and organisations, we know there is more to do to ensure everyone can reach their full potential, particularly at senior levels. This has been reinforced in relation to the position of senior and aspiring women by an external report from the Hay Group looking at the barriers facing talented women in the Civil Service.
- 3.23. We have also published a diversity strategy, *Talent Action Plan: Removing Barriers to Success*, which seeks to address the fundamental issues raised in that report. This Plan sets out the steps we will take across three areas – leadership and culture; talent; and capability – with the aim of ensuring everyone is able to reach their full potential. This includes: a commitment to introducing Shared Parental Leave at the occupational rate across the Civil Service; action to improve the experience of women on and returning from maternity leave; ensuring all-male shortlists and selection panels are exceptional by practice; a commitment to undertake more unconscious bias training; and a review of our recruitment processes with a view to understanding and removing any barriers that may prevent underrepresented groups from succeeding.
- 3.24. Alongside this we are commissioning further work to help us understand the barriers to talented people from other underrepresented groups from succeeding, particularly in the Senior Civil Service. The reports, on the experiences of people with a disability, the experiences of people who declare a minority ethnic background, and the experiences of LGB&T people, will help us identify further work we can do to improve the diversity of our senior leadership.
- 3.25. We intend to refresh the *Talent Action Plan* within a year, incorporating this new evidence as well as other work to examine how we can close the gender pay gap. At that stage we will publish a revised Talent Strategy.
- 3.26. As well as focusing targeted action to remove barriers for under-represented groups, we also want to ensure that we are bringing in talent – and potential future talent – from the broadest range of backgrounds. By April 2015, we will also increase the scale of the Fast Track Apprenticeship Scheme and expand outreach for the Fast Stream and Fast Track Apprenticeship Programme to wider student populations.
- 3.27. These investments in capability, recruitment and progression will ensure that the Civil Service has capable and talented people at all levels of the organisation.

4. Digital

Summary

We are building on the success of GOV.UK and planning the next steps on being digital by default. In 2014/15, we will continue delivering the exemplar services but we will also focus on our future digital and technology strategy. Our plans will include further improvements to our digital service delivery to the public, setting ambitious goals for increasing the proportion of transactions with the public which are completed online, and on ensuring that our people have access to technology which is fit for a modern workplace. We want to move much faster to a position where all major public facing services are being designed to be digital by default, with digital take-up increasing and transaction costs falling as a result.

- 4.1. Last year, GOV.UK showed how Government information can be more accessible. This year, there has been enormous progress in changing our biggest transactional services. But there is much more in our future and technology strategy to be delivered before we can say that Government services are digital by default and we have delivered on our commitment of ensuring that everyone who can use digital services prefers to do so.
- 4.2. There are big savings in doing this. Not only is it easier for people to get the information and access the services they need, it is cheaper and faster. That is better for the taxpayer and because we have [measured the impact](#) of the shift to online we are clear about the savings. We have already:
 - reduced costs per transaction by 10% in real terms;
 - increased digital take up by 9%; and
 - the scale of take up means that even small cost reductions per transaction results in large savings for the taxpayer.

In the last financial year (2013/14) we made £210m savings in total.
- 4.3. The shift to digital makes it easier for people to interact with Government, getting the information they need when they need it. People are accessing Government services in a way that is convenient for them – our [performance platform](#) data shows what devices are being used as well as peaks in the time that people are using services.
- 4.4. Six of the digital exemplars are now live:
 - student finance;
 - individual electoral registration;
 - lasting power of attorney;
 - patent renewals;
 - civil claims; and
 - prison visit bookings.
- 4.5. There are more in public beta, meaning people can already use them (waste carriers registration, view driving record, claim carer's allowance, your tax account, digital self assessment, visas, and prison visit bookings). From registering to vote, to managing tax affairs, to checking your driving record, online means this will be faster and simpler to do. In making this transformation, we have made it simpler to use transactional services. We know we are succeeding through both user uptake and feedback. Already, for

example, the new digital service for claiming Carers' Allowance delivers slightly more than half of all new claims.

Further reform

- 4.6. Digital by default means building digital services that are so good people choose to use them, without excluding people who lack digital skills. All new or redesigned digital services will have high-quality, cost-effective support for people who need it. But we also need to ensure that everyone who can be digitally capable has the opportunity to become so. Our [Digital Inclusion Strategy](#) sets out ten actions which we will deliver with partners from public, private and voluntary sectors. We want to make this happen by 2020.
- 4.7. As well as transforming access to information and services for the public, we are changing how Government goes about its everyday business. Better use of digital tools and technology will support more joined up Government and better policy making. In this spirit, we will also review the impact digital by default can have on our record-keeping.
- 4.8. The [performance platform dashboards](#) show how Government services are performing, including take up of services online compared to paper based applications and user satisfaction. They are a toolkit for service managers who need to take data-driven decisions based on digital and non-digital sources to understand and/or improve service delivery.
- 4.9. The shift to digital will not stop with the 25 exemplar services. If we are really to change how people use Government services, where possible all Government transactional services should be available online and easy to use. Not only will more of the exemplar services go online this year but more and more Government transactional services will follow this route. To support this, we need to ensure that the staff managing these services have the right skills; as section 3 highlights, digital is one of the priority capability areas. The DVLA has already started transforming other services such as car tax renewal and Statutory Off Road Notifications .
- 4.10. As part of our shift to digital by default, legacy systems will be closed down. We are setting up a Crown Hosting Service to manage legacy hosting arrangements to phase them out as departments adopt cloud hosting. We expect Crown Hosting to be operational early in 2015.
- 4.11. We are confident that we will deliver the exemplars and thus fundamentally change how the public interact with Government services, making it easier and simpler to do so, but there remains much more to do if we are to become digital by default. We will therefore also focus on our future digital and technology strategy – our plans will include further improvements to our digital service delivery to the public, setting ambitious goals for increasing the proportion of transactions with the public which are completed online, and on ensuring that our people have access to technology which is fit for a modern workplace. This will be a key priority for the new Chief Executive.

5. Major Projects

Summary

We continue to put people through our award-winning Major Project Leadership Academy (340 by the end of 2014). To really narrow the skills gap we will remain focused on building the skills base to improve our delivery of major projects. Additionally, to further embed project delivery skills, we are now extending the availability of a high-quality development programme to the next generation of project and programme specialists.

- 5.1. At One Year On, the [Major Projects Authority](#), in collaboration with departments, had had a real, measurable impact, improving the likelihood of success for major projects from just 30% being likely to deliver to time and budget, to over 60%. There is still a long way to go to run projects effectively, but we are on the right track and major project reforms continue. The Major Projects Leadership Academy (MPLA) had been established, and the first cohort had enrolled. But there was more to do to further improve management and implementation of major projects, and increase capability.
- 5.2. Since last July, we have acted on recommendations to improve delivery of infrastructure projects through specialist delivery units – the Railway Executive is now up and running and the new company arising from the Highways Agency corporatisation will come into operation in April 2015.
- 5.3. The 199 major Government projects now in place will cost £488bn over their lifespan. It is vital that projects are well run, with risks managed and contingencies for when issues arise. Our transparent approach recognises the importance of these major projects to the UK and we have continued to publish details of progress with the second [MPA Annual report](#).
- 5.4. The MPA ensures we have a better grip on major projects, and are better placed to judge confidence in delivery. Overall, the total proportion of major projects rated as green or amber/green decreased from 42% in 2012 to 36% in 2013, while the proportion of major projects rated as red or amber/red increased from 16% to 21% over the same time period. This increase in red or amber/red projects is explained by the fact that 47 new projects entered the Government's Major Project Portfolio (GMPP). As these projects are at earlier planning stages, the confidence in delivery is less.

The Government's major projects in numbers



5.5. We have brought in expertise to improve oversight and management of the GMPP, including the new CEO of the Major Projects Authority. The MPLA has also seen its impact increase:

- 70 participants have graduated;
- over 270 participants are currently going through the academy; and
- we have started to implement an active talent management strategy for MPLA graduates to make best use of skills to be distributed across the GMPP.

Further reform

5.6. The improvements made to capabilities and management are now integral to how Government manages and implements major projects. That does not mean that there will not be failures but it does mean that we are better equipped and able to put meaningful mitigation actions in place and to address failures when they do happen. We continue to build on this success and strengthen our management and implementation of major projects.

- We are developing a Project Leadership Programme for SROs and Programme Directors in significant Government projects just below the Major Projects level, and for those in second tier roles in Major Projects. This will be piloted in autumn 2014 and will be fully launched by April 2015.

- By September 2014 we will implement a package for project SROs (Senior Responsible Owners) which clarifies roles, responsibilities and accountabilities, and sets out arrangements for appointment and retention including incentives for people to remain in post. This will mean that all SROs of major projects will receive a formal letter of appointment outlining the above.
- We will ensure all projects entering the GMPP are put through a Project Validation Review.
- We will define the structure of the profession, a competency framework and a management strategy for emerging talent by May 2015.
- We are supporting departments to keep and recruit project leadership talent by putting in place recruitment support by October 2014 and working with departments to better use the Pivotal Role Allowance.
- By the end of 2014 we expect to have over 300 MPLA graduates, we will use the graduates as a cross-Government resource facilitating and brokering moves to ensure we have the best people where they are needed most.
- By adopting a proactive approach to managing the talent and resource pipeline, we will continue to develop the project leader profession throughout Government to ensure we have the capacity and capability to successfully deliver Government projects. A strategy will be in place by May 2015.
- The MPA will be discussing with departments how to ensure the identity of SROs of major projects is made available on departmental websites along with dates of appointment.

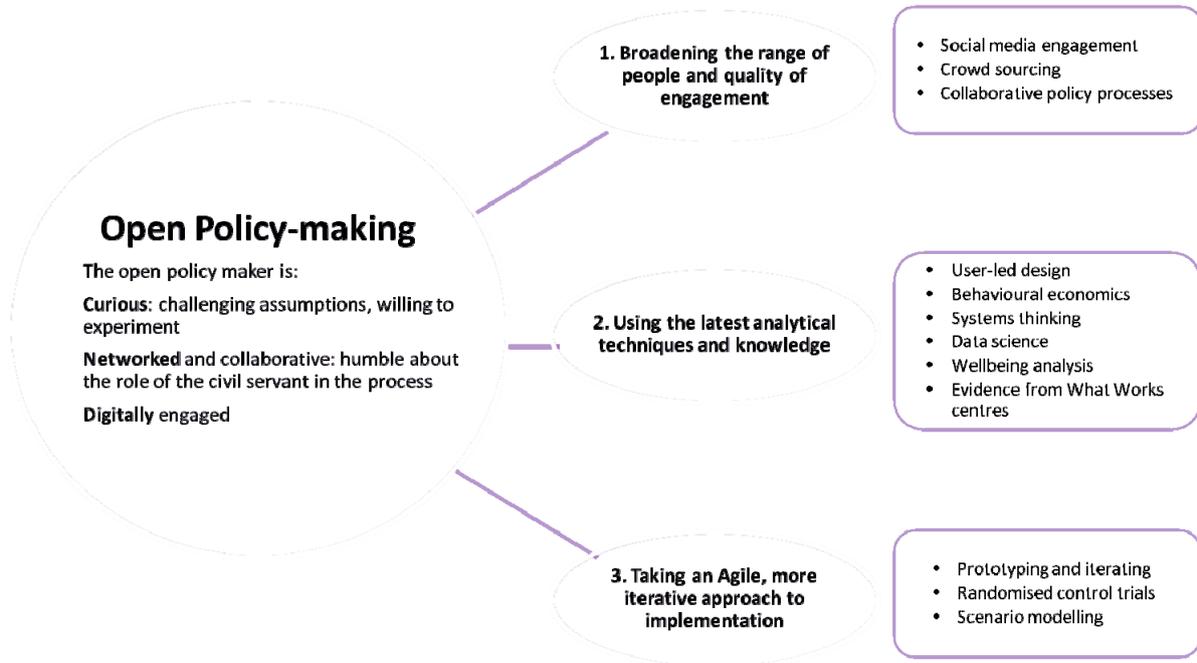
6. Open Policy-Making

Summary

In the last year, there has been greater use of digital methods and collaborative working as part of the drive to open up our policy-making processes. Now we need to continue that drive to make open policy-making the default, by building on the foundations of our What Works Centres to embed the necessary culture shift in our policy teams, delivering a new toolkit to support policy-makers, making contestability the standard practice, agreeing a common framework for policy audits and beginning the next steps to professionalise our policy-making with a qualifications framework.

- 6.1. Open policy-making is about changing the way we work and improving the quality of policy advice provided to Ministers through greater collaboration with experts outside of Whitehall, better use of evidence and grasping cutting edge techniques as well as greater emphasis on experimentation. It is all about ensuring that we are open, professional and consistent in how policy is designed and developed. Open policy-making has a number of critical strands which focus on ensuring that:
 - how we listen to the views of the public and outside experts becomes more effective, through digital crowdsourcing techniques;
 - there is much more focus on evidence of what works – our What Works Centres and use of randomised control trials;
 - front-line implementation issues are considered as policy is developed and designed; and
 - best practice is spread across the whole policy profession.
- 6.2. The past year has seen digital methods and collaborative working established as credible approaches to open policy-making, but there is more to do across all departments before we can say open policy-making is the default. While there is no one size that fits all, there is a clear definition of open policy-making as well as a spectrum of openness that demonstrate what different approaches and methods can be used in different policy scenarios. These can be found on openpolicy.blog.gov.uk.

Figure: Open policy-making



Listening to the public and outside experts

- 6.3. The British Civil Service has long been at the fore-front of policy development: it is an area where we are genuinely world-class. But to maintain this edge, we need to collaborate more, learn from outside more, listen more. To this end, Civil Service Quarterly was launched in July 2013 to open up the Civil Service to greater collaboration and challenge. It has also allowed us to show how we are responding to new challenges with innovation and boldness and to spread that approach across the organisation. In just a few editions Civil Service Quarterly is already establishing itself as a distinctive voice celebrating policy successes and urging ever-greater efforts. In the first year, five editions saw more than 60,000 unique visits to the CSQ blog on GOV.UK.
- 6.4. Embedding open policy-making across the Civil Service requires collaborative working with departments, to champion open approaches and give officials confidence in and licence to try out new tools and techniques. Therefore, we have been working closely with seven exemplar departments (BIS, DCLG, DfT, DH, HMRC, FCO and MoJ), as part of our work to make open policy-making the default. Two successful open policy events were held where policy-makers and digital leaders came together to learn about different tools and techniques and share learning. We published a full account of these events on Storify.
- 6.5. The last year has also seen an increase in debate and discussion on digital platforms such as OPM Twitter, OPM Linked In and most recently the open policy blog on GOV.UK.
 - There are over 2,960 followers for the OPM Twitter handle @OpenPolicyUK.
 - More than 800 members have signed up to the OPM Linked In discussion group.
 - Several departments have held digital fortnights and OPM events to enhance digital and policy capability and also encourage better use of social media.

Strengthening policy advice and support to Ministers

6.6. The Contestable Policy Fund was launched to give Ministers access to advice from outside Whitehall and is an important aspect of open policy-making, allowing us to draw on external evidence and expertise to ensure that policy advice is well informed. The second year saw eight further projects funded (in addition to the ten projects funded in year one), including a report on gender diversity in the Civil Service. Other examples include:

- advice commissioned by the Minister for Local Government (Department for Communities and Local Government) on ways to achieve savings in public sector pensions by reforming their administration and management and which is currently the subject of a consultation ;
- advice jointly commissioned by the Ministers for Welfare Reform (Department for Work and Pensions) and the Minister for Care and Support (Department of Health) on options for improving services designed to help people with common mental health issues get and maintain jobs – the two departments are considering the proposals for improving support.

The Fund has been a success, and will continue. However, all departments should now have in place arrangements through which Ministers can directly commission external advice, separate and in addition to the Contestable Policy Fund.

6.7. *One Year On* outlined our intention to increase the direct support available to Ministers in their private offices. This followed a Government-commissioned report by the IPPR which argued that Ministers needed more dedicated and specialist support to help them deliver their policy priorities. The IPPR highlighted that UK Ministers had far less direct support than their colleagues in other countries with Westminster-based political systems. The Institute for Government also called for stronger Ministerial offices. The Government therefore committed to strengthening Ministerial offices by removing unnecessary and often artificial barriers which prevented civil servants – whether Special Advisers or not – from working together. Alongside this, the Cabinet Office issued new guidance to departments enabling Ministers to form Extended Ministerial Offices (EMOs), characterised by a high degree of integration and co-working of officials and Special Advisers, but working closely with the Permanent Secretary and the rest of the department.

6.8. Departments have responded in various ways to the proposals and principles set out in *One Year On* by strengthening the support for Ministers in delivering their policy priorities. Some departments have combined a strong delivery function with the traditional Private Office to provide in-depth assurance on Ministerial priorities. Others have merged a strategy function directly into Ministerial offices. Elsewhere, greater policy expertise has been prioritised, with small policy units embedded into the Private Office. In the Cabinet Office a new Ministerial Policy Unit is providing fresh insight and advice, while also reviewing strategically important projects. Officials and special advisers now sit together in an integrated office space. So the ability to create EMOs is already transforming how Ministers structure their offices, even if they have not established formal EMOs at this stage in the Parliament.

6.9. With strong cross-party consensus on EMOs, and the support of the Civil Service itself, they are likely to be a significant feature of future Governments. The Civil Service Commission has created a new exception to their recruitment principles, allowing individuals from outside the Civil Service to be appointed to EMOs on fixed, non-renewable term appointments. The Cabinet Office will continue to work with the Commission on this important area, and to ensure relevant guidance is proportionate and appropriate.

Greater focus on what works

6.10. Six independent ‘What Works’ Centres have now been established. They will aim to produce and publish systematic reviews of evidence on what works. For example the ‘What Works’ Centre for Local Economic Growth recently published a review on the impact of business advice. The ‘What Works’ team will work in collaboration with the Policy Profession so that the new assessment standard, curriculum and qualification for the policy professions will include training in analysis and use of evidence. The ‘What Works’ team have

also undertaken two reviews of how well departments are generating, using and sharing evidence and further reviews are planned, with support from the Cabinet Office’s Implementation Unit and HMT.

- 6.11. Though the What Works centres are starting to improve the quality of evidence flowing to local commissioners and professionals, we have made less progress in publishing the evidence base that supports policy-making within Whitehall. The Civil Service has shown that it is capable of producing and publishing the analytical work that lies behind policy positions, such as the analysis published on the implications of Scottish independence, but this remains the exception rather than the rule. Last year, in One Year On, we committed specifically to developing a model for conducting policy audits. These are audits that revisit policy advice in light of implementation to assess its quality, review whether the risks materialised, and learn the lessons from implementation more effectively. This was a core commitment from One Year On and some progress has been made. But no policy audits have yet taken place.
- 6.12. To accelerate progress the CO What Works team will work with HMT, Heads of Analysis, the impact assessment team and with the Head of the Policy Profession to ensure that a rigorous policy audit framework is agreed and a number of policy audits are actually completed by Christmas.
- 6.13. The *12 Actions to Professionalise Policy-Making* set out the Head of Profession’s expectations for the profession across Government. Its actions include enhanced central support, improving knowledge sharing; setting departmental policy standards; improving professional development and assessment, visible leadership and peer reviews and developing impact indicators.

Making sure implementation issues are built in

- 6.14. The Implementation Unit in Cabinet Office is leading the way in helping policy-makers understand how they can improve implementation, which includes:
 - ensuring that implementation is considered at the ideas stage and that a clear implementation plan is in place before moving on from the policy development phase. This also means not being afraid to go back and change the policy on the basis of evidence and data on what’s happening on the ground;
 - recognising that good data and management information is critical to good implementation. By identifying and monitoring the right measures, policy-makers are able to see what impact they’re having and take action as a result;
 - maintaining a relentless focus on the needs of the customer. Policy-makers are encouraged to get out to the front line more often, and to bring the insights back to decision makers; and
 - encouraging policy-makers to communicate what they are doing and why – making sure the aims and intentions of policy are well-known, jargon-free and not lost in translation.
- 6.15. The Implementation Unit continues to build implementation capability in departments, by working alongside Whitehall colleagues and delivery partners to support implementation efforts.

Spreading best practice across the whole policy profession

- 6.16. In the last year, significant steps have been taken towards the ambition of making open policy the default in Whitehall. However, there is some way to go before open policy-making – being open, professional and consistent – is the norm. We are addressing the challenge of tailoring open policy-making to the range of issues and problems routinely dealt with across Government.
- 6.17. The policy profession (based on self declared numbers registered on Civil Service Learning) is c.17,000 in size, including c.4,500 at Grade 6/7 and c.1,300 at SCS level. These last two groups of policy professionals (c.5,800) are the civil servants we focus more closely on developing in 12 Actions to Professionalise Policy-Making.

6.18. The policy profession has undertaken research on the capability needs of the policy profession to challenge and stretch policy professionals as well as create greater confidence in the consistency of their capability. We are exploring the feasibility of three key tools:

- a commonly available assessment standard applicable across the policy community (focused at Grade 6/7);
- an enhanced policy curriculum to support the requirements of such a standard; and
- a postgraduate qualification (likely focused on high potential individuals).

6.19. For all of these to work we believe they need to be bespoke and co-delivered between practitioners and academic/accreditation partners.

Further reform

6.20. Much remains to be done before open policy-making becomes the default across Government. We will continue to drive progress and the next year will see further work in the areas set out below.

- Providing new tools for policy-makers –we are developing a toolkit (with online and offline tools) for policy-makers which should be available in early 2015.
- Publishing our analysis of the evidence base that is used to support policy decisions.
- Broadening out the open policy network – by coordinating and managing stimulating debate on GOV.UK and hosting inspiring sessions and workshops with external experts we will continue to help policy makers connect and network.

7. Functional Leadership

Summary

We now have clear operating models for all eight of our named cross-Government professional services which are being developed under our “Functional Leadership” programme (Legal, Communications, IT, Commercial, Finance, Internal Audit, HR and Property). These models are delivering efficiency savings through centralised service delivery and improving professional capability with the Heads of Function taking a leadership role in relation to the whole of the professional community across the Civil Service. The new Chief Executive will have a key role in driving further work in this area, line managing most functional leaders to realise the full extent of the savings to be gained and raise professional standards.

- 7.1. At a time when departments are getting smaller and specialist expertise is at a premium, it is vital in each functional area that the expertise we do have is managed and coordinated effectively by strong functional leaders who have the status to effect change. Last year we agreed to make a step change to our provision of expert and corporate services through stronger functional leadership. Greater integration of specialist functions across departments, with stronger professional leadership of those specialist functions, would make the Civil Service more resilient and the business of Government more efficient. We said that we would target £1bn savings by 2015/16 through this work. The new Chief Executive will have executive control of most of these eight functions, acting as their Accounting Officer and line manager.
- 7.2. In September 2013, a major programme, led by Cabinet Office and HMT, started to build a more unified corporate centre. The programme is focusing on eight functions: HR, legal services, communications, IT, commercial services, property, finance and internal audit.
- 7.3. By December, the operating models for the first six of these had been approved, and more detailed operating models were in place by June this year. The models for finance and internal audit were developed and agreed within the *Review of Financial Management in Government* (December 2013), by Richard Douglas and Sharon White, with Lord Sainsbury acting as external adviser .
- 7.4. One of the biggest barriers to progress on the functional leadership agenda was the charging of VAT on services shared between departments which acted as a disincentive to greater integration. We have worked to remove that barrier. From April 2014 the central Government VAT scheme has been extended to cover ‘non-criminal legal services’. HMT will consider whether further extensions of the scheme are necessary as shared services come on stream in other functions.
- 7.5. Significant progress is being made on all eight functions, transforming the corporate centre of Government.
 - Civil Service HR provides a professional HR service across the Civil Service. It sets common standards and approaches, and provides expert HR functions and advice to departments (for example on learning and development, and resourcing). It is now operating on an industry standard ratio of 1:100 staff.
 - The Treasury Solicitor’s Department is a single, non-ministerial department, which has extended its reach over this Parliament so that it has now brought together into one place the legal units of the majority of Government departments. It has cut hourly litigation costs by 12%. In 2014/15 it will complete its amalgamation of legal units and re-launch as a single legal service for Government.
 - Government Communication Service, overseen by a ministerial board, produces a strategic annual plan, leads professional development and has reduced costs by 12% through financial controls.
 - Government IT is now led by a single cross-departmental Technology Leaders Network, which is setting common standards for architecture, security and software. The Office of the Chief Technology Officer (OCTO) is working to help departments exit their legacy IT contracts and design better

technology programmes. OCTO is also building superior common technology services and platforms which all departments can use.

- The Crown Commercial Service, established in April 2014, brings our commercial capacity into one organisation, led and driven by the Chief Commercial Officer. £5.4bn commercial savings have been achieved in 2013/14, against a 2009/10 baseline.
- The Government Property Unit is working with departments to form clusters for the sharing of property services, with business cases to be delivered in October. More efficient organisation and stronger bargaining power are expected to enable cost savings within the Government's radical estates strategy.
- Later this year (2014/15) XDIAS, the Cross-Departmental Internal Audit Service (which already provides services to eight departments) will be replaced by the new Government Internal Audit Agency. It will extend its reach during 2015/16 to create a single integrated service for Government.
- Following the recommendations in the financial management review, the finance profession, is now led from HMT by the Director General for Spending and Finance. With the support of four committees led by Directors General Finance from major Government departments, HMT is improving financial management across Government to ensure HMG repairs the public finances and maximises the value from every pound spent. Finance Director positions are increasingly filled by professionally qualified accountants.

Benefits of unified corporate centres



- 7.6. Operating models vary across the eight functions, but the benefits of stronger functional leadership are already evident in each.
- 7.7. Benefits realisation plans are being developed to monitor the outcomes delivered by Functional Leadership. These plans will build on the operating models and strategic outline business cases signed off by PEX(ER). Reporting against the plans will begin in September 2014. The slides below set out the progress of each function in integrating services and delivering benefits to date.

Further reform

- 7.8. Charts (see Annex B) show the journey each function is on. They focus on three areas.
- Sharing services across departments. Some functions (for example, IT and finance) will always work most effectively on the basis of teams embedded within departments, but led and co-ordinated centrally. Other functions (for example, property) work most effectively on a cluster model where services are provided in a small number of centres, each of which provides services to a group of

departments. Others (for example, legal) are already nearing the completion of a journey to a central service provided by a single organisation – this is a vision shared by other functions, although the timescales will be longer.

- Raising professional standards and capability. For each of the eight priority functions, their leaders also operate as Heads of Profession. Increasingly, we are moving to a position where Heads of Profession do not just set the professional standards but also play active roles in:
 - recruitment and retention, including overseeing specialist recruitment pipelines and/or hubs;
 - mapping out career paths for their profession, including maintaining external networks to bring in the best talent from the private sector and alumni networks for those who have left the Civil Service;
 - setting standards, building learning, accreditation and/or qualification frameworks, and providing specialist content for, and approving, Civil Service Learning and other learning material relevant to their profession;
 - performance assessment and management across the senior ranks of their profession; and
 - identifying and managing talent, including advising departments and the Civil Service’s Senior Leadership Committee on the deployment of talent to meet business priorities.

These are not just priorities for the eight professions which are also identified as functions under the Functional Leadership programme; these roles are also core to the development of other business-critical professions including project management, policy and operational delivery.

- Realising benefits. These include efficiencies realised simply by sharing services and therefore reducing duplication (for example, 51% savings in HR); efficiencies made easier identify by the greater levels of co-ordination and coherence delivered through shared services and closer working (for example, £5bn targeted by property professionals in the new estates strategy which is to be published this year); improvements in the capability and quality of service provided (for example, HR considers performance metrics internal and external to this function, both quantitative and qualitative in nature); and improved services directly for the public (for example, through digital services). It is already clear that the sum of these benefits will exceed the £1bn of the £20bn efficiency savings to be delivered by the Efficiency and Reform Group by 2015/16. Benefits realisation plans are now being put in place by all functional leads.

8. The Way We Work

Summary

We have achieved significant efficiencies in our estates – the central Government estate has shrunk by over 2m square metres, yielding annual running cost savings of £625m and bringing in £1.4bn from the sales of land and buildings. For our staff this has meant big changes but we are now seeking a more fundamental transformation in our ways of working. Across the whole of the Civil Service we need to make a step change in the ways we work, fully embracing smarter working and focusing on the IT needed to support that.

- 8.1. Providing modern workplaces so people can work effectively was something which at One Year On had not progressed as much as we would have liked. Since then, we have reviewed this action and refined its scope so it focuses as much on the way we work as on the space we work in. This programme is called The Way We Work, or TW3 for short.
- 8.2. As part of that step change, we have been building a smarter working revolution to transform how and where civil servants work. Smart working is about the way people work, not just the workplaces or IT kit that are used. It is an approach in which, taking account of business need, people:
 - focus on outcomes not process;
 - are empowered by technology;
 - work flexibly and cost effectively;
 - collaborate more effectively with other teams in their own departments and in other departments;
 - maximise productivity and innovation while reducing environmental impact; and
 - feel trusted by managers to work effectively in any situation.
- 8.3. Smart working is a major contributor to the significant changes on the central Government estate in the last year and to the large savings that have been realised since 2010.
 - Since 2010 the central Government estate has shrunk by over 2m square metres and has delivered annual running cost savings of £625m and brought in £1.4bn from the sale of land and buildings. The TW3 programme has helped departments to accommodate more or the same level of people within a reduced number of buildings.
 - Office space use has improved from 13 square metres per person in 2012 to 11.9 in 2013.

A shrinking estate, 2010–2014...



- 8.4. As well as changes to the Government estate, we have introduced a Common Access Pass so staff can move freely between different Government offices. Starting with central offices, all departments are issuing the Common Access Pass to staff. By the end of this year (2014) the rollout to central offices will be 90% complete.

Further reform

- 8.5. Work has also started on measuring the value and benefits of smart working, capturing the outcome of work that departments have been doing to implement this programme, including exemplar case studies. The measurement methodology will be developed by autumn 2014.
- 8.6. All departments are making progress on implementing Smart Working although they are at different stages. By the end of December 2015 central departments will have in place:
- strong leadership that embraces the flexibility, productivity and effectiveness offered by the changes to workplaces;
 - a positive flexible working culture and environment;
 - well-designed workplaces that support how people work best;
 - IT that works just as well in and away from the office; and
 - security and access arrangements in Government buildings that make it easy and safe to work in a variety of settings.
- 8.7. Improved IT is a key enabler of smart working. There is a significant IT uplift programme in progress across Government and some good examples of new IT tools that facilitate smart working. Progress on replacing IT equipment is at a slower pace than we would like; the cost of exiting legacy contracts however means we have had to take hard decisions about how quickly we can deliver change.
- 8.8. That is not to say no progress has been made. We are leading programmes to replace the technology in Cabinet Office, the Department of Culture, Media and Sport and UK Financial Investments, so that civil servants have the technology they need to do their jobs effectively and efficiently. An ongoing trial of technology in Cabinet Office ahead of its contract expiring will support informed decisions on future IT equipment needs.

- 8.9. Two thirds of departments have comprehensive Wi-Fi coverage already in place or planned in the next six months. At the time this report was compiled in summer 2014, an estimated 50,000 civil servants were operating on a daily basis with a laptop. However, this is still only 25% of all office-based staff, so further progress is needed.
- 8.10. In line with what many private sector organisations have achieved, we expect the radical shift to smarter working to increase productivity, reduce costs, improve wellbeing, and contribute to wider objectives such as localism, sustainability, and to reducing pressure on the transport system.
- 8.11. In order to maintain the momentum on implementing smart working, work has started on developing a cross industry Smart Working Charter that will achieve an agreed definition of excellence in smart working towards a new national standard as well as a basis for benchmarking performance between the public and private sectors. The high-level design of the Charter will have been completed and piloting underway in a number of organisations by February 2015.
- 8.12. In addition, the Agile Future Forum, a consortium of leading private sector companies led by Lloyds Bank, has been piloting a methodology in Ministry of Justice and HMRC to quantify the economic benefit that workforce agility can bring to organisations, as well as to employees. These pilots are now complete and will report shortly; subject to the outcomes, the methodology may be made available for other departments. There is close dialogue between this initiative and the TW3 programme to avoid any overlaps or duplication and to ensure that departments adopt a coherent approach to implementation.

9. Conclusion

- 9.1. Throughout the two years of reform, the Civil Service has continued to support the Coalition Government's radical programme: 389 of 399 of the commitments from the Coalition Agreement (the Programme for Government) are either completed or on track for completion by the end of this Parliament. In June this year, we announced £14.3 billion in efficiency savings against a 2009/10 baseline. All public services are being comprehensively reformed. Alongside this, reductions in the size of the Civil Service have also continued: by the end of 2013/14, the Civil Service was operating with 81,000 fewer people than it did in 2010, contributing to savings of £2.4bn in annual paybill costs alone, while continuing to deliver at a similar level.
- 9.2. Clearly, we have begun our journey towards a Civil Service for the 21st century but we are not complacent about the challenges we face. In some areas – improving our understanding of our capability, delivering efficiencies through shared transactional services – people can already see change: in others, such as leadership and culture change, we know we have only just started.
- 9.3. Therefore, we are reaffirming our commitment to reform and for the remainder of 2014/15 we will focus on:
- tackling the cultural issues that still hold the Civil Service back from providing the best service it can;
 - setting out a comprehensive leadership approach to ensure that reality matches rhetoric;
 - taking urgent action to fill the critical skills gaps, especially in commercial and contract management, and to remove the barriers which stop talented people fulfilling their potential;
 - planning our next steps on digital and technology and ensuring that our people have access to technology which is fit for a modern workplace; and
 - embedding 'functional leadership'.
- 9.4. In doing so, we will continue to show showing that alongside the traditional Civil Service values of integrity, honesty, impartiality and objectivity we can also be flexible, creative and open. Most importantly, we are showing that people across the Civil Service want to drive change further and faster. They want to create a modern Civil Service in which they can realise their full potential, take ownership of their work and truly be of service to the public. The new Chief Executive will be central to making this a reality and his/her appointment is a powerful signal of how important the continued success of this programme is to the Civil Service.

30 **Annex A: Summary of progress against actions**

Action no.	Action	Progress	1YO	Now
The action number in the Civil Service Reform Plan , published June 2012.	Commitment made in the Civil Service Reform Plan .	Original Plan: Progress against commitment made in the Civil Service Reform Plan .	RAG rating given in the One Year On Report (see below a full explanation of the RAG ratings).	RAG ratings in this section reflect the current status of commitments made in the Civil Service Reform Plan (see below a full explanation of the RAGs).
		1YO: Progress against further commitments that were made in the One Year On Report , published July 2013.	N/A	RAG ratings in this section reflect current status of commitments made in the One Year On Report (see below a full explanation of the RAGs).

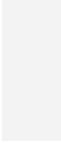
RAG Ratings	Definition
Red 	Delivery of Reform Plan commitment significantly delayed and/or implementation significantly off track.
Amber 	Delivery of Reform Plan commitment delayed and/or implementation off track. For some actions, amber may also indicate that change will be a constant if the ambition of the Plan is to be achieved.
Green 	Delivery of Reform Plan commitment on track to implement

	Action	Progress	1YO	Now	Further Priorities
1	Implementing new models to deliver public services	<p>Original Plan: In October 2012, we completed the review to identify further models, including mutuals, cooperatives, joint ventures and other commercial models.</p> <p>1YO: The pipeline of projects continues to develop and in 1YO we added a number of further specific commitments focused on expanding the portfolio of projects.</p>			<p>Across Government, alternative delivery models are breaking down the divide between the public and private sectors, improving the quality and efficiency of public services. Joint ventures, public service mutuals, and other models are now well established, with their power to transform services evidenced by early successes: MyCSP, the first mutual-joint venture to spin-out from central Government, has recorded a 31% rise in revenue in its second year of trading, fuelled by strong business growth; the Behavioural Insights Team, which spun out in February of this year, is proving that policy groups can also benefit from delivering differently, more than doubling its headcount in a few short months and winning work with international partners including the World Bank; and AXELOS, a joint venture formed to better exploit the value of some intellectual property Government owned by accident, is growing at a rate well above our forecasts, pushing into new markets and developing improved offerings. Structural reform of public services remains a priority, with alternative delivery models improving outcomes for users at better value to the taxpayer. Successes to date prove the models, and now we need to build on these to ensure all services are innovative, cost-effective and fit for the 21st century.</p> <p>Our drive to achieve greater effectiveness and efficiencies in delivering public services will be a constant work in progress.</p>
2	Becoming digital by default, moving more services online	<p>Original Plan: Digital Strategies completed by all departments (except DCLG). All 25 exemplars will have begun transformation by March 2015, of the 25 exemplar services: three are at Alpha, 18 are at Beta and four are live.</p> <p>1YO: The Civil Service digital skills gap puts digital transformation at risk: GDS will work more closely with departments to build digital skills urgently across the Civil Service to mitigate this.</p>			<p>Planning our next steps on digital and technology. We will ensure that the 25 digital exemplars are successfully delivered but there is further to go. There we will focus on our future digital and technology strategy to ensure that Government keeps pace with digital transformation. This will include:</p> <ul style="list-style-type: none"> • further improvements to our digital service delivery to the public; • setting ambitious goals for increasing the proportion of transactions with the public which are completed online; and • ensuring that our people have access to technology which is fit for a modern workplace.

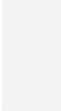
	Action	Progress	1YO	Now	Further Priorities
3	Creating shared transactional services centres for Government (HR, finance, payroll, procurement)	<p>Original Plan: Specific steps in the plan complete. The shared service centres are in place and issues highlighted in the recent National Audit Office (NAO) report are being taken forward as part of the next phase of the shared services programme.</p> <p>1YO: By consolidating these services to four shared centres we will deliver savings of £128m a year from 2015/16.</p>			The four centres for sharing transactional services are up and running and the Crown Oversight function, established in October last year, provides challenge on achieving service standards and the scope between departments for further opportunities.
4	Executing plans to share expert services across Government (legal, internal audit, communications etc.)	<p>Original Plan: Specific steps in the plan complete.</p> <p>1YO: Stronger corporate functional leadership as outlined in One Year On report has taken this agenda forward. The scope of the Functional Leadership Programme launched by the Cabinet Office in September 2013 includes eight corporate functions (HR, Legal, Property, Communications, Commercial, IT, Internal Audit, and Finance).</p> <p>Government Communication Service and Crown Commercial Service went live in April 2014. CSHR, Treasury Solicitors and the Cross-departmental Internal Audit Service have been operational for some time and continue to grow, providing services to a growing number of departments. For each of the functions outline operating models have been defined.</p>		 	<p>Embedding 'Functional Leadership' to:</p> <ul style="list-style-type: none"> realise the efficiency savings to be gained from the central delivery of cross-Government professional services; and formalise the role of Heads of Function in leading their profession and raising professional standards. <p>The new Chief Executive will have a key role in driving further work in this area, and will act as the Accounting Officer, and line manager, for most of these eight areas.</p>

	Action	Progress	1YO	Now	Further Priorities
5	Opening up the policy development process to more external sources	<p>Original Plan: Departmental change programme established starting with seven departmental exemplars (DCLG, FCO, DH, MoJ, DfT, HMRC, BIS) showcasing work and programme to make open policy making the default by 2015. We have</p> <ul style="list-style-type: none"> published the Open Policy Making model in May 2014. held an Open Policy Making Conference with the Heads of Policy Profession to learn from examples and from external organisations. launched Civil Service Quarterly to share best practice and examples. established the Contestable Policy Fund and Policy Lab. successfully delivered SPRINT event where OPM and GDS exemplar departments showcased their case studies. 			<p>There are some good examples of open policy-making, with good progress on establishing the model, but we recognise that there is more to do across all departments before we can say open policy-making is the default including</p> <ul style="list-style-type: none"> greater use of digital crowdsourcing techniques. more focus on the evidence and what works and a greater use of experimentation. ensuring frontline implementation issues are considered as policy is developed and designed. <p>To support this we will</p> <ul style="list-style-type: none"> deliver a new toolkit to support policy-makers will be available in 2015. make contestability standard practice. agree a framework for policy audits.

Action		Progress	1YO	Now	Further Priorities
		<p>1YO: Further commitments include:</p> <ul style="list-style-type: none"> Establish an open policy-making model by promoting best practice case studies and practical guides via a website for all policy makers to be implemented in July 2013 As part of our commitment to transparency and opening up the Civil Service, we will publish more of the evidence base that supports policy making We will develop a model for conducting policy audits, building on existing good practice, which will allow us to revisit policy advice, assess its quality, review whether the risks materialised, and learn the lessons from implementation more effectively 		 	<p>Though the What Works centres are starting to improve the quality of evidence flowing to local commissioners and professionals, we have made less progress in publishing the evidence base that supports policy-making within Whitehall. The Civil Service has shown that it is capable of producing and publishing the analytical work that lies behind policy positions, such as the analysis published on the implications of Scottish independence, but this remains the exception rather than the rule.</p> <p>Last year, in One Year On, we committed specifically to developing a model for conducting policy audits. This was a core commitment from One Year On and some progress has been made. But no policy audits have yet taken place.</p> <p>To accelerate progress the CO What Works team will work with HMT, Heads of Analysis, the impact assessment team and with the Head of the Policy Profession to ensure that a rigorous policy audit framework is agreed and a number of policy audits are actually completed by Christmas.</p>
6	Ensure administrative resources match Government policy priorities	<p>Original Plan: The model of best practice in matching resources to priorities has been agreed with departments. Departments continue to review and refine this on an ongoing basis.</p> <p>1YO: We are developing a cross-Government approach to ensuring resources are matched to ministerial priorities. From September 2013, Ministers will lead a resource prioritisation process on a quarterly basis in their departments.</p>			<p>There are examples of good practice, with some Departmental Boards running quarterly resources prioritisation processes. While a standard model was agreed over a year ago, we still do not have a common approach to ensuring that departments' priorities and resources reflect their Ministers' priorities, as committed to in One Year On. Over the coming weeks we will improve the standard model, ensure that it meets Ministers' requirements and then implement it across Whitehall. We will publish the results and an update on implementation before the end of the year.</p>

	Action	Progress	1YO	Now	Further Priorities
7	Ensuring staff have up to-date policy skills and tools	Original Plan: The Policy Profession Board has agreed to develop an enhanced policy curriculum, including greater analytical skills and contemporary approaches.			A new qualifications framework will be introduced to support professionalisation of policy-making.
		1YO: The Head of Policy Profession and the new national What Works adviser will lead the drive to embed and exploit the cross-Government policy curriculum and What Works Centres. Policy professionals will now spend five days a year on their professional development.			
8	Improving delivery of major projects	Original Plan: <ul style="list-style-type: none"> There is more controlled initiation of projects – now implemented through a Project Validation Review supported by Infrastructure UK and HMT. Project progress data is now collected on all projects and published in GMPP annually. Latest annual report published May 2014. SRO and PD turnover should stabilise further as revised accountability arrangements are introduced, which include linking tenure posts to the achievement of milestones at the time SROs are appointed. We will have appointment letters agreed by September. 			Continue to focus on improving delivery of major projects by building the skills base: <ul style="list-style-type: none"> we will launch a project leadership programme in April 2015 for SROs and programme directors in significant projects just below the Major Projects level and those in second tier roles in Major projects. by May 2015, we will define the structure of the profession, delivering a competency framework and a management strategy for emerging talent.
		1YO: The appointment of John Manzoni as CEO of the MPA brought fresh impetus to this area and the work has been refocused to work with departments to support more robust judgements around strategic prioritisation. As a result we are no longer pursuing the actions in One Year On. A new action plan for this area is now in place and the RAG rating reflects progress against this rather than the original actions.			

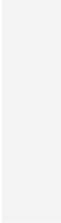
	Action	Progress	1YO	Now	Further Priorities
9	Improving corporate management information	<p>Original Plan: Specific steps in the plan are complete. This was put in place with further development work on cross-Government MI initiated during 2013 in response to Martin Read's review and overseen by a ministerially-chaired steering group reporting to PEX(ER).</p> <p>1YO: No further actions.</p>			There is more to do to ensure Government has the management information it needs. We will continue to build on the success of the Quarterly Data Summary , taking on board the challenge from non-executives to improve further. This is also one of the core strands of the Financial Management Review.
10	Sharpening the accountability of Permanent Secretaries.	<p>Original Plan: Specific steps in the plan are complete. These requirements have been reflected in the revised publication of Managing Public Money.</p> <p>1YO: No further actions.</p>			
11	Strengthening Ministers' role in appointments of Senior Civil Servants	<p>Original Plan: Specific steps in the plan complete. The Civil Service Commission published new guidance in December 2012 formalising ministerial involvement in Permanent Secretary appointments.</p> <p>1YO: Building on the new arrangements for greater ministerial involvement in the Permanent Secretary appointment process in Action 11, we will implement proposals to move to a fixed tenure appointment for Permanent Secretaries for all new appointments with immediate effect.</p> <p>This will formalise the presumption that individuals will not continue in their roles once the fixed term of five years ends, unless their tenure is explicitly extended.</p>			<p>The Government welcomes the progress made in this area – but is clear that the Commission's current proposals for Permanent Secretary appointments do not go far enough.</p> <p>The Government's view remains that it should be for the Prime Minister to have the choice from a list of appointable candidates, and following an open competition. There is cross-party support for this approach.</p> <p>Gerry Grimstone, Lead Non-Executive at the Ministry of Defence, is currently leading a triennial review of the Civil Service Commission.</p> <p>Fixed tenure was introduced for all Permanent Secretary appointments from July 2013. Eight Permanent Secretaries are now on fixed term appointments, as well as nine Permanent Secretaries in specialist roles where contractual arrangements were already in place.</p>

	Action	Progress	1YO	Now	Further Priorities
12	Establishing a Capabilities Plan to fill Government's skills gaps	<p>Original Plan: Most key milestones delivered or on track. Priority area learning has been rolled out and Capabilities Plan refresh published June 2014. Project Leadership Programme (learning for project leaders below MPLA level) delayed from December 2013 to pilot autumn 2014 and full roll out spring 2015.</p> <p>There are still barriers to digital access in departments which is preventing improvements in digital capability. Government Digital Service (GDS) are working with departments to resolve.</p>			<p>Taking urgent action to fill the critical skills gaps in the Civil Service.</p> <p>To help close the key capability gaps, by April 2015 we will move to the presumption that Senior Civil Service appointments below Permanent Secretary level are open to external candidates as well as civil servants.</p>
		<p>1YO: All additional actions on track.</p>			<p>The priority focus for 2014/15 will be on commercial and contract management skills where gaps are most acutely felt.</p> <p>Civil Service Learning will be improved and easier to use.</p> <p>For new civil servants, there will be an improved corporate induction, completion of which is linked to the end of probation.</p>

	Action	Progress	1YO	Now	Further Priorities
13	Developing and managing the future leadership of the Civil Service	<p>Original Plan: A single Government-wide talent pool, the Civil Service High Potential Stream (CSHPS) has been fully operational since September 2013. To date, there are 89 participants in the Senior Leaders Scheme and 84 participants in the Future Leaders Scheme across 4 cohorts. There are also 69 participants in cohorts 7 and 8 currently completing the High Potential Development Scheme (Director level). Supporting processes on common standards of promotion have been fully implemented.</p> <p>1YO: All additional actions on track except the publication of a diversity strategy, which is imminent. The Fast Stream has been remodelled to ensure alignment with the future leadership capabilities that are required.</p>	●	●	<p>Ensuring that leadership skills are prioritised for top management posts:</p> <ul style="list-style-type: none"> • Future Permanent Secretaries will be expected to evidence that they have the right mix of skills, including leadership. Those applying for Permanent Secretary posts from inside the Civil Service will be expected – and after summer 2016 required – to have completed an appropriate business school leadership programme in advance of taking up an appointment. This will ensure that leadership skills are prioritised for the top management posts in the Civil Service. Those applying from outside who are unable to demonstrate a strong track record of business leadership will be required either to have already completed a similar programme, or will be willing to complete one early in their tenure. Given the premium we place on this commitment, we will start by immediately sending some of the existing Permanent Secretaries to business school. • we will also consider how we ensure the talent pipeline for Permanent Secretary posts has the right mix of commercial and change leadership capabilities. <p>Removing the barriers which stop talented people fulfilling their potential.</p> <ul style="list-style-type: none"> • prioritise implementation of the <i>Talent Action Plan</i>. • commission further work to look at the barriers facing other under-represented groups. <p>We intend to refresh the <i>Talent Action Plan</i> within a year, incorporating new evidence as well as other work to examine how we can close the gender pay gap. At that stage we will publish a revised Talent Strategy, responding to recommendations by Lord Browne and others. This will mean a far greater leadership focus on identifying and bringing on talent and succession planning.</p>
			■	●	

	Action	Progress	1YO	Now	Further Priorities
14	Increasing secondments and interchange with the private sector	<p>Original Plan: 43 outward and 17 inward secondments were agreed by April 2014 meeting the commitment of 60 placements. Good relationships are now established with a range of private sector organisations and there is a healthy pipeline to build on for 2014/15. We are confident that we will deliver the new target of 100 ongoing secondments by April 2015. In addition to this, all Corporate Fast Streamers also now undertake a six month secondment outside the Civil Service (around 260 per year). There is more to do to ensure that secondments are used strategically to fill our skills gaps.</p> <p>1YO: No further actions.</p>			We must do more to encourage the flow of people between the Civil Service and other sectors in order to give our people wider external experience. We will work with departments to maximise the mechanisms in place for moves, including secondments, ensuring momentum builds so movement in and out of the Civil Service is part of a successful career, and it is normal for civil servants to have periods working outside the Civil Service. The Civil Service can only benefit from the experience accrued through interchange and secondments, both inward and outward.
15	Increasing commercial and operational experience among Permanent Secretaries	<p>Original Plan: Specific steps in the plan are complete. When we run recruitment exercises for Permanent Secretaries of main delivery departments the expectation that candidates will have this experience is included as part of the job description.</p> <p>Civil Service factpack 2014 shows that as at 1 December 2013 over two thirds (12/17) have at least 2 years' commercial experience prior to appointment and just under two-thirds (11/17) have the same level of operational experience. An update on Permanent Secretaries' commercial and operational experience prior to taking up post will be published annually from December 2014.</p> <p>1YO: We will bring together the new approaches on capability, talent and secondments to manage more proactively the careers of future leaders in the Civil Service, to ensure they have the opportunity to build the necessary commercial and operational experience.</p>			Permanent Secretaries appointed to the main delivery departments will have at least two years' experience in a commercial or operational role.

	Action	Progress	1YO	Now	Further Priorities
16	Introducing a new model of Departmental Improvement Planning.	Original Plan: Specific steps in the plan are complete. Guidance to departments was refreshed in July 2013 following learning from the pilots.			Departmental Improvement Plans are now the established mechanism for Departmental Boards to set out their improvement priorities. They are routinely published and set out the metrics for assessing improvements, ensuring transparency. HMT are due to publish their Departmental Improvement Plan in 2014. This will complete the commitment.
		1YO: We agreed the new model for improvement planning in September 2012 and are now piloting it in five departments, with a view to full adoption in all departments by April 2014.			
17i	Creating a modern employment offer for staff.	Original Plan: The new offer to staff embraces all of the intentions set out in the original the Reform Plan.			
		1YO: We are implementing new terms and conditions across the Civil Service. Departments began implementation in April 2013.			

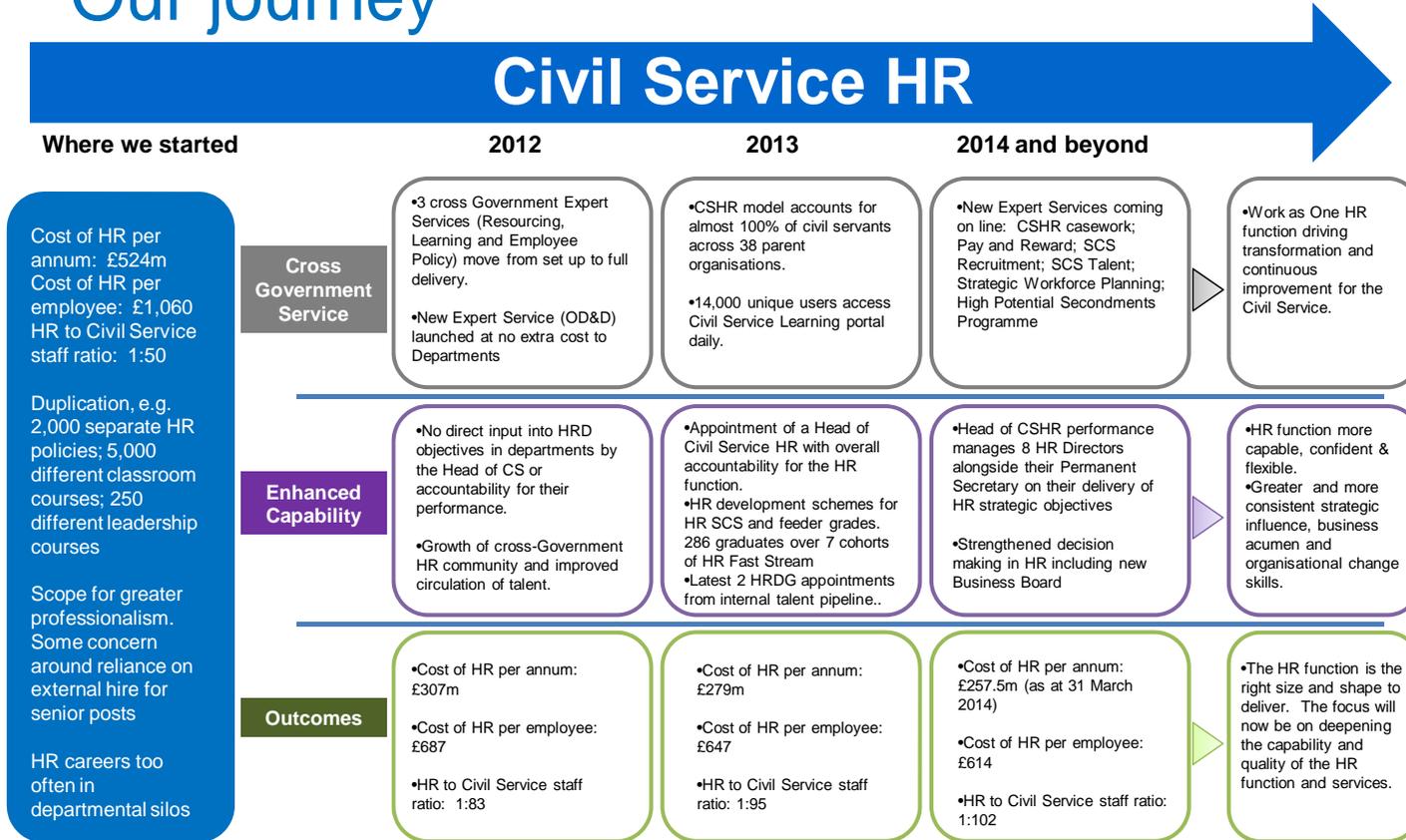
	Action	Progress	1YO	Now	Further Priorities
17ii	Creating a modern workplace	<p>Original Plan: Overall there has been good progress by departments and by the centre in relation to estates and the culture of how we work. However, progress on IT has been slower and therefore we have We have split the RAG rating for this action to make this differential in progress transparent.</p>			
		<p>1YO: In January 2014 45% of civil servants identified “better computer equipment” as the primary issue that would most improve the way they work.</p>			<p>Progress on replacing IT equipment is at a slower pace than we would like; the cost of exiting legacy contracts however means we have had to take hard decisions about the pace of change.</p>
		<p>1YO: All departments are on track to issue the Common Access Pass to HQ locations with phased rollouts expected to have made significant progress by the end of 2014. Clear, simple guidance will be published to ensure that flexible working is managed effectively to support development of a positive flexible working culture by December 2015.</p>			<p>The programme is focused on:</p> <ul style="list-style-type: none"> • establishing, monitoring and supporting departments on the momentum of change. • using departmental champions and pathfinders to improve overall momentum. • providing departments with the communication vehicles and tools to enhance programme delivery. <p>A more fundamental transformation in our ways of working is now required:</p> <ul style="list-style-type: none"> • by December 2015 all central departments will have flexible working cultures and improved IT in place to enable a more fundamental transformation in our ways of working; • a Smarter Working Charter will be in place by February 2015 to support and benchmark progress.

Annex B: Charting the Functional Leadership journey, by function



Civil Service
Human Resources

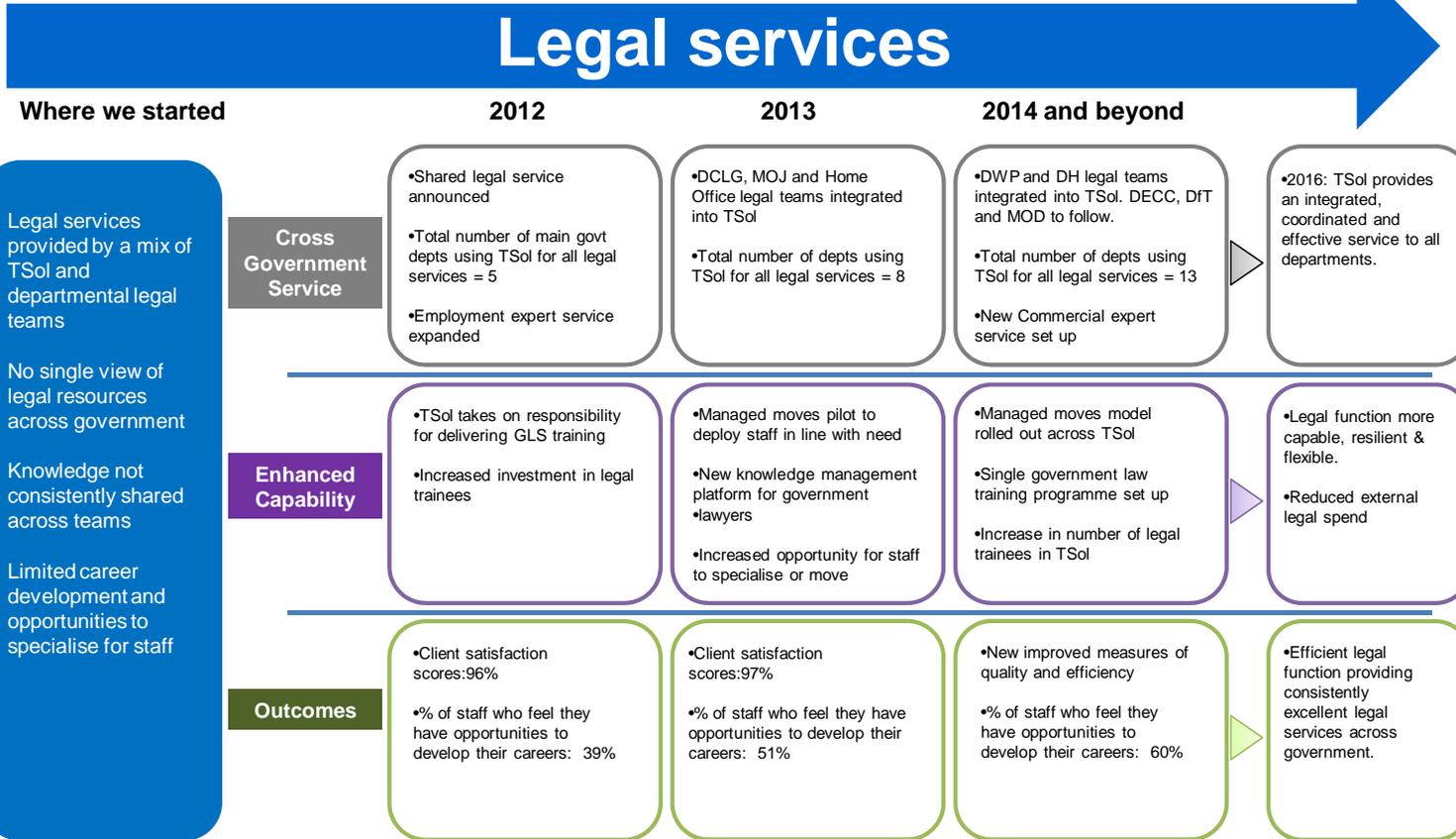
Our journey





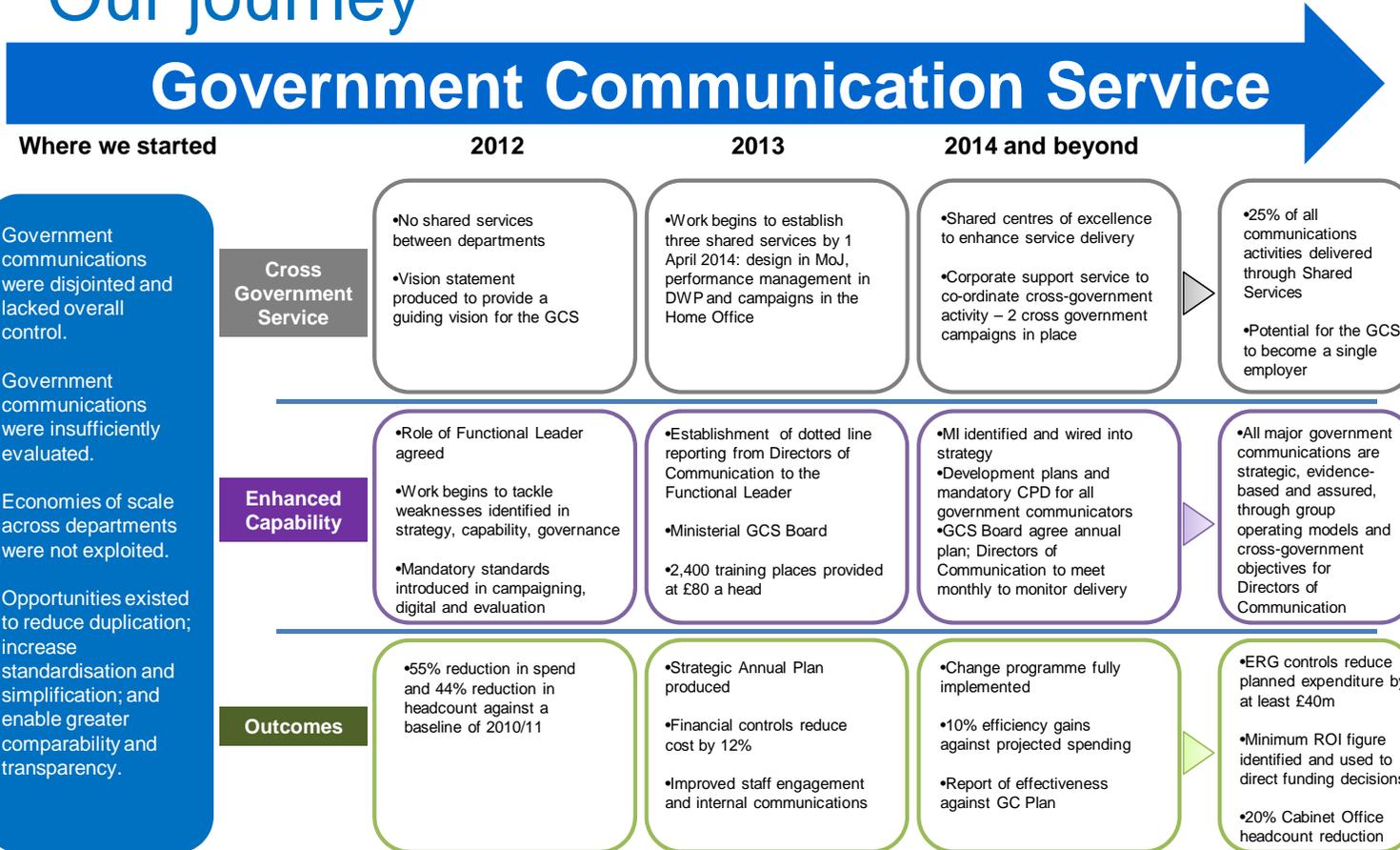
Treasury
Solicitor's
Department

Our journey



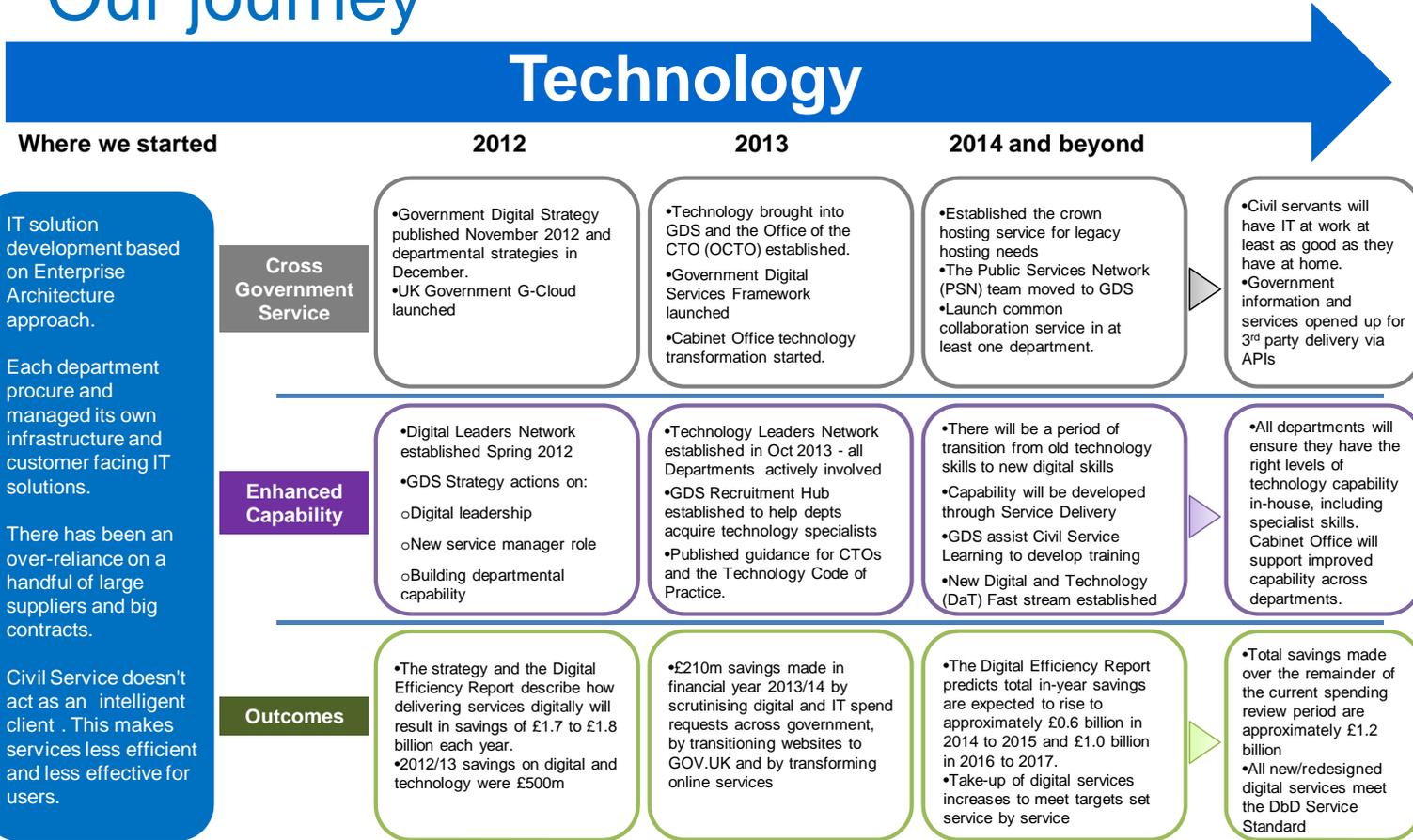


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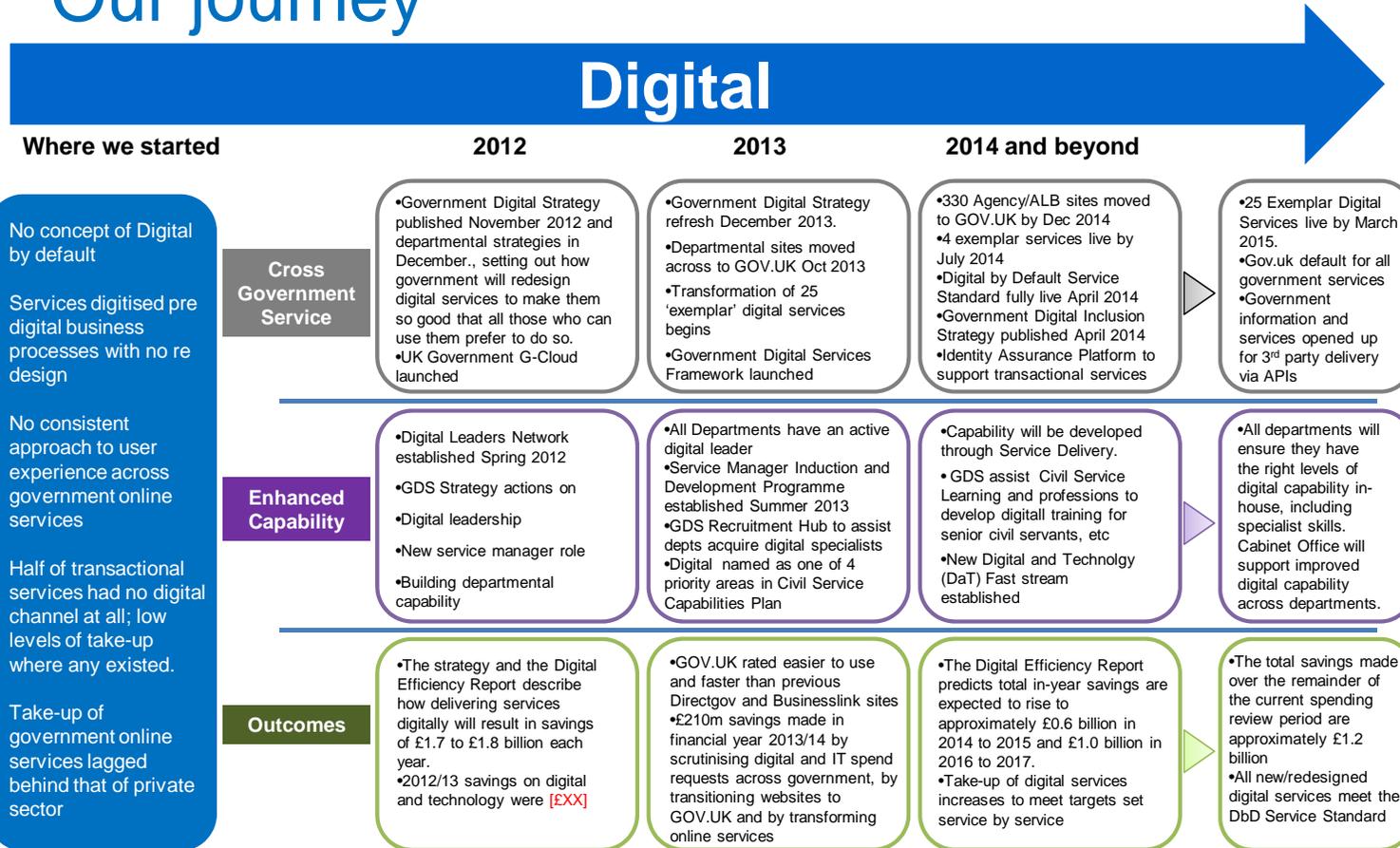


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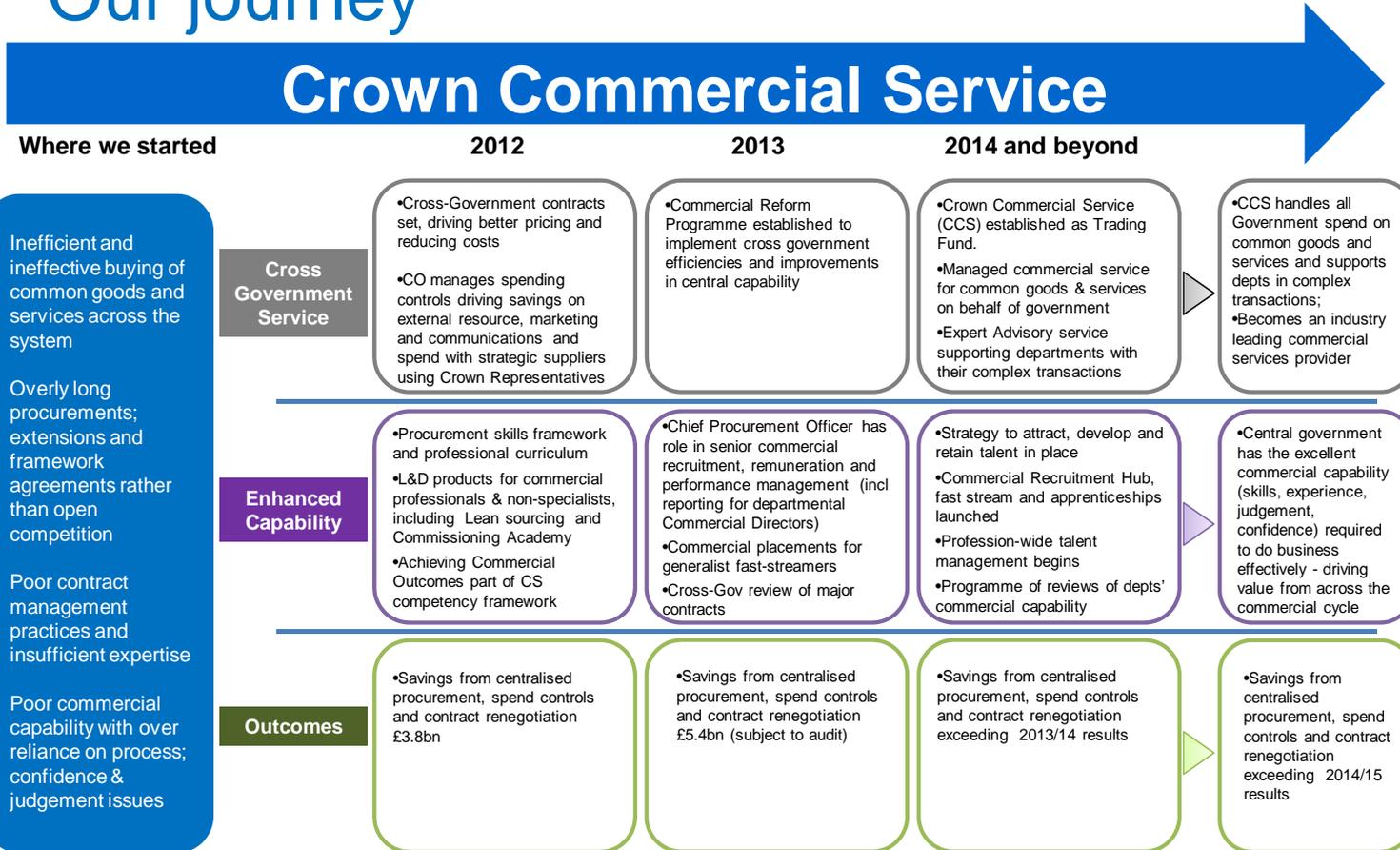




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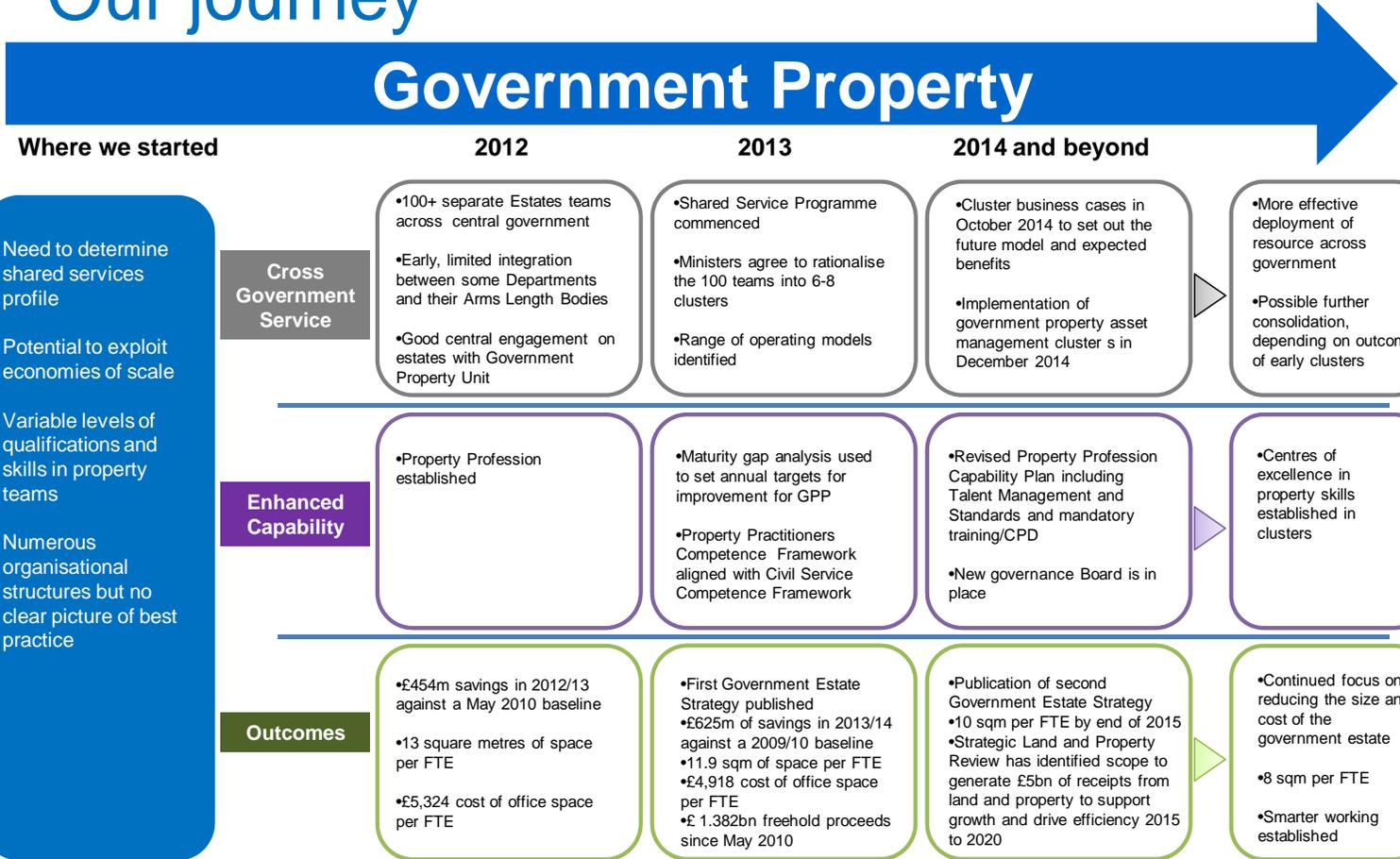


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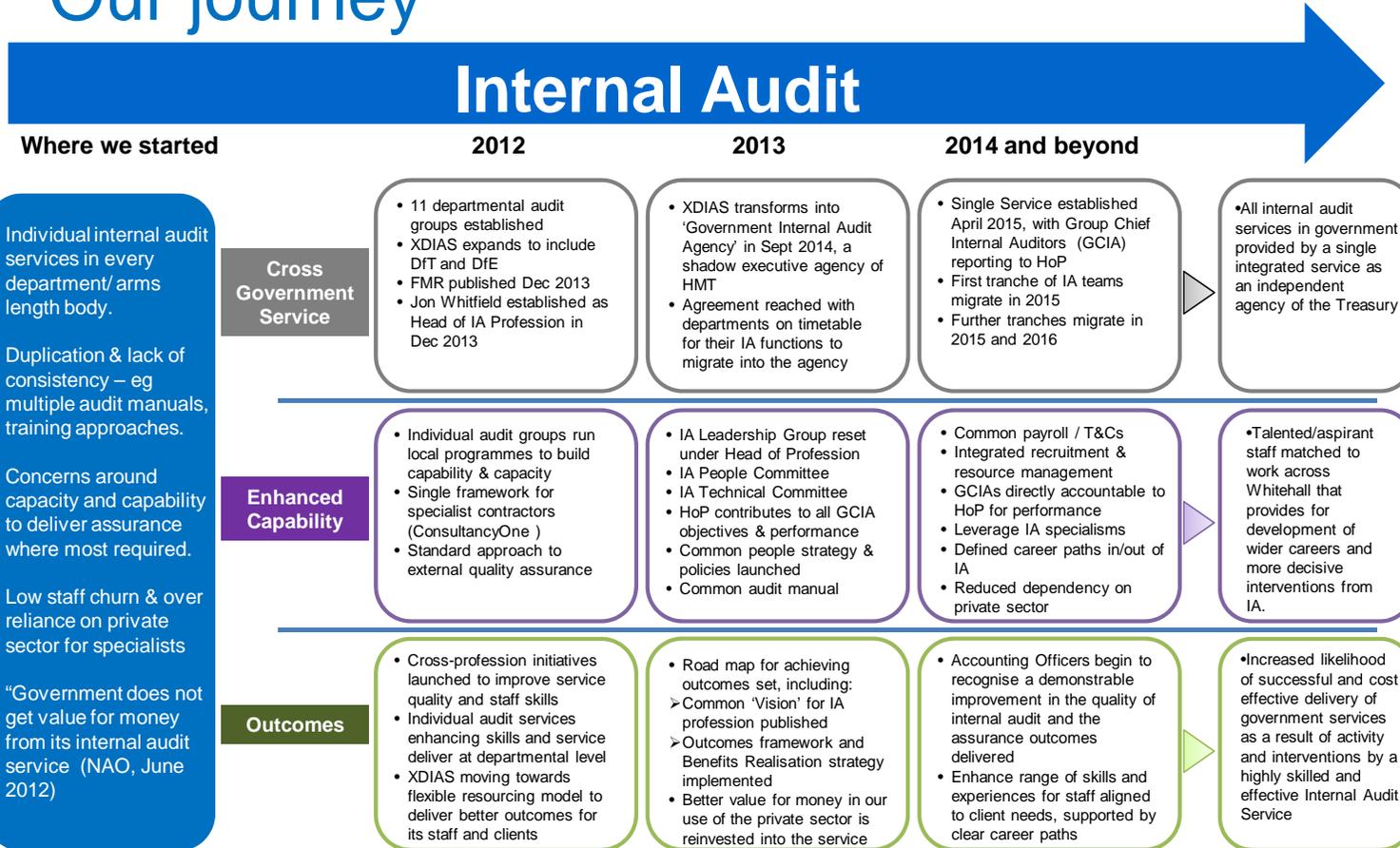


Our journey





Our journey



Our journey

Government Finance

Where we started – a good place

- FDs are professionally qualified and have a seat on departmental Boards*
- The first ever Whole of Government Accounts published – 2011
- SR2010 spending reductions are one year ahead of schedule, while levels of satisfaction with public services have been maintained or improved
- The UK is one of only two countries that sets departments multi year budgets
- The UK's financial management arrangements rank third out of 100 countries for transparency

2013

2014 and beyond

Cross Government Service

The FMR model uses departments to drive change rather than adopting a shared services model. However, there will be a small central team providing HR support to the function and the operating model implementation committee is establishing whether there is a case for centres of excellence to provide cross-government services, with initial decisions expected in November 2014. Moreover the FMR work, particularly that on data, will help support the wider shared services agenda, allowing for more effective sharing of services across government.

Enhanced Capability

- Publication of Financial Management Review in Dec 2013
- New head of finance function – bringing together profession, wider function and HMT spending
- Dotted line management of Finance Directors
- Measures to improve Financial MI

- Julian Kelly appointed as head of finance function
- Senior finance leaders committee structure established to take FMR forward
- Implementation committees formed to progress work on people, data, performance and planning and an operating model for finance.

- Finance directors continue to have dotted line reporting to Julian Kelly
- Enhanced talent management
- Finance Operating Model
- Improved planning

Outcomes

- No financial savings expected but plans for service improvements emerge out of FMR
- Measures on spending controls to increase coherence

- Action plans to be produced by implementation committees in June
- First milestone for outcomes in November 2014
- A finance model that supports the command and control necessary to assure high, consistent quality in finance delivery across government

- A function with the right skills to deliver
- Assessments of departments to check capabilities and risks
- 4-5 projects to cost services against outputs

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