



**Capability Reviews:
An overview of progress and next steps**

Foreword



I started the Capability Reviews programme in 2005 to assess government departments' capability to meet current and future challenges. Over the course of the last four years, I have seen the programme significantly improve the capability of the Civil Service, across all departments. I am publishing this report alongside the HM Treasury and HM Revenue & Customs reports, and baseline reviews of the Department of Energy and Climate Change and the Serious Fraud Office, to mark the completion of a full set of re-reviews for all the major government departments.

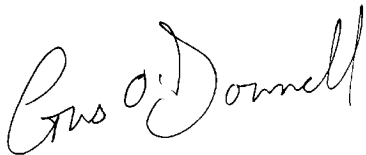
I can see improvements in capability reflected across the Civil Service, where staff, delivery partners and stakeholders are all clear that things have got better. I am very pleased with this success. However, the last year has shown us all how quickly circumstances can change; we face significant new financial challenges. The Civil Service needs to continue to adapt in faster and smarter ways and build on the good progress we have made.

I am proud of the programme, particularly the way that permanent secretaries and departments have responded, and I would like to thank them for their commitment and engagement, and willingness to learn from what has often been a challenging process. I said from the outset that I wanted the programme to shine a light on the leadership of departments. Leadership underpins all that we do in the Civil Service: from dealing with the recent increase in workload for Jobcentres to tackling longer-term complex issues such as climate change or childhood obesity. It hasn't always been easy; reviews are hard-hitting. They have identified where the Civil Service needs to improve – and they have done it publicly. This has been their strength.

The reviews themselves have been conducted by review team members – people drawn from senior positions across the private sector, the Civil Service and the wider public sector. The insight and value that they have contributed have been crucial to driving improvement; without their dedication, the programme would not have had such a profound impact and I would like to thank them for the contribution they have made.

In the future, Capability Reviews will be more tailored to support the Civil Service in building underlying capability in areas where the need is greatest. The way we assess our capabilities needs to evolve and remain relevant. The downward pressure on public spending will make it more important than ever to keep a strong focus on how to deliver efficiently. Departments will need to be more innovative in how they provide services and be able to demonstrate clearly that they are achieving value for money.

This report highlights where we have improved and where the challenges for improving our capability lie. I am confident that the Civil Service will rise to the challenge.

A handwritten signature in black ink that reads "Gus O'Donnell". The signature is written in a cursive style with a large, stylized 'G' and 'D'.

Gus O'Donnell
Cabinet Secretary and Head of the Home Civil Service
December 2009

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1. Introduction

The Civil Service has been working hard in recent years to adapt and change to reflect its role in an increasingly complex and challenging world. In a recent survey of new entrant Fast Streamers into the Civil Service, 90 per cent said that they were attracted to their jobs because they felt that their work would benefit wider society. And civil servants enjoy the trust of the public with levels of trust almost doubling since 1983.

But the Civil Service faces significant challenges and, while it is starting from a strong base, it is important that it continues to focus on building capability to address the challenges of, for example:

- an older and more diverse population;
- the complexity of current issues such as climate change and childhood obesity;
- the advances in technology and the changing way people work, communicate and socialise; and
- building modern public services which equal the best on offer from other sectors and match best practice across the world.

With this aim in mind, the Cabinet Secretary launched a programme of Capability Reviews in 2005 to test the Civil Service against a model of the best and to ensure that it was responding with pace to the demands of the future. These reviews provide the Civil Service with a common currency for capability and enable it to identify its collective strengths and weaknesses. In February 2009, the National Audit Office published its assessment of the Capability Reviews programme. It found that the programme had succeeded in raising the capability of the Civil Service and had made capability improvement a key feature of management board attention across Whitehall.

All the major government departments have been assessed against a common framework and the results of these assessments have been published. The framework covers leadership, strategy and delivery. Departments have now been re-assessed against the same framework to measure improvement. This has shown that the capability of all departments has improved. Ninety-five per cent of areas assessed in the baseline Capability Reviews as needing urgent development have been addressed.

The model of capability has now been revised to place increasing importance on value for money, sharpen the focus on delivery, improve innovation and collaboration, and link results to outcomes. The new model of capability is set out on page 32 of this report. The process of reviews will also evolve to drive the next phase of capability growth.

This report sets out the assessments against the current model of capability set out on page 7 and describes the progress that has been made against the three sections of the model: leadership, strategy and delivery. Case studies showing how departments have addressed their capability gaps are set out alongside case studies which show how the centre is supporting departments to improve. Lastly, the revised model of capability is described.

2. The Capability Reviews programme


The ambition of the Capability Reviews programme, launched in 2005, was to bring about a step change in the capability of the Civil Service. The major Whitehall departments have been assessed against a common framework of capability and the results of these assessments have been published. These departments have now been re-assessed to measure progress. New departments have received a baseline assessment.


- In October 2005, the Cabinet Secretary announced to the Public Administration Select Committee that he would work with permanent secretary colleagues to develop a programme of Capability Reviews to:
 1. improve the capability of the Civil Service to meet today's delivery objectives and be ready for the challenges of tomorrow;
 2. assure the public and ministers that the Civil Service leadership is equipped to develop and deliver departmental strategies; and
 3. help departments act on long-term key development areas and therefore provide assurance on future delivery.
- The reviews provide an assessment of capability for departments, identify key areas for improvement and set out key areas for action. Each review has been carried out by a team of external reviewers assembled specifically for the department under review and supported by the Capability Reviews Team from the Cabinet Office. The reviewers are drawn from senior leaders across the public, private and third sector.
- All central government departments that have not been a part of significant machinery of government changes have now had a baseline Capability Review and a re-review. The capability of all departments has improved over the course of the programme. The second round of reviews found that progress had been made in 95 per cent of the areas originally identified as needing most urgent attention – those rated 'urgent development area' and 'serious concern'.
- Figure 1 shows the current model of capability. It is divided into 10 elements across three sections on leadership, strategy and delivery. An assessment is made against each of the 10 elements of capability and the assessment categories are set out in Figure 2. More detail and underlying questions to the elements of the model used for reviews so far can be accessed at: www.civilservice.gov.uk/about/improving/capability/mod-cap-tools/the-model.aspx.


Figure 1: The model of capability





Figure 2: Assessment categories

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Strong – good capability for future delivery in place, in line with the capability model. Clear focus on the action and improvement required to deliver transformation over the medium term.
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Well placed – well placed to address any gaps in capability for future delivery through practical actions that are planned or already under way. Is making improvements in capability and is expected to improve further in the medium term.
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Development area – the department should be capable of addressing some significant weaknesses in capability for future delivery by taking remedial action. More action is required to close those gaps and deliver improvement over the medium term.
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Urgent development area – significant weaknesses in capability for future delivery that require urgent action. Not well placed to address weaknesses and needs significant additional action and support to secure effective delivery. Not well placed to deliver improvement over the medium term.
- 

Serious concerns – serious concerns about current capability. Intervention is required to address current weaknesses and secure improvement in the medium term.

Building Civil Service capability

- The Civil Service needs to adapt and change at a pace which reflects the speed of change around it. Key to this is building a culture in departments where change and continuous improvement come as standard to everyone from the top leadership to the front line.



David Normington, Permanent Secretary, Home Office – Building capability at the Home Office

The first step towards building capability after the crisis of summer 2006 was to move fast to produce an action plan for reform. This was rough and ready. But it put some stakes in the ground. It was an unequivocal statement by the leadership of the Home Office that we were intent on fundamentally changing the Department.

It was an essential step in convincing our ministers, the media and the public that we were determined to change. We said from the outset that we would never take our eye off the front-line delivery of services to the public. We said we would reduce our head office staff so that we could redirect resources to front-line services at the border – and we did.

Strong leadership is crucial to any organisation; to meet the challenges ahead, we completely reshaped our top team. In our summer 2006 plan, we said that we would change 20 directors by Christmas 2006 – and this too was achieved. But more important has been the work to invest in the skills of our leaders to improve performance and give them the skills to coach their staff to higher standards. In the first two years of our reform, we focused deliberately on our top 200 leaders because we needed that team to be united in purpose and to have the leadership and people management skills to lead. We have now widened our ambition to focus on the leadership and management of our middle managers.

We promised from the start – and I have constantly repeated that promise – that we would fix the basic defects in systems and processes which lie at the root of the Home Office's long-term problems. I sometimes think that change programmes focus only on the big leadership issues of strategy, direction and motivation and ignore the need to underpin this with fixes to the basic wiring of the organisation. No reform of the Home Office which is going to stick can ignore the fixing of all these systems and more. And so we are engaged in a long, determined programme – not yet complete by any means – to fix the basics.

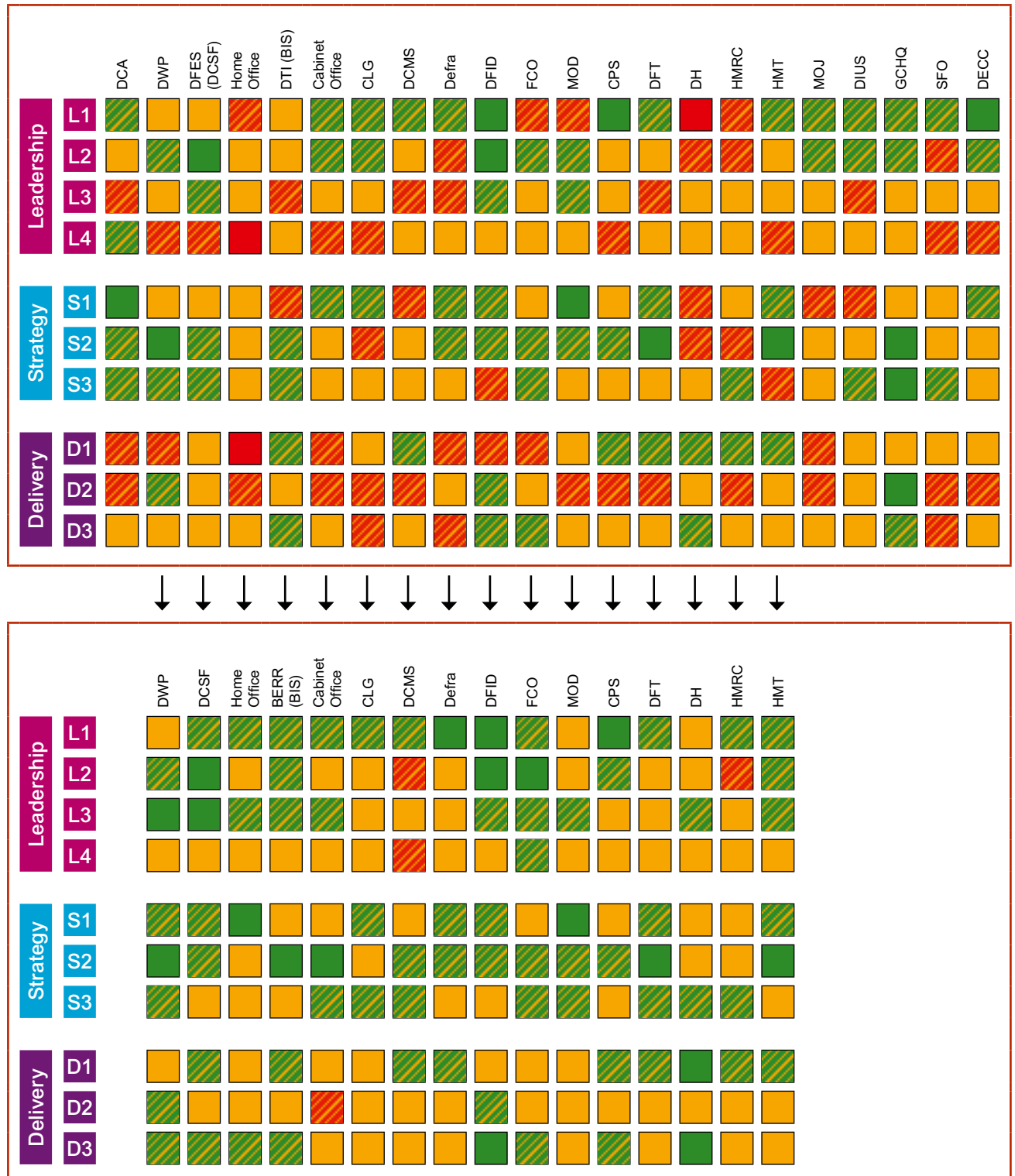
But, above all, the involvement and engagement of our people provide the most important key to our progress. It is their skills, their commitment, their confidence, on which we depend to maintain this upward spiral of progress. They know better than anyone how much we have achieved, but how far there is still to go. I emphasise, it is a question of building skills and confidence. We continue to focus on both.

We are preparing now for the next Capability Review, when the bar will be raised again. We know we will be judged on the realities of our performance: the Home Office has improved dramatically, but we now have to be the best – no other ambition will do.

3. Civil Service capability assessments at a glance

By the end of 2009, 22 government departments have been reviewed and 16 of these have been re-reviewed. The re-reviews show that capability has improved across major government departments.

Figure 3: All baseline and re-review assessments



Civil Service capability has increased in all elements of the model of capability. There is more to do to build capability in all elements of the model to achieve the highest assessments.

Figure 4: Capability Reviews Phase 1: Assessments by capability element

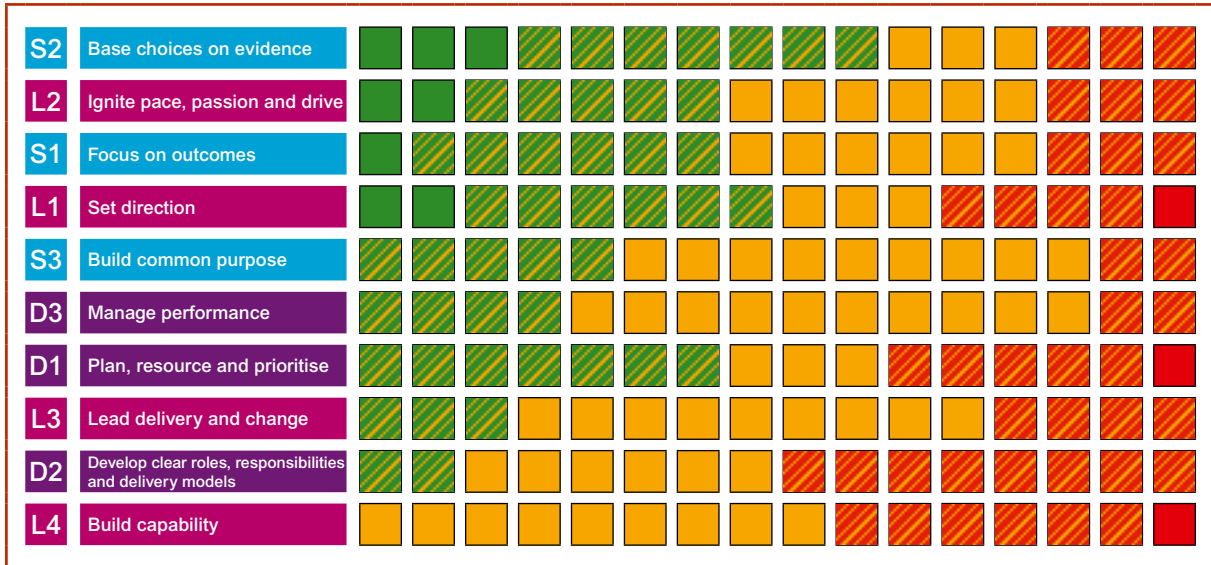
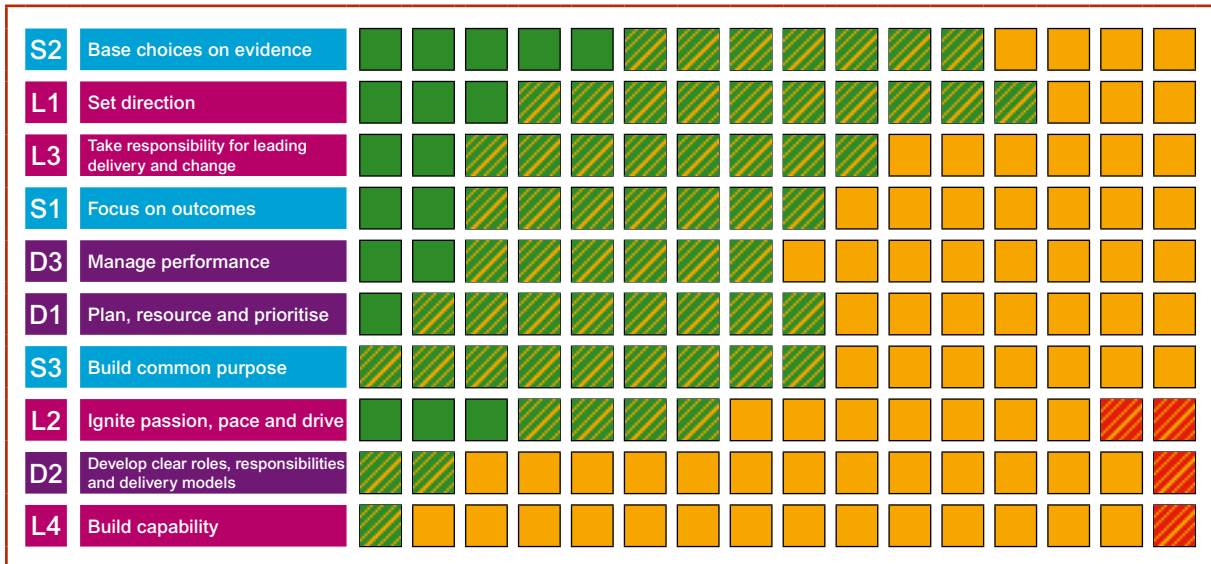


Figure 5: Capability Reviews Phase 2: Assessments by capability element



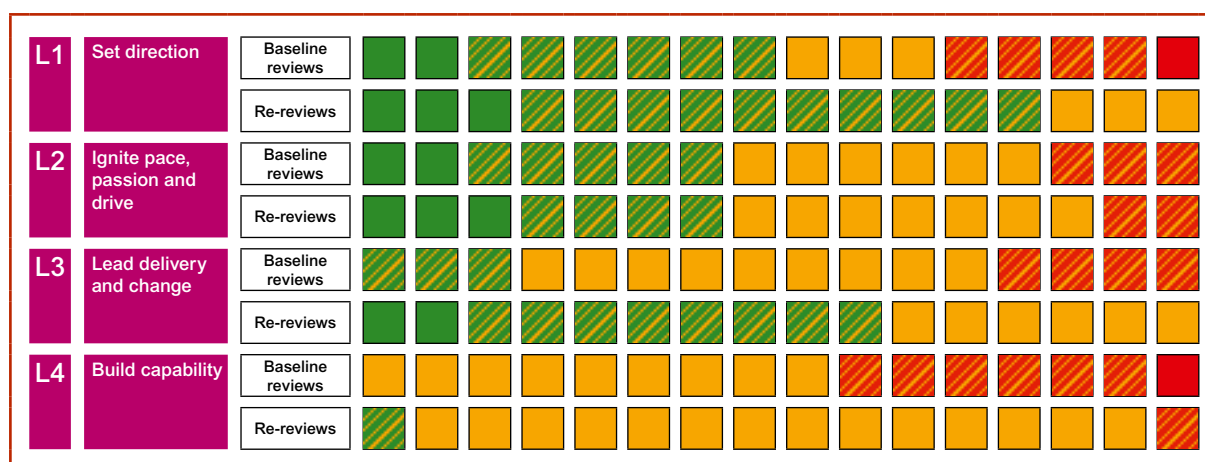
4. Leadership

Civil Service leadership capability has improved. Departments now consistently develop and set out a vision as a basis for engaging staff and driving the work of the department. Departments have improved the way they lead delivery and change, and are taking much greater ownership of improving capability. More work is needed across the Civil Service to develop skills for the future and manage performance effectively.

Leadership assessments

- The following chart shows the spread of assessments for Whitehall departments in the leadership elements of the model of capability used for both the baseline and re-review assessments.

Figure 6: Leadership assessments for baseline and re-reviews



Findings of the baseline reviews

- The first round of Capability Reviews highlighted some areas of strength and areas which needed urgent attention.
- Across all departments, within the leadership section of the model, L2 ('ignite passion, pace and drive') was found to be the strongest element. This gives an indication of staff engagement and role-modelling by senior leaders and demonstrates the commitment of staff to public service and Civil Service values.
- L4 ('build capability'), which assesses how departments manage and develop their staff, was the weakest element overall.
- L1 ('set direction') showed the greatest range of assessments of any element in the model, with examples of both strength and weakness in departments' capability.

Findings of the re-reviews

- The second round of Capability Reviews found improved capability across all elements of leadership. The areas assessed in the baseline Capability Reviews as needing urgent development have been addressed.
- L3 ('lead delivery and change'), which comments on the capability and effectiveness of departmental boards and top leadership teams, showed the most improvement across departments overall.
- L4 ('build capability') remains the weakest element of leadership capability, with almost all departments needing further development in this area. Improving and nurturing talent, developing skills and expertise for future challenges, and managing staff performance remain key challenges.



Minouche Shafik, Permanent Secretary, Department for International Development – Leadership in the Department for International Development

What matters most is having a wide coalition of leaders, all passionately committed to advancing a common cause. Since the Department for International Development (DFID) was created in 1997, we have benefited from strong political support, a good legal framework and sound policies, which have forged the UK and DFID's reputation as a 'world leader' on international development. The real test, however, is maintaining your vision in difficult times. The global economic crisis could have knocked us off our path but instead, looking back over the last year, I am proud of how we got US\$50 billion of support for poor countries right at the heart of the G20 meetings in London. Our recent White Paper has been hugely important in setting out a compelling vision for why you need greater investment for a safer and more prosperous world for everyone in tough economic times.

We definitely have a 'view' on what needs to be done and sometimes that requires us to be forceful in the international system. Occasionally, this can ruffle feathers, but if we are clear that it's about getting results for poor people, and have the evidence to back up our view, then this ultimately gains the respect of our peers. For me, a defining moment was when US non-governmental organisations ran a campaign saying 'Do it like DFID' in the run-up to the US presidential election. Our challenge now is to deepen our partnerships beyond the 'like-minded' to provide leadership to make the entire development community more effective.

Within the Department, we have a great set of leaders. I was fortunate to inherit a cohesive Board, but it's not just about the Board. The Leadership Group of DFID's Directors play a valuable role in collective problem-solving and the Senior Civil Service are empowered to lead their staff at the country office and department level. We trust our people, we delegate to them, and we hold them to account.

In my first year and a half as Permanent Secretary, I have had to choose which issues to prioritise and when. Improving our delivery of results and people management were early areas of focus. For example, getting posts filled in fragile states was a top priority which required us to pull all the corporate levers around career incentives, policy profile, resource allocation and senior management engagement. One of my first overseas visits was to Afghanistan with the Foreign and Commonwealth Office (FCO) and Ministry of Defence (MOD) permanent secretaries, which sent important signals to staff on our approach to both fragile states and Whitehall working. There were other changes I wanted, such as streamlining corporate functions (which we are tackling now), but I knew we had to pace ourselves.

Leadership within a Whitehall department has to be rooted in the individual organisation, its values, culture and history. There really is no one size fits all, not least because the size and role of departments vary so much. However, leadership of a Whitehall department is equally about working together with permanent secretary colleagues to provide collective Civil Service leadership on common challenges. Chief among these will be how we manage to change and innovate to deliver more with less during the difficult economic times.

Key departmental improvements

L1 Set direction

- L1 ('set direction') is an area where departments made significant progress, and a number of departments increased their capability by more than one assessment category.
- Commonly, staff and stakeholders say that direction and vision are more clearly articulated and communicated.
- Permanent secretaries or the equivalent head(s) of department are providing stronger leadership and visibly demonstrate commitment to capability improvement and wider Civil Service transformation.

Case study: *The Children's Plan* and 'building the rainbow' vision at the Department for Children, Schools and Families

During winter 2006–7, the Department for Children, Schools and Families (DCSF) spoke to and heard from thousands of children and parents in preparation for England's first-ever Children's Plan. DCSF listened to the views of young people, their families and experts in the world of children's services on the issues facing children. It assembled hard facts and figures about the current well-being of children and young people in England, looked at past trends and made international comparisons. *The Children's Plan* was published in December 2007, and a progress report in December 2008 set out what had been achieved since. The Department decided early on to align its new brand identity with the concept of *The Children's Plan*, a design approach which can best be summed up as 'building the rainbow'. The DCSF departmental brand is important because it is instantly recognisable and shows what kind of organisation the Department is, what it believes in and how it does business. It signals that everything DCSF does is part of delivering its vision – building a brighter future for children and young people. The brand has enabled staff to unite behind a common aim, and helped bring together those who had previously worked in different parts of government.

L2 Ignite passion, pace and drive

- Reviews report that department boards are increasingly setting and role-modelling the desired culture and values.
- Senior leaders are more visible. Staff say that leaders make more front-line visits, increasingly work in open-plan environments and communicate better.

Case study: Vision and engagement in the Department of Health

In 2007, staff morale in the Department of Health (DH) was low. Insufficient leadership attention had been given to the Department's staff, partly because of the strong external focus on managing relationships with the NHS. Stakeholders also told the Department they were unclear about its vision for health and social care. The Department has turned this around significantly since then. After extensive engagement with staff, the Department set out what it values, what it does and why it is here. Its purpose, role and values are highly visible throughout the DH estate and widely recognised by staff. The Department has put enormous effort into explaining what they mean for staff and for the culture of the Department. The depth and breadth of its engagement with the public, stakeholders and staff in the health and care system, reflecting the Department's vision for 'better health and well-being, better care and better value', shaped the stronger emphasis on health improvement and protection in its strategic approach and in the successful NHS Next Stage Review, as well as the care and support Green Paper. The impact can be seen in the tremendous improvement in staff morale, motivation and commitment since 2007 and the significant improvement in stakeholders' views about the Department.

L3 Take responsibility for leading delivery and change

- Reviews report improved capability within departmental boards with new expertise and stronger external challenge from non-executive directors. Boards are more focused on strategic priorities and have better support.
- Boards have become much more corporate, increasingly working together as teams and being clear about their common corporate objectives, and staff are better engaged on change.

Case study: Developing the Home Office Board

Collaboration has been a major theme in the Board's development since the last Capability Review. The Board members have focused on understanding each other's areas of business and issues, and creating a greater sense of a shared responsibility for the Board's agenda in delivering the Department's strategic objectives. Straight talking and honest feedback between Board members, as well as representation of each other's business at the Department's leadership events, have been important elements of this approach. The Board has adopted a self-assessment approach to their team development, ensuring that they take time at the end of each meeting to analyse their effectiveness and performance. The Board has also been involved in a programme of away-days with ministers to extend this collaborative approach to the discussions on important cross-cutting issues with the ministerial team. Visibility and understanding of the Board's role has also been enhanced by Board members' involvement in the Department's leadership engagement events and senior management conferences, often discussing other Board members' issues. Individual members of the Board also sponsor the Department's major corporate change programmes. Consequently, the number of staff who felt that their Board members were as visible as they expected them to be has increased from 23 per cent in the 2005 staff survey to 47 per cent in 2008. Although there is still room for improvement, the Board has demonstrated its flexibility and willingness to change.

L4 Build capability

- Reviews report a strengthening of the human resources (HR) function. More professionally qualified and experienced staff have been recruited and there have been some improvements in the management of staff performance and talent management.
- Departments are investing in the development of skills, staff training and coaching.

Case study: People management at the Foreign and Commonwealth Office

Since 2007, the Foreign and Commonwealth Office (FCO) has strengthened its HR capability in several ways, including by putting in place key strategies. The overarching people strategy sets out the key aims for managing the FCO's people – in the UK, and local staff employed by embassies around the global network. The Department has adopted a more proactive approach to workforce planning issues, looking at possible future staffing needs, to inform recruitment, training, promotion and retirement policy decisions. The diversity strategy outlines how a more diverse and inclusive FCO can help deliver well and sets out how the Department aims to get there, and the local staff strategy sets out how the organisation can make the best use of the skills and talents of local staff.

On the practical side, the FCO has put more focus on people management, including robust performance management, training aligned more closely with Departmental Strategic Objectives, and a network of regional training centres to deliver relevant training across the globe. Promotion mechanisms at every grade ensure that staff are not promoted until they are ready but that there is a route for rapid promotion for the most talented. The impact is measured through an annual staff survey and 2008 saw increased scores for staff engagement (now at 78 per cent) and for line management and leadership.

Building leadership and HR capability in the Civil Service

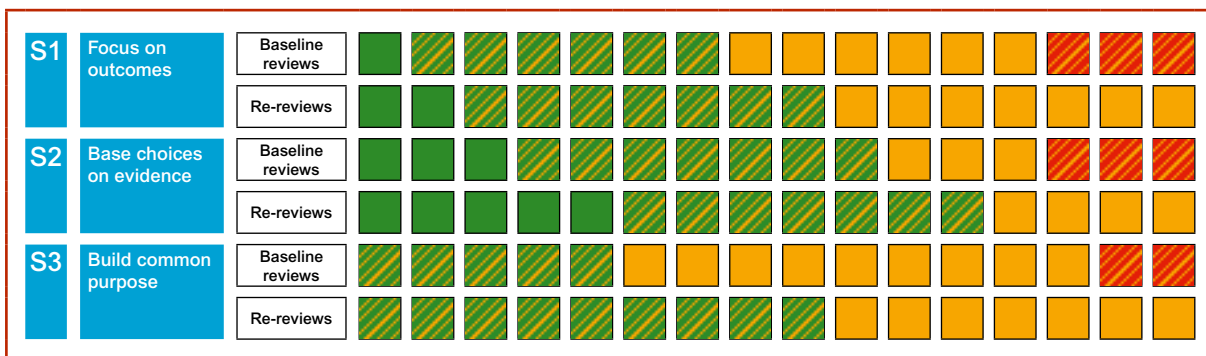
The Cabinet Office leads a programme for developing leadership in the Civil Service. Its principal elements include the following:

- The Senior Leadership Committee has revised its terms of reference to focus on setting the expectations (skills, experience and behaviour) for the most senior civil servants (Top 200), assessing leaders against these expectations, making recruitment decisions and commissioning corporate development.
- The Top 200 meet biannually to strengthen cross-government working.
- Approximately 600 new joiners to the Senior Civil Service have attended a corporate leadership induction programme (Base Camp). An accelerated development programme for the strongest performing directors general is under way.
- A fourth cohort of the High Potential Development Scheme has been launched for talented directors and deputy directors.
- A new leadership development framework has been agreed to bring more consistency and coherence to leadership development across the Civil Service.
- A review of the Civil Service Fast Stream has made changes to the talent development programme to ensure that it continues to attract some of the country's most able and diverse graduates and equips them for the needs of the future Civil Service.
- The first ever Civil Service people survey was conducted in October 2009 and covered 97 per cent of the Civil Service; the results will be available in 2010 and provide information on existing engagement levels and what drives engagement in the Civil Service.
- The Next Generation HR programme is being rolled out to improve the professionalism of Civil Service HR. It will enable us to attract, retain and develop the best talent.

5. Strategy

The capability of the Civil Service to develop strategy has improved since the baseline Capability Reviews. Analytical capability is a particular strength, and stakeholders say that departments have got better at engaging them and understanding customers. Departments need to continue to improve cross-boundary working.

Figure 7: Strategy assessments for baseline and re-reviews



Findings of the baseline reviews

- The first round of Capability Reviews showed the strength of strategic capabilities while indicating that, in some departments, there was more to be done to achieve the standards of the best.
- S2 ('base choices on evidence'), which assesses the way departments commission and use analysis and evidence, was the strongest element in the strategy section.
- S3 ('build common purpose'), which looks at how departments engage and align partners to work together to deliver the strategy, was the weakest.

Findings of the re-reviews

- The second round of reviews found improved capability in all elements of strategy. The areas assessed in the original reviews as needing urgent development have been addressed.
- S2 ('base choices on evidence') remains the strongest element in the strategy section, and the majority of assessments awarded in the second round of reviews were either 'strong' or 'well placed'. S3 ('build common purpose') remains the weakest element in strategy.



Leigh Lewis, Permanent Secretary, Department for Work and Pensions – Strategy at the Department for Work and Pensions

The real test of a department's strategic capacity is when the external world is changing rapidly and posing new challenges. Over the last 12 months, the Department for Work and Pensions has had to deal with an unprecedented increase in the number of people seeking our help. During this period we have more than met this short-term challenge, maintaining benefit processing times while still ensuring that large numbers of unemployed people find jobs, even in the downturn. At the same time, we have also kept our focus on the longer-term challenges facing society. We continue to drive forward on pensions reform and the roll-out of the Flexible New Deal, and we are improving levels of customer service through our new capacity to take more of our benefit claims online and through our continuously improving online benefits adviser service.

Key to being able to meet both our short- and long-run challenges is a clear and agreed understanding of the Department's Strategic Objectives and its priorities. We have focused on our objectives and ensured that we have a clear understanding of where we are meeting our aims and where we are falling short. This has enabled us to target resources and effort at essential areas. Among our objectives, our aim to be an exemplar of effective customer service delivery is driving us to ensure that the voice of the customer is always heard as we consider new policy and delivery developments. This approach helps us to ensure maximum effectiveness and efficiency in everything that we do.

Underpinning this is a first-class evidence base, providing timely and broad-based information about current and future performance. This evidence base was not developed overnight: we have invested over a number of years in datasets, forecasting tools and policy simulation models to ensure that the Department has a clear understanding of current performance and future trends.

So what, of all of the above, can we say has been given real impetus by the two Capability Reviews that the Department has now been through? There is no doubt that the first review led us to look in very considerable depth at our own leadership behaviours as a top team and to recognise that, while we were seen as highly competent individuals, we were not acting sufficiently well as a coherent top team right across the Department.

The second review told us that we had made real progress in that direction, but still challenged us as to whether we were being sufficiently innovative in generating new ideas and radical new approaches to service delivery. Those are themes which we have harnessed towards our own ambition to become a truly ground-breaking organisation in terms of the service of we deliver, every day, to our millions of customers. Overall, there is no doubt that the Capability Review process has helped the Department to strengthen its record of delivery and its policy and analytical ability.

Key departmental improvements

S1 Focus on outcomes

- Departments have refreshed strategic objectives and staff and stakeholders report improved communication.

Case study: Department of Energy and Climate Change – developing the Low Carbon Transition Plan

Early in its formation, the Department of Energy and Climate Change (DECC) needed to set out a single credible strategy for the transition to a low carbon economy which also met the requirements of the Climate Change Act 2008. The challenge was to bring together the good work on emissions reduction being done across government with DECC's other key objectives covering security of supply, protecting the vulnerable and promoting the benefits of a low carbon economy. It was also vital that the plan helped to strengthen UK credibility in the international climate change negotiations. The development process was guided by two cross-government bodies: a steering board and a working group, underpinned by an analytical sub-group that pulled together those with key policy ownership, including the Department for Communities and Local Government, the Department for Environment, Food and Rural Affairs (Defra), the Department for Transport (DfT), the Department for Business, Innovation and Skills (BIS), HM Treasury and the Cabinet Office. Key external stakeholders were engaged through a number of structured seminars chaired by the Secretary of State for Energy and Climate Change. The strategy is structured around being able to meet our first three carbon budget periods (to 2022). For the first time, the broader set of interim milestones and targets required to decarbonise the economy was clearly laid out in a single document and demonstrated the value of bringing the ownership of energy and climate change policy into a single department.

S2 Base choices on evidence

- Departments have improved how they use evidence and analysis in policy making; for example, through underlining the importance of using evidence and analysis to policy makers, and raising awareness of the different types of evidence which can be drawn on.

Case study: Use of evidence by the Department for Transport

The Department for Transport (DfT) took a cross-cutting approach to examining passenger and freight movements from an end-to-end (origin to destination) perspective, which reflects the user experience, rather than considering each type of transport separately. This provided the potential for optimisation across the entire journey, to ensure that policy development closely reflected the requirements of transport users.

Working with industry, DfT developed a suite of analysis documents examining the end-to-end journey across all transport modes through key UK international gateways (ports, airports, the Channel Tunnel) and the road and rail links that connect the gateways to key markets in the UK. The approach encompassed all partners across the journey, over 100 public and private sector organisations in total, including many that had not previously featured in DfT analysis. The analysis covered performance and process data which included domestic and international comparators, across key stages of international journeys, and was presented in a digestible format which brought the journey to life and enabled a clear understanding of key challenges.

This evidence base highlighted the greatest pinch points in the journey, identifying where the Department should focus future attention and providing a solid foundation for strategy and policy development. A number of 'quick wins' addressing immediate challenges were realised, including new service level agreements for airport immigration queues. A subsequent programme of work has begun which will lead to real benefits for passengers and users of our international transport networks.

Case study: Cabinet Office and the Department for Innovation, Universities and Skills (now the Department for Business, Innovation and Skills) – building capability in policy making

A team was brought together from across both central and local government to help the Department for Innovation, Universities and Skills improve its policy-making capability. The cross-government team looked at best practice; explored the existing practices, structures and behaviours in the Department; invited challenge and debate from external experts; and drew up some practical

Case study: (continued)

actions. The team was then able to use its findings to strengthen the Department's 'policy framework' model and turn it into a practical tool. The team helped the Department to develop and roll out a way of working with policy teams in facilitated self-assessment sessions, during which policy teams debate a series of statements as they apply best practice at various stages of their policy development project. In particular, they are challenged to be clear about customer and delivery evidence, and to understand major decision points, as part of building a strong, evidence-based narrative for their policy. The approach has been successfully used with policy teams working under time pressure in highly visible policy areas. The framework and supporting facilitated sessions are now being rolled out across BIS and the approach is being shared even more widely across Whitehall through the heads of policy profession.

S3 Build common purpose

- Departments report more collaborative working and senior leaders are more visible across the Civil Service as a whole. Reviews report improved engagement with stakeholders, better relationship management arrangements and more tailored communications.

Case study: Department for International Development, Foreign and Commonwealth Office and Ministry of Defence joint working – the Stabilisation Unit

The Stabilisation Unit is jointly funded by DFID, FCO and MOD and staffed by civil servants from those three departments and a number of others such as the Ministry of Justice and HM Treasury. The Stabilisation Unit is on track to meet the Prime Minister's commitment to establish a pool of 1,000 civilian stabilisation experts so that up to 200 civilians can be deployed at any one time. Two elements of this on which the Stabilisation Unit is delivering are: making the unit the primary unit within government which manages civilian deployments by transferring responsibility for deployments of civilian police and secondees to multilateral missions from the FCO; and catalysing a step change in investment in training these civilians, including a particular focus on planning. The unit has demonstrated its added value on planning in the concurrent support provided to Pakistan on Malakand, and to government planning for Yemen, Sudan and Somalia between July and September 2009. It is currently managing 120 civilian and police deployments. Extra funding of over £3m has been approved to step up training for the civilian standby capacity. Over the period to mid-2011, some 400 people will be trained in hostile environment awareness, stabilisation principles and cross-departmental working, ensuring basic readiness to deploy at minimum possible cost.

Building strategy capability in the Civil Service

The Strategy Unit at the Cabinet Office is responsible for helping to build strategy capability across the Civil Service. The unit has three objectives: (1) to provide strategy and policy advice to the Prime Minister and Number 10; (2) to support departments in developing effective strategy and build strategic capability; and (3) to identify and effectively disseminate emerging issues and policy challenges. Underpinning these objectives is work to develop strategic capability across Whitehall in a number of ways:

1. Joint work with departments on strategic priorities

Project teams are often co-located in departments, for example the Serious Organised Crime Review based in the Home Office earlier this year. This helps to ensure a cross-cutting approach, prepares the ground for effective implementation and helps spread best practice in strategic policy making.

2. Building the Whitehall 'strategy network'

The Strategy Unit undertakes a number of activities to help develop the Whitehall strategy community. This includes regular meetings of strategy directors, opening up our 'Foundation Day' training module to colleagues across Whitehall and holding joint events with external experts such as the Institute for Government.

3. Developing policy tools and frameworks

The Strategy Unit has developed a comprehensive and popular guide to 'doing strategy' in the public sector, the *Strategy Survival Guide*.¹ In conjunction with other departments, the unit has also developed a number of policy tools and frameworks. For example, in 2007/08 the Strategy Unit developed a practical tool to help apply the theory of behaviour change to practical policy questions. *Achieving Culture Change: A Policy Framework* has directly fed into the work of a number of departments, including DH's work on childhood obesity and the Office of Climate Change's work on climate change.²

4. Attracting and developing talent across Whitehall

The unit actively seeks to help widen government's strategy skills by attracting a wide range of highly skilled staff from the private sector, academia, think tanks and overseas governments. It encourages a frequent interchange of staff between Whitehall departments and the unit. The result is that there is now a significant number of Strategy Unit alumni in pivotal strategy posts across the public sector.

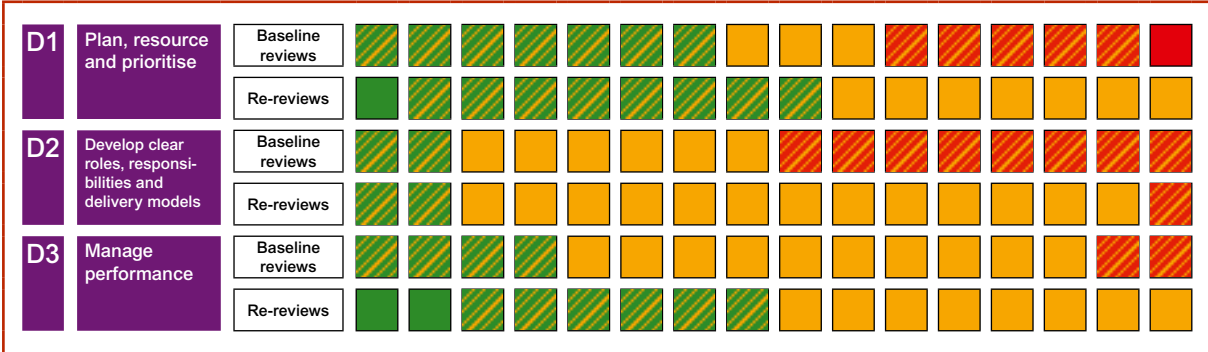
¹ www.cabinetoffice.gov.uk/strategy/survivalguide.aspx

² www.cabinetoffice.gov.uk/strategy/work_areas/culture_change.aspx

6. Delivery

Delivery capability has improved and departments are better at prioritisation and managing organisational performance. Departments need to further develop their understanding of delivery models and the way they work with delivery partners.

Figure 8: Delivery assessments for baseline and re-reviews



Findings of the baseline reviews

- The first round of Capability Reviews identified delivery as the weakest section of the model when compared with leadership and strategy.
- Across all departments, within the delivery section of the model D2 (‘develop clear roles, responsibilities and delivery models’), which looks at the clarity of roles, responsibilities and accountabilities in the delivery framework, was assessed as needing urgent development in eight departments.
- The position for D1 (‘plan, resource and prioritise’), an indication of departments’ effectiveness in managing resources and planning, was mixed, showing the most variation in assessments in the delivery section.

Findings of the re-reviews

- While delivery remains the weakest section of the model overall, the second round of reviews found improved capability in all elements of the delivery section. Almost all areas requiring urgent development have been addressed.
- D1 (‘plan, resource and prioritise’) showed the most improvement.



Hugh Taylor, Permanent Secretary, Department of Health – Sustaining our capability to deliver

Our 2007 Capability Review contained tough messages about the leadership of the Department, our capabilities as a department of state and how we managed change. These were personally hard for me to hear, as they were for my senior colleagues. On reflection, they proved to be absolutely the right areas in which we needed to rebuild capabilities that we had lost. Our reshaped leadership team took the review's recommendations very seriously and responded with wide-ranging action.

We were clear from the outset that the touchstones for success would be how our staff and stakeholders felt about DH and the way the Department treated them. Our aim was to become a better place to work, better to do business with and more able to deliver high-quality services with value for money. We built our development plan around three phases: planning our future together, developing together and feeling the difference.

We put enormous effort into improving staff morale, focusing on values and on tangible progress in practical areas such as the health and well-being of staff, and development and training. This required sustained engagement with staff, listening carefully and responding to what they said to us. If any aspect of organisational development requires continuous attention, this is it. The review challenged me to influence my senior colleagues to become a wider, corporate coalition of leaders to sustain improvement in all aspects of the Department's business.

We also revamped our stakeholder engagement strategy. Our directors general now have personal responsibility for managing relationships with named corporate partners who have a substantial and significant impact on delivery of DH's key objectives, with pulse surveys assessing progress. New training courses for improving policy skills emphasised the importance of involving delivery partners in planning the implementation of policy as an integral part of the policy development process. A new, independent annual survey of partner and stakeholder perceptions in spring 2009 showed significant improvements in their views about the Department.

These initiatives were key enablers in the scale and breadth of improvement that our re-review confirmed.

Key departmental improvements

D1 Plan, resource and prioritise

- Departments have demonstrated improvements to financial management capability. More professionally qualified or experienced personnel have been recruited and systems and processes of financial control have been improved.
- Reviews have found improvements to business planning and better mapping of resource to departments' outcomes and greater corporate involvement of departmental boards in the business planning process.

Case study: Financial management at the Home Office

The Public Accounts Committee reported in October this year that the Home Office 'has made significant improvements to its financial management capacity, capability, processes and procedures over the past three years'. Key to building financial capability has been the development of the financial skills of both professional finance staff and those non-finance staff with responsibility for managing resources and operational delivery. All of the Department's finance directors hold a financial qualification with the exception of one who is in the process of qualifying. Furthermore, the Department is recruiting and training its own future financial managers by participating in the Government Finance Profession graduate trainee scheme. Alongside improved leadership capability, the Department has focused on matching budget allocations to its strategic priorities. This framework has allowed it to more accurately analyse spending across the whole department, confirm budgets for 2010/11, ensure better value for money and improve the mapping of costs in relation to results. Focus is also maintained on the Department's business planning and monitoring processes. Operating reviews, chaired by the Permanent Secretary, address direction setting and prioritisation at senior management level but also the contribution that staff can make in developing options and informing decisions across the business.

D2 Develop clear roles, responsibilities and delivery models

- The governance of departmental boards has improved, and structures and systems have been simplified or refreshed and better communicated.
- Departments have improved relationships with delivery partners, including clearer delivery agreements.

Case study: The Department for Environment, Food and Rural Affairs' new business model

In 2008, Defra put in place a system to prioritise its most strategically important work and maintain balanced budgets through the creation of a new business model. This includes managing the majority of the Department's work as projects and programmes, as well as deploying people flexibly and strategically. The Department requires all new projects and programmes to go through an approvals panel. Only the highest priority programmes and projects receive the go-ahead once they have been evaluated against a range of options. All are regularly reviewed, for example against Defra's policy cycle process to ensure good governance. This structure of programmes and projects provides a portfolio of work which is evaluated and rebalanced in order to make high-level financial allocations. Using this, ministers are able to make evidence-based strategic funding choices. This discipline has put Defra in a position to produce three-year financial plans with balanced budgets and to create a £50m fund for contingencies such as animal disease outbreaks. The model of working in projects and programmes was crucial in enabling Defra to respond promptly and flexibly following the machinery of government changes which created DECC. The Defra Management Board and ministers feel that the new model puts Defra in a stronger position to deliver on HM Treasury's public value and operational efficiency programmes.

D3 Manage performance

- Performance management capability has improved with examples of better quality performance data and improved performance dashboards.
- Reviews have shown that risk management has also improved with better risk management processes and more investment in project and programme management skills.

Case study: Performance management at the Department of Health

DH has a single framework of outcome indicators (Vital Signs) to monitor progress against objectives in the NHS, Local Area Agreements and its Public Service Agreements (PSAs). The Performance Committee monitors performance against Departmental Strategic Objectives and PSAs and on critical programmes and projects, including cross-government PSAs led by other departments, as well as against value-for-money and financial targets. These reinforce a strong focus on delivery within the culture of the Department. Two of DH's corporate values – accountability and purpose – exemplify the importance it attaches to delivery. Senior leaders have put sustained effort into harnessing the commitment and potential of the many people working in the health and

Case study: (continued)

social care system, with whom a lot of credit rests. Much better relationships and collaboration have strengthened common purpose with the Department's delivery partners and stakeholders, particularly support for public health policies – such as the ban on smoking in public places – among key stakeholders in the retail sector and among lobbying organisations. And award-winning marketing campaigns such as Change4Life have used increasingly sophisticated social marketing techniques to involve the public and achieve desired changes in people's behaviour.

Building delivery capability across the Civil Service

The mission of the Prime Minister's Delivery Unit (PMDU) is to help government deliver improved, more efficient and effective services for citizens. It aims to achieve this mission by providing challenge and support to the work of departments in five main areas over the course of the spending period: planning for delivery; monitoring, evaluating and reporting on delivery; overcoming obstacles to delivery; building capability; and developing the performance framework. In building capability, there are four main approaches:

1. Working with departments to unblock delivery obstacles

PMDU builds capability in departments by working jointly with departments in identifying new options to unblock implementation problems. It is a key feature of this work that the team includes staff from the department covering the policy area under review, to ensure that we can transfer the knowledge, skills and techniques that we use to identify and tackle specific delivery challenges to the department. This work provides options for ministers.

2. Supporting networks in sharing best practice

PMDU has established two networks to help support delivery of the Government's priorities: one high-level network to bring together the Senior Responsible Officers who lead delivery for each of the PSAs, and one for programme managers and programme leads. Each network aims to bring together key players in the system and share best practice on implementation issues as well as provide a platform for members to develop their own contacts and working relationships across government.

3. Conducting training for the wider Civil Service

PMDU leads training on its approach with other government departments both directly and on behalf of the National School of Government. In each instance, the unit works to tailor the training to delegates' specific needs.

Building delivery capability across the Civil Service (*continued*)

4. Working in PMDU

As well as recruiting experts from the private sector and wider public services, PMDU proactively recruits and provides secondment and loan opportunities for Civil Service staff. The unit provides a structured induction programme and continuous training in delivery issues. During their time in the unit, members develop new skills and gain experience which they can use while working in PMDU and afterwards.

7. Capability Reviews: next steps

The Capability Review programme will continue to be a key part of the Civil Service performance management landscape. The model of capability has been revised to make sure that it remains relevant to future challenges.

In July 2009, the Cabinet Secretary announced changes to the model of capability to put greater emphasis on the most important capability challenges facing the Civil Service.¹ The key features of the revised model are as follows:

- **Emphasising the importance of achieving value for money.** The economic downturn makes it even more important that government departments are able to deliver excellent public services as efficiently as possible. Capability Reviews will in future challenge departments more rigorously to demonstrate that the need to achieve value for money underpins everything they do.
- **Linking capability to results and outcomes.** Improving capability is not an end in itself – it is a means to achieving better outcomes for the citizen. The revised model reflects this by placing results at the heart of the framework. Review teams' judgements about delivery will be informed by actual delivery performance according to a consistent set of delivery metrics. Capability Review reports will also place a clearer emphasis on results and outcomes to mirror the focus they currently give to leadership, strategy and delivery. They will include a new section on departments' key achievements, and their performance against PSA and Departmental Strategic Objective targets. Assessments of departmental capability will also feature in departments' performance management scorecards.
- **Sharpening the focus on delivery.** The revised model retains its focus on the key enablers of successful performance: leadership, strategy and delivery. But we have adjusted the balance to place greater emphasis on delivery. Recognising that significant progress has been made in the leadership segment of the model since the launch of the programme, and the growing importance and challenge of effective delivery in central government, the number of capability elements in the leadership segment has been reduced to three and the number of elements in the delivery segment increased to four.
- **Challenging departments to innovate.** A new element in the delivery segment – 'innovate and improve delivery' – challenges departments to develop a culture in which innovation can flourish. Technological advances, growing citizen expectations and challenging economic circumstances make it even more important that departments put in place the systems, processes and communication networks to enable those involved in the design and delivery of public services to come together, share ideas and good practice, and develop new solutions to deliver better outcomes for citizens.

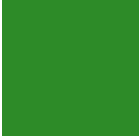



¹ www.civilservice.gov.uk/Assets/Model%20report%20final_tcm6-8282.pdf

- **Raising the bar on collaboration.** The model assesses central government departments, but the biggest challenges facing the public sector rarely fit within the remit of any single department. The refreshed model places greater emphasis on the need for departments to develop strategies and policies through collaboration with partners – both in central government and beyond – and to engage with citizens and stakeholders at the earliest stages of strategy development.

Figure 9: The revised model of capability



Figure 10: Revised assessment categories

-  Outstanding capability for future delivery in line with the model of capability. Clear approach to monitoring and sustaining future capability with supporting evidence and metrics. Evidence of learning and benchmarking against peers and other comparators which confirms progress towards world class.
-  Has identified capability gaps, is already making improvements in capability for current and future delivery and is well placed to do so. Is expected to improve further in the short term through practical actions that are planned or already under way and has clear metrics to support progress.
-  Has weaknesses in capability for current and future delivery and/or has not identified all weaknesses and has no clear mechanism for doing so. More action is required to close current capability gaps and deliver improvement over the medium term.
-  Significant weaknesses in capability for current and future delivery that require urgent action. Not well placed to address weaknesses in the short or medium term and needs additional action and support to secure effective delivery.

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