



**Department for Culture, Media and Sport:
Progress and next steps**

Foreword

The first Capability Reviews were published in July 2006. Their purpose was to give honest and robust assessments of capability to central government departments and to identify the specific measures needed to ensure that the Civil Service is equipped to meet its future challenges. My aim was to develop a culture of excellence and continuous improvement in every part of the organisation and to ensure that the Civil Service was at the heart of the Government's commitment to delivering world-class public services.

Since then, the Capability Reviews Team in the Cabinet Office has reviewed 17 departments and worked with them to address areas highlighted for improvement. The team has worked with more than 100 external reviewers drawn from a wide range of backgrounds in the private, wider public and voluntary sectors, as well as directors general from other government departments. The team members have added a much-welcomed independence to the reviews and have shared their insights and experiences to help departments in their development.

Our progress report and the external validation of the Capability Review process by the Sunningdale Institute in 2007 demonstrated a picture of improvement, often against very challenging internal and external pressures. Our challenge is to sustain this improvement and to build on this to deliver excellence in the Civil Service.

We know that the pace of external change will continue to increase, so we need a Civil Service that is flexible and able to respond quickly and professionally to all new and emerging challenges. To that end, we are now revisiting the departments we have reviewed to assess progress and to discover and share best practice. This report on progress and next steps for the Department for Culture, Media and Sport (DCMS) is the first step in that process.

I would like to congratulate DCMS for making good progress over the last two years. In particular, I have been pleased to hear how the Government Olympic Executive has significantly increased its capability, giving it a firm grip on the preparation for the London 2012 Olympic and Paralympic Games.

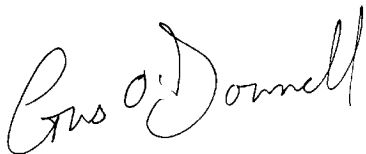
Effective departmental leadership remains the key to unlocking capability and departmental performance and I am pleased that there has been a strengthening of top teams in departments, supported by a new Civil Service leadership framework for the Senior Civil Service as a whole.

It is important that the Civil Service is able to turn the changes following the reviews into improved delivery in new and complex environments, with and through a range of delivery partners and stakeholders. To meet increasing public expectations, it will be important for departments to enhance their delivery capability and to improve the way they work across departmental and sector boundaries. I will look to the Capability Review programme to be the catalyst for further change.

I would like to thank and acknowledge the support of the review team that has made this progress and next steps report possible. The members of the team were:

- Mark Addison, former Director General, Department for Environment, Food and Rural Affairs;
- Andy Friend, former Chief Executive, John Laing plc; and
- Helen Kilpatrick, Director General, Financial and Commercial, Home Office.

This report marks a further step towards the achievement of excellence and continuous improvement. Each department will respond by addressing particular areas for improvement identified in its review. The Capability Reviews Team, on my behalf, will continue to review progress, but I will also expect departments to maintain a self-assessment of their capability in the light of their current and future challenges.



Sir Gus O'Donnell KCB
Cabinet Secretary and Head of the Home Civil Service
March 2009

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1. The Department

The Department for Culture, Media and Sport (DCMS) aims to improve the quality of life for all through cultural and sporting activities, to support the pursuit of excellence and to champion the tourism, creative and leisure industries. It brings together responsibilities for government policy on the arts, sport, the National Lottery, tourism, libraries, museums and galleries, broadcasting, creative industries including film and the music industry, press freedom and regulation, licensing, gambling and the historic environment. DCMS is the host department of the London 2012 Olympic and Paralympic Games.

Organisation

DCMS was restructured in 2008 to support a more focused, flexible and influential way of working. The Department is now organised into four directorates that work flexibly across boundaries to ensure that corporate aims and objectives are delivered.

The Department's policy and programmes are delivered by:

- the Government Olympic Executive, which leads for the Government on the delivery of the 2012 Olympic and Paralympic Games; and
- the Partnerships and Programmes Directorate, which comprises three small sector teams – culture, media, and sport and leisure – that manage relationships with these sectors; a large Programmes Team, which provides a flexible resource to work on key departmental and cross-cutting projects; and the Evidence and Analysis Unit, which leads on all departmental research and supporting development of evidence-based policy.

The directorates that form the corporate centre are:

- External Relations, which includes the press office, communications, and the Public Engagement and Recognition Unit, which leads on all correspondence, parliamentary questions and briefing, as well as public appointments and honours; and
- Corporate Services.

The Department's top-level governance is the DCMS Board, which is supported by the Executive Committee, the Audit Committee and the external Advisory Board.

Public Service Agreements (PSAs) and Departmental Strategic Objectives (DSOs)

DCMS leads on the delivery of PSA 22: 'deliver a successful Olympic Games and Paralympic Games with a sustainable legacy and get more children and young people taking part in high-quality PE and sport'. DCMS also contributes significantly to another six PSAs.

DCMS has four DSOs, which are focused on opportunity, excellence, economic impact and the Olympic Games.

Resources

DCMS is one of the smallest government departments, employing approximately 470 people and with annual running costs in 2008/09 of £50m. However, the Department is responsible for significant programme expenditure, which for 2008/09 amounts to £2.5bn. The economic sectors for which DCMS is responsible account for nearly 10 per cent of the economy.

Delivery model





DCMS operates in a complex delivery environment, through arm's length relationships with 60 public bodies and through a mixture of funding, regulation and sponsorship. The Department's non-departmental public bodies (NDPBs) employ around 15,500 people and include a range of strategic, grant-making, delivery and advisory functions. These NDPBs include Arts Council England, Sport England, English Heritage, the Commission for Architecture and the Built Environment and the Big Lottery Fund, as well as national museums and galleries.

Alongside its NDPBs, the Department also delivers through a number of public corporations, including the BBC, and works with a range of private sector bodies and businesses, as well as the voluntary and community sector and local authorities.


2. Assessment of capability for future delivery

Through the Government Olympic Executive, the Department has a firm grip on the Olympic project. The Department has made progress in focusing and strengthening its external relationships, but improving the internal leadership and management of the Department remains an urgent priority.




Leadership

L1	Set direction		Well placed
L2	Ignite passion, pace and drive		Urgent development area
L3	Take responsibility for leading delivery and change		Development area
L4	Build capability		Urgent development area

Strategy

S1	Focus on outcomes		Development area
S2	Base choices on evidence		Well placed
S3	Build common purpose		Well placed

Delivery

D1	Plan, resource and prioritise		Well placed
D2	Develop clear roles, responsibilities and business model(s)		Development area
D3	Manage performance		Development area

The model of capability is shown at Annex A.
The assessment categories are shown at Annex B.

3. Review findings

Leadership

The Department has successfully transformed its capability on the Olympic project by strengthening the Government Olympic Executive. The Board has brought about the restructuring of the Department. However, the Board should strengthen internal leadership, clarify its role and follow its decisions through. It must conclude the transformation of corporate services.

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- Leadership of the Government Olympic Executive has markedly improved since the Permanent Secretary's appointment of the new senior leadership team, accompanied by greater investment and a clearer collective sense of purpose.
- Good progress is reported on the Olympics and Legacy PSA and the Olympics and Young People DSO.
- The Board has effectively set out a vision of change and improved departmental governance arrangements in the year immediately following the original Capability Review.
- The Board has brought about a restructuring of the Department, breaking an historic cycle of reviews that were not acted upon. The restructure has delivered savings of £600,000.
- Departmental governance arrangements have been strengthened by reducing the size of the Board and creating a context for effective challenge and support from non-executive directors. These changes were further supported by the creation of the corporately focused Executive Committee and the Non-Departmental Public Body (NDPB) Advisory Board.

However, the Board should strengthen internal leadership, clarify its role and follow its decisions through. It must conclude the transformation of corporate services.

- Despite progress in year one and an internal review six months after the 'Transformation Day' in April 2008, the Board has lost momentum in year two, following the completion of the Department's restructuring. The pulse survey shows a significant dip on scores concerning passion, pace and drive. The Board must regain momentum to drive through the change programme.
- The Board is not yet seen by staff to be a decision-making body or to hold the organisation sufficiently to account. The top executive team needs to ignite greater collective pace and passion towards the agenda it leads, and to make and communicate clear and timely decisions.

- Similarly, staff do not believe that the top leadership is prepared to hear and act on constructive criticism of the change programme. There is a perception in the organisation that too many initiatives are promised and not delivered.
- Though the Board is smaller, staff at all levels are unclear about what it does. The Board needs to clarify its own role and that of the Executive Committee, and communicate this within the Department.
- The review team observed that too much emphasis has been placed on structural change at the expense of behavioural change. Though structures have been established, new skills, management ability and staff buy-in need to be developed and strengthened to support the new ways of working.
- The lack of pace and ambition in strengthening corporate services means that the necessary support is not available to the organisation and its change programme. In the current economic climate, the lack of impact of corporate services is holding back the organisation. DCMS must create strong strategic corporate services, including strategic HR and finance, that consume less resource.

Strategy

DCMS has made progress in strengthening its external relationships and has improved its use of evidence. The Department can do more, through the sector strategies being developed, to create clarity in its role and to add value.

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- Extensive work has been undertaken to develop the Department's use of evidence. This has involved: training staff across the organisation; more proactive use of evidence (such as horizon-scanning analysis); an 'Evidence Day' all-staff initiative in July 2008; and increased resource. NDPBs also recognise an increased appetite in the Department for evidence-based policies, and joint research has been commissioned as a result.
- NDPBs spoke well of the creation of the Advisory Board, which provides a forum for them to raise issues directly with the Department. NDPBs feel consulted on key decisions and agree that DCMS understands the issues affecting their sector.
- The Secretary of State launched the 'Arrow' diagram (which summarises DCMS's priorities) and the Strategic, Necessary and Proportionate (SNaP) test. Both of these initiatives support the effective prioritisation and integration of work in the Department.
- Other government departments report stronger and improving joint working with DCMS. Engagement plans have been developed with these departments to develop relationships and deliver shared PSA targets.

- Cooperation with local government and NDPBs is improving through the introduction of joint mechanisms, such as the Local Government Network and the Finance Directors Working Group.
- The Department's ability to link to the regions has been reviewed. New mechanisms and channels for relating to the regions, incorporating board-level participation, have been developed.

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- Despite developing a prospectus, the Department needs to do much more to create a clear and widely understood sense of how it adds value. Ensuring that staff and stakeholders understand where DCMS needs to focus its attention should be a key board-level priority. This was a key area for action in the original review.
- Sector strategies are now being developed and integrated into the Department's business planning process, to drive forward the Department's agenda on culture, media and sport. These will provide clarity about the Department's role. Sector strategies have not yet been shared with NDPBs, although the Department plans to do so, and they need to be integrated into the business planning process.
- The Department needs to ensure that the 'Arrow' model remains up to date. Its content needs to flow through into sector strategies, into higher-quality business planning and therefore into resource allocation.

Delivery

DCMS is making progress on delivering its highest-profile delivery projects. While new roles and a mechanism for flexible resourcing have been created, these need to be streamlined, integrated and managed more effectively. The Department needs to ensure that these new ways of working are communicated clearly to its stakeholders.

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- DCMS is making progress on delivering the Olympic agenda and the Digital Switchover in 2012. DCMS has shown that it can successfully deliver projects such as the free swimming initiative, the free theatre initiative and the libraries review.
- Through the creation of the Executive Committee and the Programmes Team, DCMS has established a flexible mechanism to deploy its resources across the culture, media and sport sector teams. This addresses the issue of working more effectively across internal boundaries.

- The Department's new risk-based approach to managing its NDPBs enables the Department to prioritise its resources better. The SNaP test has been incorporated into the Department's processes as a tool to support prioritisation. The Secretary of State has endorsed the 'One in, one out' prioritisation strategy to manage the integration of new work into the Department.
- DCMS has been decisive in dismantling the regional cultural consortia and changing its approach to regional work through cooperation with the Arts Council, English Heritage, the Museums, Libraries and Archives Council and Sport England.
- DCMS has worked with HM Treasury to reduce the administrative burden on NDPBs, by reprioritising lower-impact projects and by increasing delegation limits.
- Following the Board's six-month review of the change programme, the Department has looked at its feedback from NDPBs and developed a protocol for NDPB relationships.

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- While mechanisms have been put in place to move resources more flexibly, the process is slow, remains paper- and time-intensive and should be streamlined. A new business planning process has been developed for 2009–11, but this needs to have greater impact on the work of the Department.
- Sector teams are still not clear about their roles. Having recognised this problem and set in motion action to address it, the Board needs tenaciously to pursue this to a conclusion. The Board should champion a clear accountability culture as part of the Departmental performance management process.
- NDPBs are less clear about their lead points of contact within the Department, reflecting a continuing degree of internal confusion, which is now being readdressed.
- There is a significant level of internal and external concern about the quality of correspondence and answers to parliamentary questions. The Department must improve the interaction between the Public Engagement and Recognition Unit and the sector teams.
- Without reversing its new risk-based approach and reduction in administrative burdens on NDPBs, DCMS must improve the quality of its management information. DCMS should fully implement a strategic approach to addressing systemic risks among the Department's stakeholder community and delivery chain.

**Capability Reviews Team
March 2009**

4. Departmental response: plans for continuous improvement

DCMS welcomes the review finding that we have made improvements and are a more effective Department than two years ago. We accept that more needs to be done to get the full benefits of the changes made.

Our achievements

The Department has undergone a major programme of change and delivered significant achievements.

- **2012 Olympic and Paralympic Games** – the largest single challenge that the Department faces. The Capability Review has told us we are now making major progress. We have successfully transformed the capability of the Department's Government Olympic Executive, which is now delivering strongly in close partnership with the Olympic Delivery Authority, the London Organising Committee of the Olympic Games, the Greater London Authority and others.
- **Delivery** – the Department has successfully delivered key projects, such as free swimming (securing significant resources from other government departments), regional reorganisation and the libraries review, and continues to make good progress on Digital Switchover, and DSO4, which covers the Olympic Games and Young People.
- **The DCMS ('Arrow') Model** – is the outcome of successful engagement with ministers, to articulate their priorities and set out the Department's strategic direction. The model is underpinned by the 'SNaP' test, to ensure that departmental activity adds value.
- **A risk-based NDPB framework and stronger stakeholder networks** – have led to reduced administrative burdens and moved the Department towards more strategic engagement with its NDPBs, reinforced by a new NDPB Advisory Board. We have also improved collaborative working through DCMS/NDPB groups for finance, procurement and research.
- **Better use of evidence and analysis** – through training for all staff, provision of online evidence tools, doubling the number of analysts (while overall headcount has reduced), including the appointment of a board-level chief analyst and chief scientific adviser. We are now delivering a new strategic research programme (CASE Programme) with NDPBs, having almost tripled our annual research budget.

The next phase

These are important achievements, but we know that more needs to be done. The review findings confirm the areas where we need to continue to focus our attention. Recognising the urgency of these issues, we have already set about the next phase of our change programme. Our priorities for action in the next six months are:

- improving the quality of leadership, management and staff development;
- improving how teams work together in the new structure; and
- driving through the transformation of corporate services with pace and ambition.

Leadership, management and staff development

We need to do more to engage DCMS staff with the shared vision, values and aims of the Department. We will ensure that they have the leadership, management and support they need to deliver to their full capability.

During the next six months we will:

- create greater clarity in our governance arrangements, so that everyone is clear about what decisions need to be taken at what level and how they are communicated;
- renew the Board's focus on performance management; and
- develop wider understanding among our staff and key partners of our vision, values and aims, and our strategy for achieving them.

There are some actions that we have already begun to develop. We will roll these out by September 2009. These include:

- a senior leadership programme that is already underway;
- a board development programme, to assess and improve the performance of the Board to provide effective leadership and accountability; and
- a People Strategy that supports and develops staff in the new structure, including a new curriculum, a talent management and succession planning policy, improved performance management and a total reward policy.

Team working in the new structure

To reap the full benefits of the new structure and ways of working, we will take action to resolve any remaining issues over how the new structure works. Every team needs to be clear about its role, how the Department adds value and working effectively with others to deliver our priorities. The areas of focus include:

- streamlining the processes to allocate flexible resources and manage our programme;
- improving the timeliness and the quality of service to ministers, Parliament and the public;
- clarifying stakeholder relation roles and introducing an 'account manager approach' to support engagement with NDPBs and other key stakeholders; and
- building on our improved relationships and flexible resourcing to respond to the major new challenges brought about by the economic downturn, and contributing to the Government's overall response.

Transforming corporate services

We will implement with pace the Corporate Services Change Programme. We will provide clarity about the division of responsibilities between corporate services and management. We will support and develop our corporate services staff to provide a streamlined, more professional service, which meets the needs of the Department. We are restructuring the corporate services teams, as well as reviewing existing systems and processes, and we remain committed to achieving measurable value for money in our corporate centre, benchmarked against other departments.

We will focus on improving HR performance, which is vital to bringing about a step change in the way we lead, develop and manage staff. In addition to the HR policy and strategy included in our leadership response, we will:

- implement Oracle HR, including i-recruitment, i-learning and i-appraisal;
- review HR policies and identify priority areas for improvement; and
- develop a workforce planning model.

On finance we will:

- strengthen the financial management skills, systems and processes across the Department; and
- continue to develop strategic financial services that work effectively with NDPBs and sector partners.

Department for Culture, Media and Sport
March 2009

Annex A: The model of capability



The model of capability has been designed specifically for the Capability Reviews. It was developed through consultation with senior leaders in Whitehall and external experts. The model is deliberately selective and designed to focus on the most crucial areas of capability – leadership, strategy and delivery.

The scope of the reviews is to assess the capability of departments' senior leadership in the areas above, using the model of capability. The model enables judgements to be made against 10 elements across leadership, strategy and delivery, using an underlying group of 39 questions. For further information on the model of capability see www.civilservice.gov.uk/capabilityreviews.

Each review has been carried out by the Capability Reviews Team with a team of external reviewers assembled specially for the department under review. These reviewers have been drawn from the private sector, the wider public sector and boards of other government departments.

The Capability Reviews Team will regularly review progress and provide support to help ensure that the department is on track to deliver.

Annex B: Assessment categories



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.



Well placed – well placed to address any gaps in capability for future delivery through practical actions that are planned or already underway. Is making improvements in capability and is expected to improve further in the medium term.



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.



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. (NB only used infrequently, for the most serious gaps.)

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