



Capability Reviews

Refreshing the model of capability

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1. Foreword

When I launched the Capability Review programme in 2005, my ambition was clear: I wanted to see a step change in the capability of central government departments to meet the challenges of today and prepare for those of tomorrow.

Since the Capability Review programme began, we have assessed central government departments which, between them, have overarching responsibility for over 90 per cent of the Civil Service. The departments have been assessed against a common framework for leadership, strategy and delivery.

I am greatly encouraged by the results of the reviews so far. The results of the current round of two year re-assessments, which will be complete by the end of 2009, have shown that departments are making progress in building their capability.

The programme has achieved a great deal, and the model of capability has become an established feature in the central government performance management landscape. But the challenges facing the Civil Service continue to grow, and it is vital that the model against which departments are measured evolves to reflect the capabilities we need in order to meet those challenges. The Civil Service must continue to stretch itself to be the best it can be.

This report is the culmination of a review and consultation to refresh the model of capability in readiness for the next phase of the programme. I would like to express my enormous gratitude to Sir Michael Bichard, Executive Director, Institute for Government, for the invaluable insight and expertise he has given to the development of the changes set out in this report.



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

2. Refreshing the model of capability: background and context

In June 2008 the Civil Service Steering Board (CSSB), one of the main governing bodies of the Civil Service, agreed that the Capability Review programme had been a critical factor in the improvement of capability across government departments. To maintain the momentum, CSSB agreed that the assessment framework, including the model of capability, should continue to evolve to reflect the environment in which departments were delivering their policies.

A small working group and a larger consultation group – involving a wide range of stakeholders from central government departments, local government, the private and third sectors and academia – considered ways in which to strengthen the model of capability for the future.

The consolidated feedback from this work was presented to permanent secretaries in autumn 2008, at which point a number of principles were agreed:

- the review programme should continue with a two-yearly cycle of full reviews and interim progress reporting;
- the model should be updated but remain demonstrably the same framework as before, to ensure both continuity and stretch;
- future reviews should focus on several areas in greater depth: cross-departmental working; citizen and customer focus; effectiveness of working through delivery partners; and organisational capability beyond the leadership team; and
- the assessment categories used for Capability Reviews should more closely match those used by other parts of the centre of government.

In February 2009, the National Audit Office (NAO) published its *Assessment of the Capability Review Programme*. The report 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 agendas across Whitehall. NAO reiterated the need to clarify the future direction of the programme and further strengthen the capability model and process, including improving the link between capability and delivery performance, placing a greater focus on collaboration and working across complex delivery chains, and making more use of metrics in Capability Review reports.

In parallel, the Government's March 2009 paper, *Working Together: Public Services on Your Side* set out a number of priorities for public service reform to which Capability Reviews contribute. These include:

- introducing simpler, more transparent department performance assessments;
- better assessing departments' capabilities; and
- improving the quality of leadership and management.

All these factors have contributed to shaping the changes set out in this report.

3. Summary of changes to the model of capability

The key features of the refreshed model, which is set out in full at Appendix 1, are:

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 give 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 Public Service Agreement and Departmental Strategic Objectives 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.

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.

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.

New assessment criteria

Future Capability Reviews will adopt a four-point assessment scale, bringing them more closely into line with other performance assessment frameworks in central government. This will ensure an appropriate degree of future stretch and introduce benchmarking against comparators within and outside the Civil Service as an important component of measuring future progress and achieving excellence.

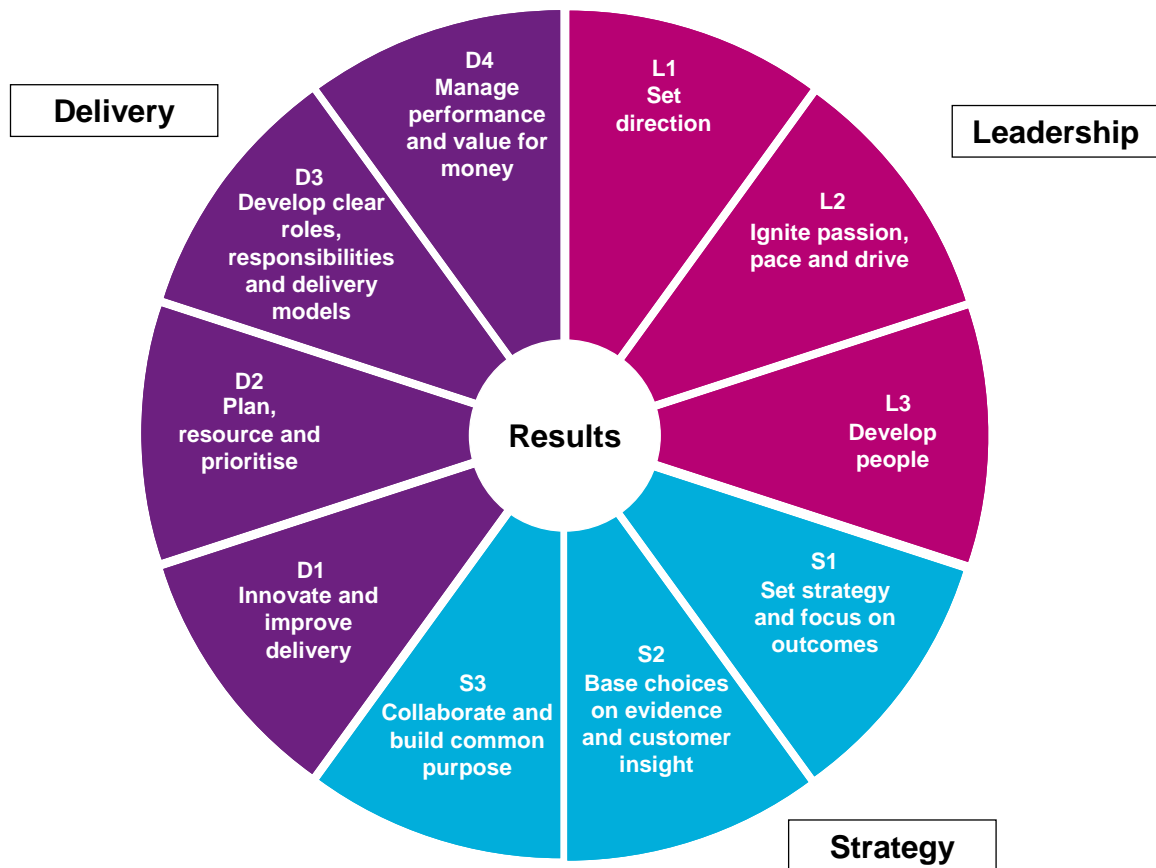
Next steps for Capability Reviews

The current round of re-assessments will continue through the autumn and will be complete by the end of 2009. Thereafter, full Capability Reviews will be undertaken using the new model. All departments are expected now to take steps to increase their capability in line with the new model.

Departments will continue to undergo progress stocktakes with the Cabinet Secretary at the one year point following the publication of Capability Reviews.

The Cabinet Office will work with departments over the coming months to embed the new model and ensure the Civil Service is prepared for assessment against it from 2010.

Appendix 1: The revised model of capability



Leadership

L1 Set direction

- Do you have and communicate a clear, compelling and coherent vision for the future of the organisation?
- Does the Board work effectively in a corporate culture of teamwork, including working across internal boundaries and making effective use of non-executive directors?
- Does the Board take tough decisions, see them through and show commitment to continuous improvement of delivery outcomes?
- Does the Board lead and manage change effectively, addressing and overcoming resistance when it occurs?

L2 Ignite passion, pace and drive

- Do you create and sustain a unifying culture and set of values and behaviours which promote energy, enthusiasm and pride in the organisation and its vision?
- Are the leadership visible, outward looking role models communicating effectively and inspiring the respect, trust, loyalty and confidence of staff and stakeholders?
- Do you display integrity, confidence and self-awareness in your engagement with staff and stakeholders, actively encouraging, listening to and acting on feedback?
- Do you display passion about achieving ambitious results for customers, focussing on impact and outcomes, celebrating achievement and challenging the organisation to improve?

L3 Develop people

- Do you have people with the right skills and leadership across the organisation to deliver your vision and strategy? Do you demonstrate commitment to diversity and equality?
- Do you manage individuals' performance transparently and consistently, rewarding good performance and tackling poor performance? Are individuals' performance objectives aligned with those of the organisation?
- Do you identify and nurture leadership and management talent in individuals and teams to get the best from everyone? How do you plan effectively for succession in key posts?
- Do you plan to fill key capability gaps in the organisation and in the delivery system?

Strategy

S1 Set strategy and focus on outcomes

- Do you have a clear, coherent and achievable strategy with a single, overarching set of challenging outcomes, aims, objectives and success measures?
- Is your strategy clear what success looks like and focused on improving the overall quality of life for customers and benefiting the nation?
- Do you keep the strategy up to date, seizing opportunities when circumstances change?
- How do you work with your political leadership to develop strategy and ensure appropriate trade offs between priority outcomes?

S2 Base choices on evidence and customer insight

- Are your policies and programmes customer focused and developed with customer involvement and insight from the earliest stages? Do you understand and respond to your customers' needs and opinions?
- Do you ensure that your vision and strategy are informed by sound use of timely evidence and analysis?
- Do you identify future trends, plan for them and choose among the range of options available?
- Do you evaluate and measure outcomes and ensure that lessons learned are fed back through the strategy process?

S3 Collaborate and build common purpose

- Do you work with others in government and beyond to develop strategy and policy collectively to addresses cross-cutting issues?
- Do you involve partners and stakeholders from the earliest stages of policy development and learn from their experience?
- Do you ensure your department's strategies and policies are consistent with those of other departments?
- Do you develop and generate common ownership of the strategy with your political leadership, the board, the organisation, delivery partners and customers?

Delivery

D1 Innovate and improve delivery

- Do you have the structures, people capacity and enabling systems required to support appropriate innovation and manage it effectively?
- Do leaders empower and incentivise the organisation and its partners to innovate and learn from each other, and the front line, to improve delivery?
- Is innovation explicitly linked to core business, underpinned by a coherent innovation strategy and an effective approach towards risk management?
- Do you evaluate the success and added value of innovation, using the results to make resource prioritisation decisions and inform future innovation?

D2 Plan, resource and prioritise

- Do your business planning processes effectively prioritise and sequence deliverables to focus on delivery of your strategic outcomes, and do you make tough decisions on trade-offs between priority outcomes when appropriate?
- Are your delivery plans robust, consistent and aligned with the strategy? Taken together will they effectively deliver all of your strategic outcomes?
- Do you maintain effective control of the organisation's resources? Do your delivery plans include key drivers of cost, with financial implications clearly considered and suitable levels of financial flexibility within the organisation?
- Are your delivery plans and programmes effectively managed and regularly reviewed?





D3 Develop clear roles, responsibilities and delivery models

- Do you have clear and well understood delivery models which will deliver your strategic outcomes across boundaries?
- Do you identify and agree roles, responsibilities and accountabilities for delivery within those models including among arm's length bodies? Are these well understood and supported by appropriate rewards, incentives and governance arrangements?
- Do you engage, align and enthuse partners in other departments and across the delivery model to work together to deliver? Is there shared commitment among them to remove obstacles to effective joint working?
- Do you ensure the effectiveness and efficiency of your delivery agents?

D4 Manage performance and value for money

- Are you delivering against targets to ensure the achievement of outcomes set out in your strategy and business plans?
- Does the need to ensure efficiency and value for money underpin everything that you do?
- Do you drive performance and strive for excellence across the organisation and delivery system in pursuit of your strategic outcomes?
- Do you have high-quality, timely and well-understood performance information, supported by analytical capability, which allows you to track and manage performance and risk across the delivery system? Do you take action when you are not meeting (or are not on target to meet) all of your key delivery objectives?

Appendix 2: 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 underway 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.