



**Home Office:
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 Home Office is the first step in that process.

I would like to congratulate the Home Office for making good progress over the last two years. I am particularly impressed by the success of the Home Office Board and the SCS leadership programme in developing and inspiring strong and collective leadership as well as the direction provided by the Department's strategy. The Home Office is now clearly focused on outcomes and the launch of the UK Border Agency in April 2008, a single border force uniting the Border and Immigration Agency, UK Visas and Customs at the border, is an excellent example of this in practice. The new agency links 25,000 staff working across 135 countries around the world enabling them to implement fast and fair decisions while strengthening UK security.

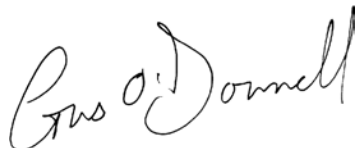
Effective departmental leadership remains the key to unlocking capability and departmental performance and I am pleased that there has been a strengthening of top teams in departments, supported by a new Civil Service leadership framework for the Senior Civil Service as a whole.

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. Although there is evidence of strong performance in these areas, 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 who have made this progress and next steps report possible. The members of the team were:

- Catherine Bell, Former Acting Permanent Secretary, Department of Trade and Industry
- Robert Hannigan, Security Adviser to the Prime Minister and Head of Intelligence, Security and Resilience, Cabinet Office
- Caroline Tapster, Chief Executive, Hertfordshire County Council.

This report marks a further step towards the achievement of excellence and continuous improvement. Departments will respond by addressing the particular points of concern. 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
July 2008

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1. The Department

Since May 2007 the Home Office has led the government-wide strategy to counter terrorism in the UK, alongside responsibilities for policing, crime reduction, borders and immigration, identity and passports. In April 2008 the UK Border Agency (UKBA) was created, and the General Register Office joined the Identity and Passport Service (IPS).

The Department is now focused on its core roles of protecting the public, safeguarding the fundamental rights and freedoms of UK citizens and ensuring that people can go about their lives safely and confidently.

The Home Office published its three-year strategy for 2008–11 in February 2008. It contained a new purpose statement: ‘Working Together to Protect the Public’. This was decided upon following widespread consultation with staff.

To achieve its purpose, the Home Office has seven objectives, which are to:

- help people feel secure in their homes and local communities;
- cut crime, especially violent, drug and alcohol related crime;
- lead visible, responsive and accountable policing;
- support the efficient and effective delivery of justice;
- protect the public from terrorism;
- secure our borders and control migration for the benefit of our country; and
- safeguard people’s identity and the privileges of citizenship.

The total budget of the Home Office is around £10bn per annum, and the Department currently employs 28,000 people directly – including 600 who transferred to IPS from the General Register Office on 1 April 2008. A further 4,500 staff now work for UKBA but remain employed by Her Majesty’s Revenue and Customs (HMRC), whilst arrangements are finalised for their transfer.

Since April 2008 the Home Office has led on the delivery of four Public Service Agreements, which will help to deliver its strategic objectives. These are to:





- reduce the harm caused by alcohol and drugs;
- reduce the risk to the UK and its interests overseas from international terrorism;
- make communities safer; and
- ensure controlled and fair migration that protects the public and contributes to economic growth.

The Home Office will deliver its objectives, whilst making value for money gains of £1.4bn per year, by March 2011.


2. Assessment of capability for future delivery

The Home Office has made very substantial progress since its original Capability Review in 2006. It has developed a strong leadership team and clear strategic direction, and it has met its delivery targets. It has also put right many of the former weaknesses in systems, processes and capabilities. There is more for the Home Office to do, in order to sustain and embed these changes, build confidence among its staff and stakeholders and develop its skills and workforce strategy.




Leadership

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

Strategy

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

Delivery

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

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

3. Review findings

Leadership

The Home Office Board has taken the recommendations of the original Capability Review very seriously, and has used them as a platform to build visible, strong and collective leadership and a clearer direction for the Department. The Board now needs to build on this good work, maintaining pace and capitalising on the enthusiasm for change that now exists.

The Home Office Board has taken the recommendations of the original Capability Review very seriously, and has used them as a platform to build visible, strong and collective leadership and a clearer direction for the Department.

- Staff at all levels and stakeholders praised the leadership of the Permanent Secretary and of the Board.
- The Board's success in providing visible, strong and collective leadership has resulted in a clearer direction for the Home Office and an increased confidence among the wider leadership team in its ability to deliver and lead. This is reflected in the staff survey (April 2008) in which the Board's visibility increased among the Senior Civil Service (SCS) from 28 per cent in 2007 to 71 per cent in 2008.
- The Board has tackled issues raised in the original review with energy. It has focused on the 'top space': strategy, leadership, resources, prioritisation, talent development and reputation. It has set the Department's vision, which is laid out in the strategy 'Working Together to Protect the Public'.
- Positive changes have been made to the Department's senior leadership team in order to improve performance, and good appointments have been made to senior positions, which have particularly strengthened some of the previously weak corporate functions. The SCS leadership programme has been successful in developing and inspiring a strong leadership group. Pride in the Department is higher in the SCS: 81 per cent of SCS staff at Home Office headquarters are proud to work for the Department (as opposed to 58 per cent for headquarters staff overall).

The Board now needs to build on this good work, maintaining pace and capitalising on the enthusiasm for change that now exists.

- The Home Office should continue its focus on engaging staff below SCS-level in the leadership of the organisation, in order to build on success elsewhere. The leadership programme for those immediately below SCS should now be progressed with pace and extended to key staff in more junior positions who are keen for such opportunities.
- Steps have been taken to improve performance management, including the introduction of a moderation process that identifies both high performers and those in need of development. Challenges remain in progressing plans to manage poor performance and succession planning.

- The new People Strategy is an important and positive step, and there has been significant investment in skills training over the last two years. The forthcoming skills strategy must now build on this with pace, to provide an overall assessment of skills and workforce design.

Strategy

The strategic direction for the Department is now clear and focused on defined outcomes. It provides a clear line between departmental priorities, business units and personal objectives, and delivery for the public. In order to support the delivery of the strategy, the Home Office needs to ensure that it has the right level of analytical capability and that it is engaging stakeholders in the development of policy in a thorough and consistent way.

The strategic direction for the Department is now clear and focused on defined outcomes. It provides a clear line between departmental priorities, business units and personal objectives, and delivery for the public.

- The ministerial team and the Home Office Board are very clearly aligned behind the strategy, which is closely tied to individual objectives and to those of the business.
- The new 'Working Together to Protect the Public' strategy (published in February 2008) supports constructive working across departmental boundaries and puts a sharp focus on delivering at the front line.
- Imaginative ways of communicating the strategy have resulted in a very good understanding among staff of strategic direction, and a belief that their jobs matter in affecting the lives of the public. Of the headquarters staff responding to the survey, 79 per cent indicated that they were able to understand how the work of their business unit affects the lives of the public.
- The review team found a good level of understanding at the front line of how the strategy related to the work that people were doing and the link between the strategy, delivery targets and Home Office values. Stakeholders also made positive comments about the clarity of the strategy and its relevance for them.

In order to support the delivery of the strategy, the Home Office needs to ensure that it has the right level of analytical capability and that it is engaging stakeholders in the development of policy in a thorough and consistent way.

- The Department must ensure that its analytical capability is well positioned to support evidence-based strategy and policy of the scale required. Good appointments have been made to lead economic analysis and strategy. Work to address horizon scanning is being scaled up, but this is a recent development.

- The 2006 Capability Review noted that the Home Office Board needed to engage more with stakeholders. Progress has been made in building effective relationships with stakeholders. The Board is setting the right direction for engagement and setting hard targets for improving stakeholder relationships.
- Feedback and the results of the stakeholder survey show, however, that progress is still mixed. Some good examples of improved stakeholder relations were seen in the areas of counter-terrorism, local area agreements and commercial relations. In particular, there is work to be done to ensure that stakeholders are able to see how their input has been used in the development of policy.

Delivery

Very good progress has been made on developing corporate functions and corporate discipline so that it supports and underpins the business, in particular in putting right previous problems with accounts and financial controls. The delivery model is now clear. The Home Office now needs to address the challenges of embedding financial capability throughout the organisation, and of ensuring that it has the ability to be flexible in matching resources to priorities.

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- There is a strong performance management culture within the Home Office. The Department has delivered its Public Service Agreements and has met its operational and efficiency targets. Regular operating reviews are now clearly embedded as a key driver of performance. There is increased emphasis on risk, as well as good progress on addressing information assurance.
- The delivery model is now clear. The Home Office Board has seized the opportunity presented by the move of the National Offender Management Service to the Ministry of Justice to create a sharper sense of focus. Representation of the IPS & UKBA on the Home Office Board is strong.
- Staff cited good examples of cross-boundary working across delivery arms. Staff from UKBA and IPS were able to describe how they fit into the Home Office, as well as their own organisations.
- There has been good progress on professional business planning and delivery plans (for example significant budget reallocation to support the creation of the Office for Security and Counter-Terrorism and the identity cards programme).
- The quarterly performance report to the Home Office Board concentrates on the right areas, and delivery plans are regularly reviewed.
- Corporate discipline is much improved since the original Capability Review, and a strong finance function is in place. The Home Office accounts and its financial controls are now in good shape.

The Home Office now needs to address the challenges of embedding financial capability throughout the organisation, and of ensuring that it has the ability to be flexible in matching resources to priorities.

- Challenges remain in ensuring that rigorous approaches to financial and people management and prioritisation are embedded throughout the Department.
- Staff in workshops expressed a desire to be able to work more flexibly within project frameworks in order to ensure that the allocation of effort is matched to task. Staff also felt that the Department needs to be better at setting realistic targets. 49 per cent of headquarters staff felt that they could not meet the requirements of their job without regularly working excessive hours.
- Despite considerable progress, led by the Board, in strengthening the Home Office's capacity to manage its major projects and programmes, there is more to do in extending and deepening programme and project management skills. This includes the management of portfolios of interdependent projects, and ensuring adequate resourcing of the roll-out of the Department's IT strategy.
- Some stakeholders still say that they see 'internal silos' within the Department, and so more work is needed on achieving cohesive policy and delivery.

Capability Reviews Team
July 2008

4. Departmental response: plans for continuous improvement

The Home Office is a very different department from two years ago – in its responsibilities and organisation, in its strategy and leadership, and in its capability and performance:

- We have a clear sense of purpose and strategy, which is led from the top (ministers and the Board) and understood throughout the organisation.
- We have a new leadership team, which is of a higher quality and more cohesive.
- We not only have a strong capability to deliver in the future, but we are also on track to meet all of our Public Service Agreements and efficiency targets.
- We have done the hard and laborious job of changing our systems, processes and projects, and are confident that the Home Office now functions more consistently than it did previously.

We are very pleased that this progress was recognised and fully acknowledged by the review team. We recognise, also, how much we still have to do to embed these changes and to extend the pace and passion of the leadership team throughout the Department and its agencies. The shared ambition of ministers and senior leadership is not just to deliver for the public, but to change public perception and increase public confidence in the security and safety of the UK and its communities.

We have therefore identified the following four priorities for further development.

Our first priority will be to convert the **passion, pace and pride** we have undoubtedly developed in our senior team into greater energy and enthusiasm throughout the organisation. We will continue to develop the Home Office Board and complete the current phase of our senior leadership development programme.

Second, we will deliver our **People Strategy**, published in May 2008, which signals our determination to continue to grow the capability of our staff, through:

- an engaged and committed workforce that values its diversity;
- effective and motivating leadership and management;
- ensuring that our people have the skills they need;
- delivering high productivity and performance where talent is nurtured and underperformance is challenged and managed;
- working openly and in partnership with others; and
- being an organisation that is flexible and responsive to the challenges it faces.

Third, we will put the **Home Office values** visibly at the heart of our work:

- **We deliver for the public.** We will ensure that leaders and staff in our headquarters spend more time at the front line and with delivery partners and the third sector. We will put a greater emphasis on engaging with and listening to the public, both in our work with the police and with our own staff.

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- **We work openly and collaboratively.** We will follow through our programme to improve our relationships with stakeholders, other government departments and our delivery partners. We will make more strategic use of volunteering and secondments to organisations with which we work. We will build on our work with Local Area Agreements to work out the relative roles and priorities for local delivery partnerships.
 - **We treat everyone with respect.** We will continue to engage our staff in the issues that affect them, such as the implementation of our strategy and actions resulting from our staff survey. We have introduced a benefit statement to employees and are now putting in place a more systematic approach to celebrating success.
 - **We are professional and innovative.** We will encourage innovation and streamline our internal processes.

Fourth, we will continue the improvement of our **systems and processes** that began in 2006:

- We will address the challenges of implementing our Information Systems strategy whilst responding to the emerging conclusions of Sir Ian Magee's review of criminality information.
- We will ensure that business planning is fully embedded and used consistently across the Department. Whilst we are clear that the strategic choices and financial decisions are made effectively at a departmental level, we want to ensure that the same level of scrutiny is applied consistently throughout our businesses.
- We will continue to use the risk management 'maturity model' that we have developed to track our progress in improving the standard of risk management across the Department.
- We will further strengthen our use of evidence and analysis. We are developing a model that will allow us to assess how changes to policy in one area of the Department may influence our ability to deliver in other areas. We will communicate the analytical story behind our policies to ensure that this is well understood across the Department. And we will develop a programme to embed a consistent approach to policymaking, including the use of evidence.

Much of this work has already started. We will develop an agreed action plan setting out what needs to happen on each of these four priorities. Finally, we will put opportunities in place for our staff to contribute to the design and delivery of each of these streams of activity.

Home Office
July 2008

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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