



National Audit Office

**REPORT BY THE
COMPTROLLER AND
AUDITOR GENERAL**

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Identifying and meeting central government's skills requirements

Key facts

£275m

Government's estimate of its annual spend on learning and development in 2009-10

78%

Proportion of respondents to our survey who identified significant skills gaps in their organisations

48%

Proportion of civil servants saying that learning and development received in the last 12 months helped them to be better at their job

£275m	Government's estimate of spend on learning and development in 2009-10, though the total cost of skills development would have been far higher.
£547	Average annual spend per head on learning and development in the civil service (excluding devolved administrations), with wide variations between departments.
35 per cent	Proportion of respondents who said their organisation is very/fairly good at maintaining complete and reliable data centrally on learning and development costs.
22	Number of different recognised professions in government.
69 per cent	Estimated proportion of civil servants who are members of the 'Operational Delivery' profession – including contact centre, processing and customer service staff.
78 per cent	Proportion of respondents to our survey who say there are significant skills gaps in their organisations.
48 per cent	Proportion of civil servants saying that learning and development received in the last 12 months had helped them to be better at their job.
>250	Number of leadership courses across departments, in addition to 26 at the National School of Government.
£90m	Annual savings targeted by Civil Service Learning.

Summary

1 The Cabinet Office has lead responsibility for increasing the capability of the civil service, although departments are responsible for identifying and meeting the skills needs of individual staff. The current period of budgetary constraint means that departments will need to embark on ambitious transformation programmes in order to sustain and increase levels of performance. Skills requirements and workforce planning must be aligned and considered alongside the adoption of new delivery models and technology. These same constraints mean that departments face significant reductions in administrative budgets, with corresponding reductions in staff numbers and in available resources for learning and development to support remaining staff.

2 Learning and development activities in central government are broadly categorised as: 'generic', addressing common needs across the civil service (such as leadership and strategic thinking skills), those relating to specific professions (of which the civil service recognises more than 20), and technical, addressing departmental-specific needs. Since 2004, there has been a series of cross-government initiatives designed to address key skills gaps and promote greater professionalism in central government. The most recent, Civil Service Learning, was launched in April 2011 and is part of major changes to the way human resources activities are carried out in government. Civil Service Learning now has significant responsibility for addressing 'generic' learning and development needs across central government at significantly reduced cost, and has plans to support departments in the delivery of profession-specific and technical training.

3 Departments have invested heavily in skills development. Government estimates that expenditure on formal training, including salary costs of departmental learning and development staff, was £275 million in 2009-10 (around £547 per head), around half of which related to 'generic' skills. However, the true cost of skills development is significantly higher and the estimated split between different categories of learning and development unreliable, given that figures exclude informal learning and development activities, the value of the time of staff attending courses and an unknown amount of spend on profession-specific and technical training.

4 This report assesses whether central government's approach to skills development has been cost-effective. Ineffective skills development entails risk to value for money in two ways. The most obvious is the wasted investment – in the Civil Service People Survey in 2010, only 48 per cent of civil servants said that the learning and development they had received in the last 12 months had helped them be better at their job. But more significant is the adverse impact on the performance of public sector programmes and projects. Our recent work has shown that skills gaps can have a significant impact on government's ability to meet its objectives and provide value for money.

5 Our review examines the arrangements in existence immediately before the launch of Civil Service Learning in April 2011. We have developed an assessment framework, adapted from a standard management cycle, which reflects our expectations regarding good practice in achieving value for money in skills development.

Key terms used in the report

- **Skills** are the knowledge and experience required by an individual to carry out a task effectively.
 - **Skills development** is the effort to deploy the right skills when needed in order to meet business objectives. These efforts include, but are not limited to, learning and development activities.
 - **Learning and development** is the full range of interventions from informal learning (such as 'on-the-job' learning, and learning via coaching and mentoring), to formal learning (including classroom training and e-learning).
 - **Cost-effective** covers the relevance of identified skills needs to departments' objectives, the appropriateness of the interventions chosen to address those needs and the efficiency with which they are implemented.
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6 Part One of this report sets out the government skills context, and also our expectations for how skills development processes should operate. Part Two examines how departments have planned skills development to align with their business needs. Part Three looks at how well they have implemented these plans. This report is part of a wider programme of National Audit Office work examining how government is meeting demands for changed ways of working and significant budget reductions while at the same time maintaining the necessary capability to deliver key public services.

Key findings

On alignment with departments' strategic business needs

7 **Budget reductions are requiring departments to consider ambitious new ways of working to achieve their objectives and the skills required for these changed models.** Our evidence indicates that such thinking is going on, but that systematic review of existing delivery models and the implications for departmental skills needs is not taking place consistently across government. Without such analysis, skills needs may not be linked to the most effective means of operating.

8 **Departmental skills strategies and governance arrangements have not been adequate to ensure skills development activities are well-aligned with departmental business needs.** The approach we found in departments is fragmented, with highly devolved structures. Accountabilities are unclear, with management responsibilities divided across HR functions, professional leads and business managers. We reviewed 13 departmental skills strategies covering 2008-11, and in less than half could we clearly trace the links between business objectives, the prioritised skills gaps and the solutions selected. Most did not define current and future business needs clearly.

9 Data weaknesses limit departments' understanding of the skills they already have, and hence the development activities that are required. As a consequence of the division of management responsibilities, combined with weaknesses in departmental information systems, knowledge of existing skills remains patchy at a corporate level. This has made it difficult to maintain oversight of skills development needs and to choose effectively between competing skills priorities. Incomplete and unreliable management information on what skills development is undertaken, by which members of staff, and at what cost further weakens departments' ability to manage and maintain the link between business needs and skills development activities.

10 There has been limited use made of standardised training by departments and of government's buying power to save cost. There were over 250 different leadership courses in use across government, and the daily rates charged for management and leadership training varied four-fold between suppliers. Unnecessary costs have been incurred through an over-reliance on expensive forms of training and poor management of attendance rates.

On putting strategy into practice

11 Departments currently face significant challenges in buying-in and retaining key skills. Almost 80 per cent of respondents to our survey considered there are significant skills gaps in their organisations, and of these 84 per cent said difficulties in recruiting skilled staff were a significant contributing factor. At the same time, planned reductions in departmental headcount increase the risk of a loss of key skills. The information on existing staff skills required to manage this risk is not universally strong: less than 40 per cent of respondents to our survey considered that their organisation was 'very' or 'fairly' effective in maintaining information on the skills of staff.

12 In-house development of skills has not been consistently integrated into day-to-day operations. There has been insufficient attention given to the importance of 'on-the-job' learning and the role that line managers play in facilitating this. While some departments have made progress in using a range of internal development options, there has to date been an overemphasis on classroom-based training provided by learning and development professionals.

13 In some parts of government, staff deployment systems do not always ensure staff develop the necessary experience. Staying in a position long enough to gain and apply essential experience is a crucial part of departmental skills development. While it is not universally the case, a 'generalist' model persists in some parts of government (such as policy or strategy teams), and in some areas frequent rotation of staff can limit a department's ability to embed skills and experience. One of our case study departments found examples of staff moving post after only nine months.

14 There are other obstacles to ensuring posts are filled by staff with appropriate skills. Decisions over staff postings and promotions do not always give sufficient weight to the skills requirements of the roles. There have been significant efforts to professionalise the civil service in recent years, but standards associated with particular professions are not always reflected in recruitment to posts. There are also practical challenges to better deployment of skills both within and across departments, including poor data on existing skills of staff, poor incentives to share skilled staff and barriers to cross-departmental deployment.

15 Data suggests that there are potential skills gaps in some senior positions. Data collected by government on the professional composition of the senior civil service suggest that around a quarter of senior operational delivery and programme and project management roles are filled by staff who are not specialists in these fields.

16 The effectiveness of learning and development investment has not been routinely evaluated. Evaluation of learning and development activities carried out by departments tends to focus on the individual learner's experience, but examples where evaluation has considered the impact on departmental performance are rare. This misalignment is not helpful and more can be done to review skills development in the context of business performance.

17 Significant changes are being introduced to how human resources functions operate in central government, but risks remain. The changes involve centralisation and standardisation of human resource activities across government, designed to achieve efficiencies and better alignment between departments' HR functions and their business operations. As part of these changes Civil Service Learning is now responsible for design, commissioning, contract management and oversight of 'generic' learning and development and the stated intention is that it will develop to provide expert advice and support to departments on all their learning needs. However, in spite of these changes, risks remain:

- Success depends on the support and cooperation of senior management in departments, and while Civil Service Learning can assist, better identification of skills needs and integration of learning with business operations remains a key challenge for departments.
- Civil Service Learning's initial coverage is focused on 'generic' training, meaning that departments are currently responsible for half or more of expenditure on training.
- While there has been significant dialogue with departments in its construction, it is too early to say whether the 'common curriculum' offered by Civil Service Learning will meet departments' needs and expectations.
- A performance measurement framework is being put in place for Civil Service Learning but key elements have not yet been established such as expected standards of performance, the means of evaluating the effectiveness of greater work-based learning and how planned cost savings will be assessed.

Conclusion on value for money

18 This examination identified a number of practices across government which fell short of our expectations. These weaknesses are compounded by a pervasive lack of data on the costs and benefits of skills development, which prevents departments from being effective in managing their skills development programmes and coordinating across government. The picture across government is not uniform but clearly it does not represent value for money.

19 Government acknowledges some of these issues and offers the prospect of improvement with the introduction of Civil Service Learning, but it is too early to assess this programme's likely effectiveness. Risks to value for money remain, including the need in departments for better alignment, deployment and integration of staff skills with business requirements. Implementation of our recommendations should reduce these risks.

Recommendations

For departments

- a** **The central role of managers in developing staff has not been consistently emphasised and supported.** Managers play a key role in developing staff through 'on-the-job' learning and coaching, and through integrating formal learning with day-to-day operations, but their role is not being fully exploited. To address this, departments need to provide strong support from the top of their organisations and ensure line managers have the necessary skills in staff development. The importance of this issue should be consistently reinforced through performance management systems.
- b** **Information available to departments to help identify and address critical skills needs is inadequate and oversight is weak:**
- Departments must ensure they have oversight of total learning and development expenditure, with clear accountability at board level preventing spend on non-priority activities and helping to identify potential efficiencies.
 - In the current economic climate, departments need to know what their business critical skills are and where they are located in the department. This snapshot assessment should focus on priority skills for future capability and be used to inform board-level understanding of the implications of business transformation and headcount reduction programmes.
 - Departments must continue to engage at senior levels to ensure centrally provided, common human resources services, including Civil Service Learning, remain relevant to their needs and are effective.

- c Internal HR processes do not always support the development and utilisation of critical skills:**
 - For areas of business where depth of experience is critical to capability, departments should, as necessary, take greater control of postings to ensure business needs are met, for example, by requiring people to stay longer in post and applying experience and professional standards rigorously in promotion and posting processes.
 - Efforts to professionalise the civil service must be reinforced. For example, professional standards should inform decisions on appointments and promotions to key posts, and heads of profession in business critical areas should be involved with workforce planning, and decisions on downsizing the workforce.
- d Departments do not know whether their efforts to develop skills have been successful.** The intended value to departments' business should be clear for all learning and development activities, with intended outcomes stated from the start. Effectiveness must then be evaluated, as far as practical, by assessing improvements over time against measurable business metrics, with the results used to inform future skills development.

For the Cabinet Office

- e Civil Service Learning has a strategy to improve the quality of generic training and reduce costs, but risks remain to the achievement of its objectives.** The Cabinet Office should ensure that Civil Service Learning has a robust approach both to managing the risk that the 'common curriculum' does not meet departments' needs and to improving value for money in departmental management of 'non-generic' training. In doing so, they should expedite plans to eradicate duplication, identify further efficiencies and improve quality in areas of high priority profession-specific and technical training.
- f Unless performance benchmarks are established, the effectiveness of Civil Service Learning will be difficult to demonstrate.** While metrics to measure performance are being defined, more needs to be done to ensure that robust performance standards are established along with the approach to evaluate the overall effectiveness and efficiency of the programme.
- g The barriers to the deployment of skilled staff across government cannot be solved by departments alone.** The Cabinet Office has lead responsibility for the development of capability in the civil service, and should investigate the barriers and develop solutions to facilitate the deployment of skilled staff where they are needed across departmental boundaries.