



National Audit Office

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## Report

by the Comptroller  
and Auditor General

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## Cabinet Office

# Specialist skills in the civil service

# Introduction

## **Aim and scope of this report**

**1** This work examines progress government has made in developing specialist skills. It specifically looks at progress made in developing the cross-government functions that support development of these skills (see **Figure 1** for key terms used in this report). Our focus was on four areas: Commercial, Digital, Finance and Project Delivery.

**2** This report sets out our findings on:

- the Cabinet Office's oversight responsibility for the functions;
- the functions' progress in developing specialist skills; and
- areas that the functions need to develop further.

It builds on our past reports on civil service issues, including our most recent examination of this topic, our 2017 report on *Capability in the civil service*.<sup>1</sup>

**3** This report reflects audit work undertaken between August and November 2019, using available data up to 2018-19 (for example, 2018-19 single departmental plans and annual reports) and reflects the position as of that date. The Cabinet Office, functions and departments have continued to develop the functional model since then. We have not included these further developments as part of this progress report. We consider the recommendations we made in the latter part of 2019 remain useful as the Cabinet Office, functions and departments continue to develop specialist skills in the civil service.

<sup>1</sup> Comptroller and Auditor General, *Capability in the civil service*, Session 2016-17, HC 919, National Audit Office, March 2017.

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**Figure 1**

## Key terms used in this report

**Functions** aim to develop and deploy specialist expertise across government. Typically, functions set cross-government strategies, set and assure standards, develop capability, give expert advice, drive continuous improvement, and develop and deliver commonly required services.

The functions overlap with the **civil service professions**, which work to develop the capability of groups of people with particular skills, knowledge or expertise. Many functions have an associated professional grouping and one of the core activities expected of functions is to develop capability.

Functions often have a central unit or organisation, for example to set standards and coordinate training across government, but much of the work of functions is carried out by staff working in **departments** (for example, in finance teams or as commercial practitioners).

Source: National Audit Office analysis

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# Key findings

- 4 This report sets out our findings on:
- the Cabinet Office's oversight responsibility for the functions;
  - the functions' progress in developing specialist skills; and
  - areas that the functions need to develop further.

## The Cabinet Office's oversight responsibility for the functions

**5 The Cabinet Office has now set clear expectations for functions' activities and reporting. These are positive developments and improvements since we last reported in 2017** (paragraphs 1.2 to 1.13).

- The Cabinet Office's 'blueprint' exercise in 2018 set consistent expectations for functions, and introduced more regularised reporting from functions on their performance, costs and benefits.
- The new reporting arrangements provide the opportunity to more rigorously and consistently evaluate functions' performance and effectiveness. This should mean functions will ultimately have better data to identify improvements and benchmark their performance.
- Data quality and consistency will be central to the success of reporting initiatives. We identified some difficulties around the estimating of functions' costs and benefits. At the Cabinet Office's request, the Government Internal Audit Agency has also reviewed functions' benefits-reporting methodologies.

## Functions' progress

**6 Since our last report in this area in 2017,<sup>2</sup> functions are now more established as the means for developing specialist skills and expertise in government** (paragraphs 2.2 to 2.22).

- Functional people standards and career frameworks provide a clear understanding of the skills people need to become specialists in government.

<sup>2</sup> Comptroller and Auditor General, *Capability in the civil service*, Session 2016-17, HC 919, National Audit Office, March 2017.

- Functions' training programmes are linked to people standards and many are well-established and respected, such as the Major Projects Leadership Academy and the Commercial Assessment and Development Centre.
- However, the longstanding problem of getting good specialist workforce data persists. Functions are still largely reliant on departmental data on staffing, which is highly variable in quality.
- Ideally, all functions would have access to workforce statistics from a consistent civil service-wide data set. In practice, the closest data set matching this requirement is Civil Service Statistics, based on data from the Annual Civil Service Employment Survey (ACSES).

**7 To support recruitment and retention, HM Treasury allows functions and departments to exercise some pay flexibility – but this can lead to workforce management issues** (paragraphs 2.23 to 2.27).

- The case for specialist pay flexibility has been made by many functions. For example, the Commercial function has introduced higher pay to senior commercial specialists in the Government Commercial Organisation; the Digital function has a pay framework for its six most critical roles; and the Finance function uses additional pay allowances to retain senior staff in key roles.
- Our analysis found that pay disparities exist across departments for some specialist staff. For example, in 2018 there was a difference of £56,000 between salaries at the 10th and 90th percentiles for Project Delivery professionals in Senior Civil Servant (SCS) Pay Band 1/1A, across all departments.
- Some departments expressed concerns about 'internal markets' for specialist staff in central government and the wider public sector, which they said can lead to higher turnover and ratcheting-up of pay. New SCS pay rules from 2018-19 are intended to address internal pay disparities. Action has also been taken in individual functions: for example, the Project Delivery function told us that a robust pay exception case process has been established within the Project Delivery function which, alongside wider changes to civil service pay ranges, aims to address current disparities.

## **Areas functions need to develop further**

### **8 There is more work to do to make functions part of departments' 'business as usual' (paragraphs 3.2 to 3.7).**

- For functional working to be successful across government, departments need to 'embed' the work of functions in their own activities and operations. This goes beyond the compulsory engagement departments have with some central functions, for example on the Commercial and Digital functions' spending controls.
- Departments engage with functions differently depending on their particular needs. The level of engagement can depend on factors including a department's size and individual departments' need for specific expertise. New functional user boards are intended to play an important role in helping to connect the work of functions and departments.
- A key priority for functions is the development of departmental capability blueprints (capability and capacity plans), but only the Commercial function has fully embedded this model.
- Our analysis of single departmental plans and annual reports found departments varied in their explanations of how extensively they worked with the functions and how embedded the functions were in their business planning.

### **9 Government could exploit functions more effectively to support cross-government working (paragraphs 3.8 to 3.12).**

- Functions are able to combine knowledge and insight from across government to identify cross-cutting issues. Examples include functions' work to develop a common view of risks across government, and 'deep dives' on legacy and emerging technologies and Private Finance Initiative contract expiry planning. However, there are barriers to using functions' unique position in this way, including poor cross-departmental data and a historic lack of coordination across functions.
- The Heads of Function Steering Group and functional user boards aim to tackle these barriers by supporting better cross-government working and reporting on functional issues to the Civil Service Board (CSB). The Finance function noted, however, that the process for raising cross-functional issues with CSB could be more collaborative and better coordinated.
- There are examples of good practice on functional input into planning and spending activities, including spending teams using Project Delivery function expertise to assess the deliverability of capital plans.

## Recommendations

**10** The following recommendations build on the recommended actions in our 2017 report *Capability in the civil service*.<sup>3</sup>

### Reporting on functional performance, costs and benefits

- a** The Cabinet Office should work with all functions to develop and report consistent and well-evidenced data on functions' performance, costs and benefits, building on assurance work done to date.
- b** Each function should continue to develop indicators and intelligence that provide evidence of its impact on cross-government outcomes, including how it has helped improve government operations and efficiency.

### Developing specialist capability

- c** The Cabinet Office should make available consistent workforce data, statistics and information to all functions, based on its Civil Service Statistics data, which the functions could use in their workforce planning.
- d** The Cabinet Office should continue to work with departments to improve the quality and completeness of Annual Civil Service Employment Survey data, the basis for its Civil Service Statistics data set.
- e** Functions should ensure additional workforce data they collect aligns with the wider Civil Service Statistics data set. Where appropriate, functions should also engage directly with departments so both functions and departments can understand their specialist workforces, including their diversity and geographical profiles.
- f** All functions should collect data on the impact and benefits of their training initiatives, to ensure training resources are targeted and deployed most effectively.

<sup>3</sup> See footnote 2.

### **Specialist pay**

- g** Functions and professions should seek to identify and understand the effects of any disparities in pay for civil servants in the same function/ profession at equivalent grade levels.
- h** Functions and professions should work with departments and other bodies to prevent or minimise any detrimental effects from pay disparities and internal competition for specialist staff – bearing in mind affordability concerns for departments.
- i** The Cabinet Office’s civil service pay team should review the issue of specialist pay disparities across all functions, for senior civil service and lower grades. It should use this analysis to inform discussions with functions on how they are addressing pay disparities.

### **Departments’ engagement with the functions**

- j** Functions should work collectively with departments to develop capability and capacity plans which allow departments to fully exploit functional expertise. These plans should consider the most appropriate operating and funding models for each function, and agreement on service delivery levels and cost – bearing in mind the particular needs and approach of each individual function.
- k** Departments should accelerate adoption of existing workforce planning tools, so that they have data on their functional resources and can understand what skills they have, where they are allocated and where capacity and skills gaps exist.

### **Cross-government working**

- l** Where cross-functional matters are addressed to the Civil Service Board, these should be taken through the Heads of Function Steering Group first to ensure a collaborative and coordinated approach across functions.
- m** The Cabinet Office and HM Treasury should continue to work with functions and departments to ensure functions contribute views and expertise on departmental spending bids. Functional expertise should be used within departments in planning and spending activities, including to inform spending review plans put forward by departments to HM Treasury.