



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

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Cabinet Office

# Specialist skills in the civil service

Report by the Comptroller and Auditor General

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Gareth Davies  
Comptroller and Auditor General  
National Audit Office

13 July 2020

This report 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.

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# 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.

2 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.

# Part One

## Cabinet Office oversight

**1.1** This part of the report looks at:

- the Cabinet Office's oversight responsibility for the functions; and
- reporting on functional performance, costs and benefits.

### **Oversight responsibilities for the functional model**

#### Cabinet Office oversight responsibility for the functions

**1.2** There are 14 government functions. The Cabinet Office is responsible for all but five of them. It holds joint responsibility with HM Treasury for the Project Delivery function. HM Treasury is solely responsible for the Finance and Internal Audit functions. (**Figure 2** overleaf).

**1.3** In our 2017 report on civil service capability,<sup>4</sup> we said that the Cabinet Office had more work to do in several areas to improve specialist skills. These included the areas covered by the following recommendations:

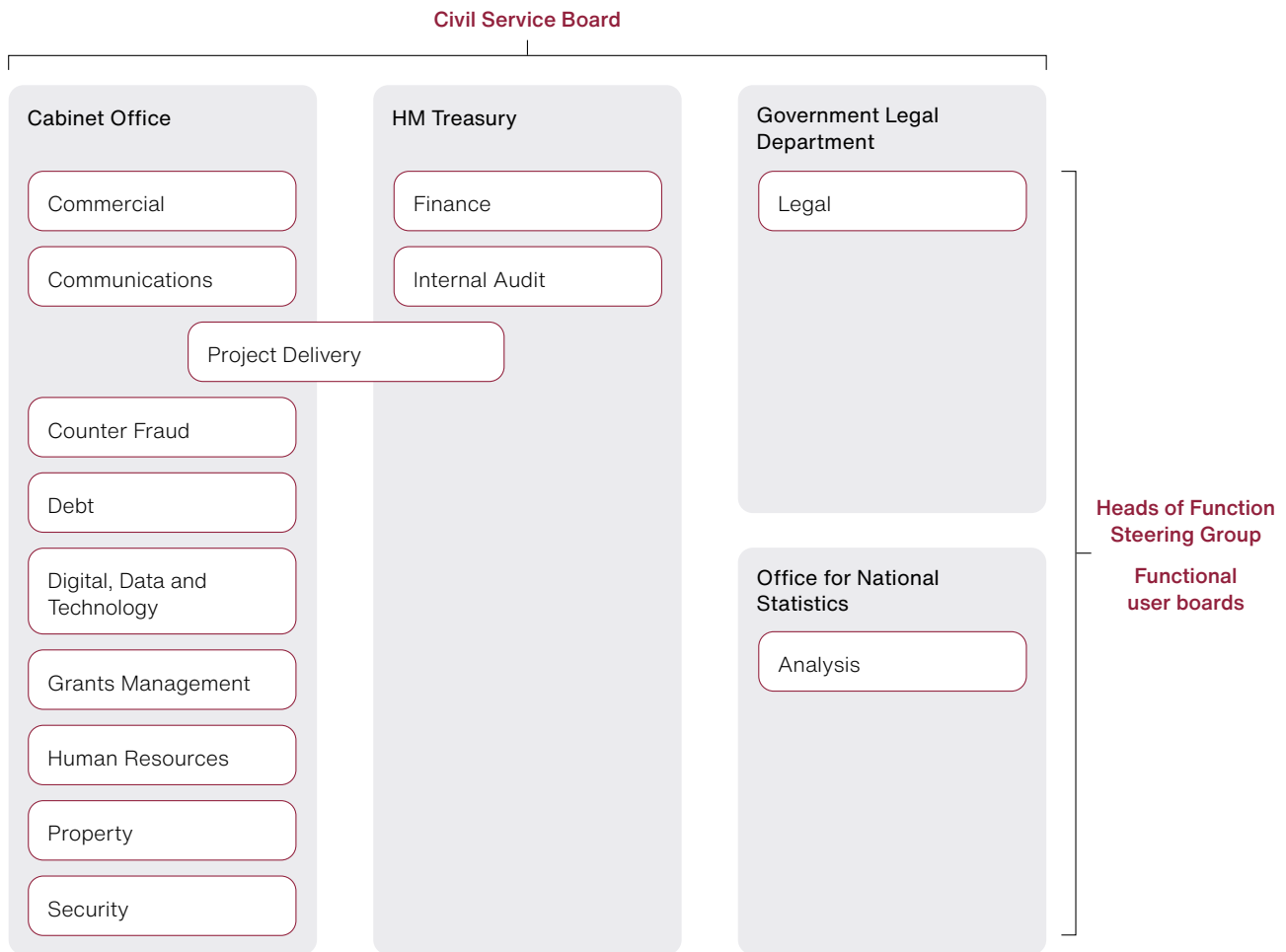
- Develop a better understanding of government's capability needs.
- Support more effective working between the functions and departments.
- Set out the functional offer in a more structured way, including through developing people and operational standards.
- Make sure that functional plans are properly integrated into workforce planning and wider business planning.

**1.4** Since then, new oversight and governance arrangements have been introduced for the functions, including the Heads of Function Steering Group, functional user boards and a greater focus on functions' work at the Civil Service Board.

<sup>4</sup> Comptroller and Auditor General, *Capability in the civil service*, Session 2016-17, HC 919, National Audit Office, March 2017.

**Figure 2**  
Oversight responsibilities for government functions

New oversight and governance arrangements have been introduced for the functions



Function

**Notes**

- 1 This figure describes oversight arrangements as explained to us by the Cabinet Office and HM Treasury.
- 2 The Heads of Function Steering Group includes all functions, while individual functions have corresponding functional user boards. There is now also greater focus on functions' work at the Civil Service Board.

Source: National Audit Office analysis

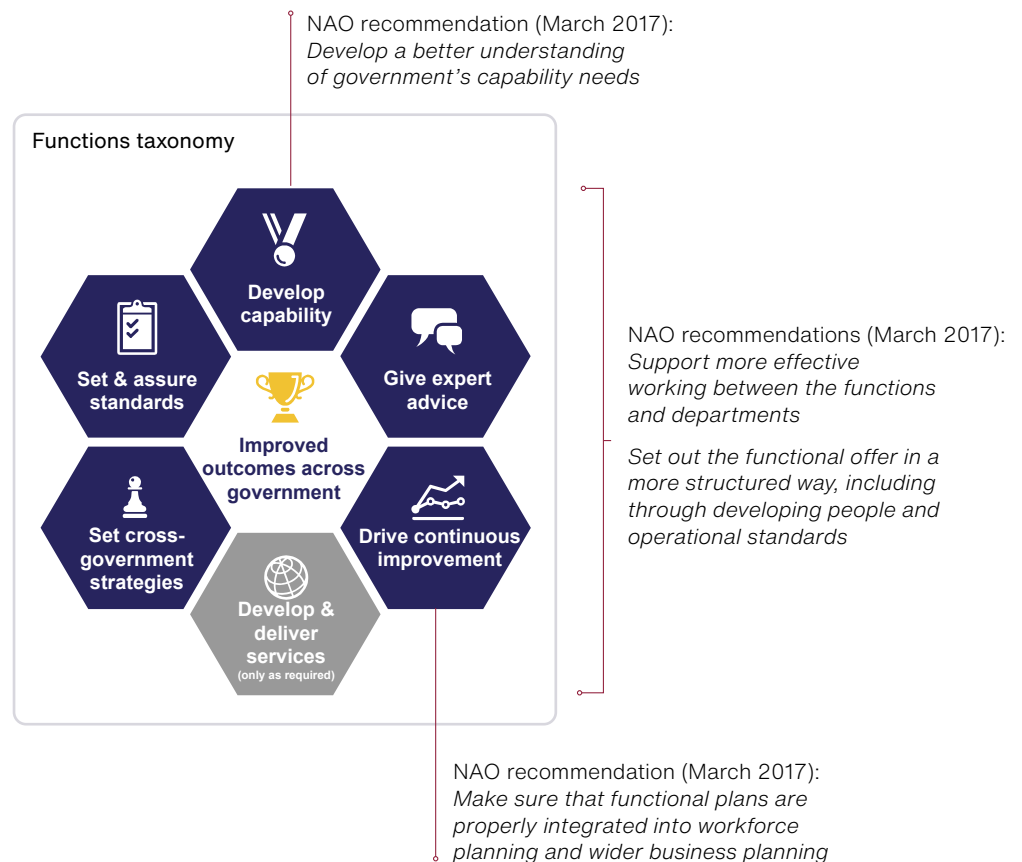
**1.5** In 2018, the Cabinet Office developed a ‘functional blueprint’ for how to take functions forward. This included a ‘functions taxonomy’, which outlines the areas and activities it expects functions to perform to support the work of departments.

**1.6** **Figure 3** sets out our analysis of how activities under the functions taxonomy address the areas identified by past National Audit Office recommendations on civil service capability. How far our past recommendations are actually met will depend on how successfully the functions perform the activities making up the functions taxonomy. The blueprint itself specifies a timeframe of one to two years to achieve its outcomes (effectively by the end of 2020), although the Cabinet Office has told us this timeframe is aspirational and not all functions are expected to be in the same place by that time.

### Figure 3

Functional blueprint and taxonomy developed by the Cabinet Office in 2018

The unpublished functional blueprint includes a functions taxonomy which outlines the activities functions are expected to support



Source: National Audit Office analysis of Cabinet Office unpublished functional blueprint, 2018

## Reporting on functional performance, costs and benefits

### **Performance monitoring**

**1.7** In 2018, the Cabinet Office introduced a performance measurement team to monitor the functions' work more closely. The team aims to make performance reporting more consistent by setting clear requirements for all functions to report to it on their key performance measures.

**1.8** Ten functions currently report to the Cabinet Office on their performance: Analysis, Commercial, Counter Fraud, Debt, Digital, Finance, Grants, Human Resources, Project Delivery and Property. The Security function is expected to start reporting on its performance during 2020.

**1.9** Summary reports on functional performance are prepared quarterly by the Cabinet Office. These summarise each function's performance on achieving the deliverables in their function plans and set out assessments of key risks and challenges facing functions.

**1.10** The new performance monitoring and reporting arrangements give functions and the Cabinet Office the opportunity to more rigorously and consistently evaluate functions' performance and effectiveness. As a result, functions should ultimately have better data to benchmark their performance and identify where they can improve. Data quality and consistency will be vital to achieving this.

**1.11** We have not examined the scope and content of individual functions' performance measures in detail. However, measures must be meaningful in terms of functions' impact and outcomes. It is important that the functions develop and report on measures which demonstrate the impact of functional activity on improving government's operations and efficiency.

### **Cost and benefit estimation and reporting**

**1.12** The quality of benefits reporting varies across functions. Some functions have had longer experience of identifying and reporting benefits. For example, some of the Commercial function's benefits are similar to those reported under the Cabinet Office efficiency and reform controls operating from 2010 to 2014. As a result, in some areas there are more mature processes for robustly evidencing claimed benefits. Other functional benefits are by their nature harder to quantify and monetise.

**1.13** The Cabinet Office acknowledges that there is more work to be done to improve benefits reporting and is working with functions to tighten cost and benefit definitions. It conducts some assurance over benefits data reported by the functions and assesses the confidence with which benefits estimates should be viewed. The Government Internal Audit Agency (GIAA) has also reviewed the benefits methodology for most of the functions reporting to the Cabinet Office, and has conducted audits of a subset of the figures covering a majority of the savings.



# Part Two

## Functions' progress

**2.1** In this part of the report we consider the progress functions have made in relation to:

- developing specialist capability;
- workforce data and planning; and,
- staff recruitment and retention through specialist pay for the functions.

### Overall progress on capability building

**2.2** Functions are now more established as a way to develop expertise in government. Our 2017 report on civil service capability said functions were making progress on building specialist skills, but warned that functional capability initiatives will take time to mature and greater urgency was needed.<sup>5</sup>

**2.3** Key progress since then includes the following developments:

- **Creation of people standards/career frameworks.** Functions have now articulated the skills their people need to become specialists in government, demonstrating a more structured approach to identifying specialist skills requirements. Relevant work includes the Commercial function's People Standards and the Project Delivery function's new framework for professional accreditation.
- **Tailored training programmes.** Functions offer training programmes at all grades, and skills development is now linked more clearly to functions' career frameworks and people standards (**Figure 4** overleaf).

**2.4** However, while most of the functions we examined collect data on the number of people trained through their academies, they do not generally collect data on the impact and benefits of their current training offer. The Project Delivery function is one exception, as it told us it collects impacts and benefits data to inform procurement of its leadership programmes. This means functions typically cannot assess the effectiveness of the training they provide, nor can they be sure that these programmes represent the best use of their, and departments', resources.

<sup>5</sup> Comptroller and Auditor General, *Capability in the civil service*, Session 2016-17, HC 919, National Audit Office, March 2017.

**Figure 4**

Participation in functions' training academies and programmes

Thousands of civil service staff have participated in training programmes to develop commercial, digital, financial and project delivery expertise



Source: National Audit Office analysis of the Cabinet Office's Annual Report and Accounts, 2017-18 and 2018-19, Government commercial and procurement training webpage, Government Digital Service Academy webpage and data provided by the Project Delivery and Finance functions

## Departmental and functional workforce data

**2.5** For functions to target their efforts effectively, they need robust workforce data to understand the size and characteristics of their specialist staff across government. Each function relies on workforce data gathered by departments for this understanding.

**2.6** However, as departments each have their own systems for collecting data on their staff, departmental workforce data quality and content vary. This is a longstanding problem in government, as we have noted in several of our past examinations of civil service staffing. For example, our 2017 report on *Capability in the civil service* concluded that: “Departments do not know what skills they have, whether these are in the right place, and what additional skills they need”.<sup>6</sup>

**2.7** While all departments have now submitted workforce plans to the Cabinet Office, we understand these vary in quality and the overall progress on improving workforce planning in departments is slow.

**2.8** Some functions have undertaken their own data collection exercises with departments to get around this broader problem of workforce data quality. For example, the Commercial and Digital functions both request quarterly returns from departments on numbers of commercial and digital staff respectively. The Digital function also reports it is working on a pilot with the Commercial and Project Delivery functions to join up workforce planning in selected departments.

**2.9** The Project Delivery function told us it would be helpful if functions could access a single, consolidated data source on civil service staffing, which could be analysed by function or specialism. Ideally, this would also enable comparative analyses of functional staffing. The Project Delivery function uses the Civil Service Statistics data set for this type of workforce data analysis, which we have also used in this work to analyse specialist workforce issues.

## National Audit Office analysis of Civil Service Statistics

**2.10** We conducted quantitative analysis of the Office for National Statistics’ data set on Civil Service Statistics from 2013 to 2018 (the Cabinet Office has responsibility for this data set from 2019). This data set is based on the Annual Civil Service Employment Survey (ACSES).

**2.11** Our analysis included: trends in civil service workforce numbers, including for specialist staff; diversity of specialist staff and the wider civil service; geographical location of specialist staff; and salaries of specialist staff by department and grade. The following pages set out some findings from this analysis and illustrate how Civil Service Statistics data could be used by functions and professions.

<sup>6</sup> See footnote 5.

**2.12** There are some data completeness issues with the Civil Service Statistics data set, which need resolving to improve the usefulness of the data set to functions and professions:

- Not all departments have submitted complete data on their staff in recent years – the Department for Work & Pensions (DWP), Department for Transport (DfT) and Department for Exiting the European Union (DExEU) in particular – although we understand there has been improvement in this area and DWP will be supplying full information from this year on.
- Previous ACSES surveys did not include a question on which function staff belong to, although they did ask about the civil service profession that staff identify with. We have used ‘profession’ as a proxy for ‘function’ in this analysis. The Cabinet Office has confirmed that the next ACSES data collection exercise in 2020 will include a question on the function that staff belong to, which is a positive step.
- If functions were to make greater use of a single, consistent data set such as Civil Service Statistics, this would not preclude them from carrying out their own data collection. However, for consistency it is important that any additional data collection by individual functions aligns with the overall consolidated data set.

### **Number of specialist staff in the civil service**

**2.13** At least 68,000 civil servants work as specialist staff in one of the 14 functions (that is, they identify as belonging to one of the civil service professions corresponding to a function). This represents 16% of the approximately 430,000 staff employed by the civil service in 2018.

**2.14** This is an underestimate of the total number of people working in the functions, as not all of those working in a function will identify as being part of the corresponding profession. In addition, around one quarter of civil servants did not have a profession specified in Civil Service Statistics data. The three largest functions in terms of professional staffing are Project Delivery, Digital and Finance (**Figure 5**).

### **Changes in specialist staffing over time**

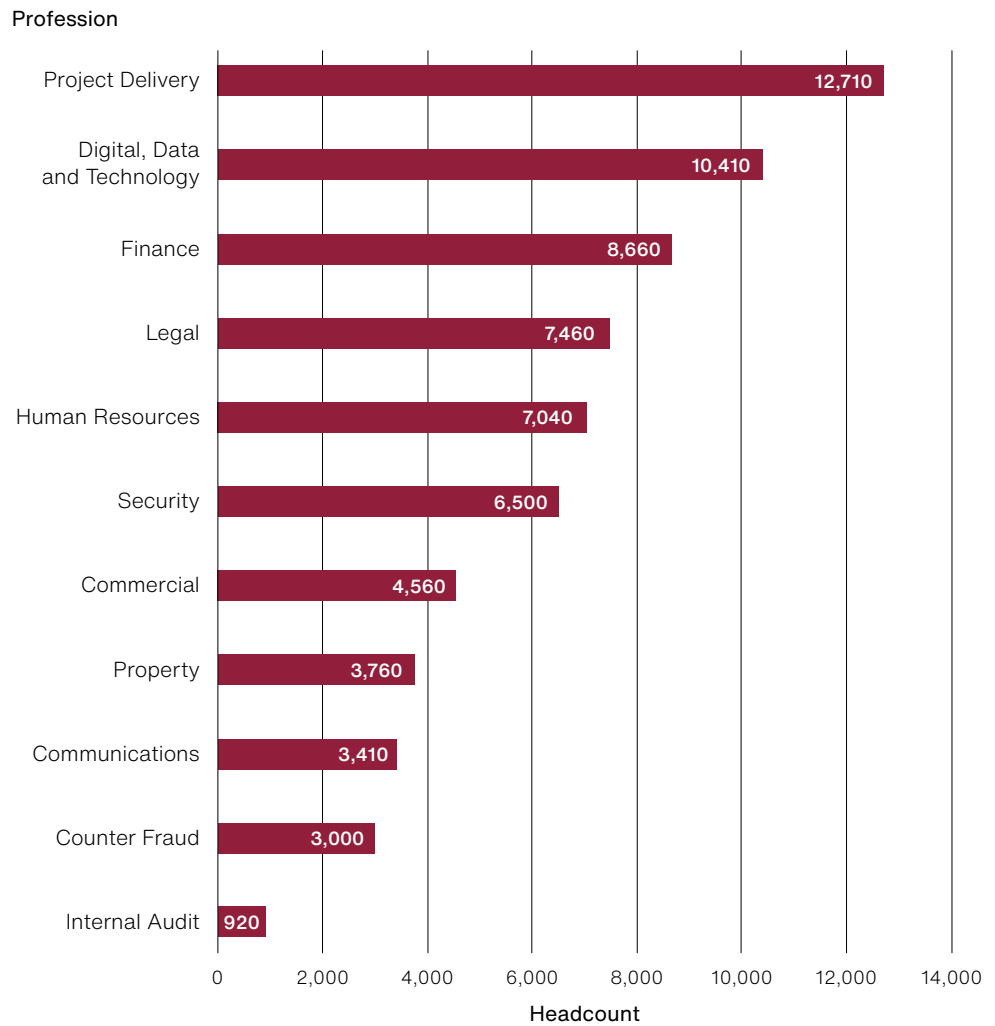
**2.15** Overall, the number of specialists in the four professions we focused on increased between 2013 and 2018. Growth was particularly rapid up until 2015, with reducing staff levels in two of the four professions since then (**Figure 6** on page 20).

**2.16** Project Delivery was the only profession out of these four to grow year on year: the number of its specialist staff increased by about 170% between 2013 and 2018. (This may reflect increasing identification with the Project Delivery profession, which was only launched as a profession in 2012, as well as increases in recruitment over this time.) Despite a decrease in staff numbers since 2015, the Commercial profession has still more than doubled in size since 2013.

**Figure 5**

Number of specialist civil service staff by profession, 2018

Around 68,000 civil service staff belong to a profession that corresponds to a functional area

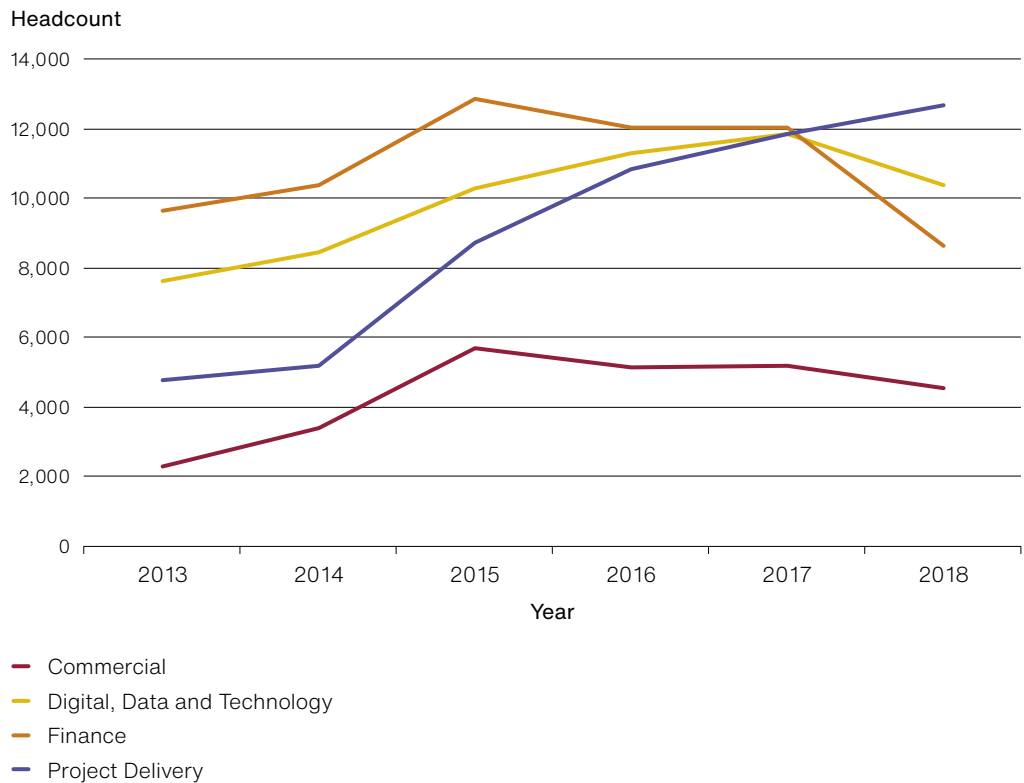
**Notes**

- 1 Chart categories were compiled using data on professional identification of staff from Civil Service Statistics 2018, based on Annual Civil Service Employment Survey data.
- 2 More than a quarter of all civil service staff did not have a profession specified, for example because some departments did not return complete data on the professions of their staff. As a result, numbers of staff in individual professions may be underestimated.
- 3 The Analysis, Debt and Grants functions do not correspond to any of the listed professions in the data set, so do not appear in this analysis.

Source: National Audit Office analysis of Civil Service Statistics 2018

**Figure 6**  
Specialist staff in Commercial, Digital, Finance and Project Delivery professions, 2013 to 2018

The number of specialists in the four professions we focused on increased until 2015, with staff levels reducing in two of the four professions since then, though data are not complete



**Notes**

- 1 Chart categories were compiled using data on professional identification of staff from Civil Service Statistics 2013–2018, based on Annual Civil Service Employment Survey data.
- 2 Specialist staff are defined as civil servants working in one of the 14 different functions that correspond to a profession. More than one quarter of all civil service staff did not have a profession specified, for example because some departments did not return complete data on the professions of their staff. As a result, numbers of staff in individual professions may be underestimated.

Source: National Audit Office analysis of Civil Service Statistics 2013–2018

**2.17** However, this trend analysis should be treated with caution given that it is likely to be skewed by incomplete departmental data. For example, the Department for Work and Pensions did not return data on the professions of its staff in 2018, which largely accounts for the decline in the number of Finance staff between 2017 and 2018 shown in Figure 6.

### **Diversity of specialist staff**

**2.18** In 2018 the gender split in the overall civil service was 54% female and 46% male. For the senior civil service (SCS), 43% were female and 57% were male. For most functions, professional staff working at SCS level are more likely to be male compared with the SCS as a whole (**Figure 7** overleaf).

**2.19** Ethnicity and age data for specialist staff in the functions broadly follow overall civil service trends. However, ethnicity data are less complete, with more than a quarter of respondents classified as 'other' or 'unknown' in 2018.

### **Geographical location of specialist staff**

**2.20** Specialist staff in the civil service are largely concentrated in the south of the UK, particularly in London, and the south west (**Figure 8** on page 23). For example, our analysis of Civil Service Statistics indicated that in 2018, 31.6% of Commercial professionals and 27.6% of Project Delivery specialists were based in the south west. This may be explained by the departments with a significant presence in that area, for example the Ministry of Defence (MoD), which has considerable commercial activities and major projects.

**2.21** Across all professions, a small number of departments have most of their staff working outside London. In 2018, 94.5% of DWP's staff and 94.3% of DfT's staff were non-London-based, while MoD (92.3%) also had substantial parts of its workforce located outside London.

**2.22** Some departments highlighted difficulties in recruiting staff outside London. For example, MoD told us that it can be challenging to recruit Finance and Commercial staff beyond London, especially into the Fast Stream.

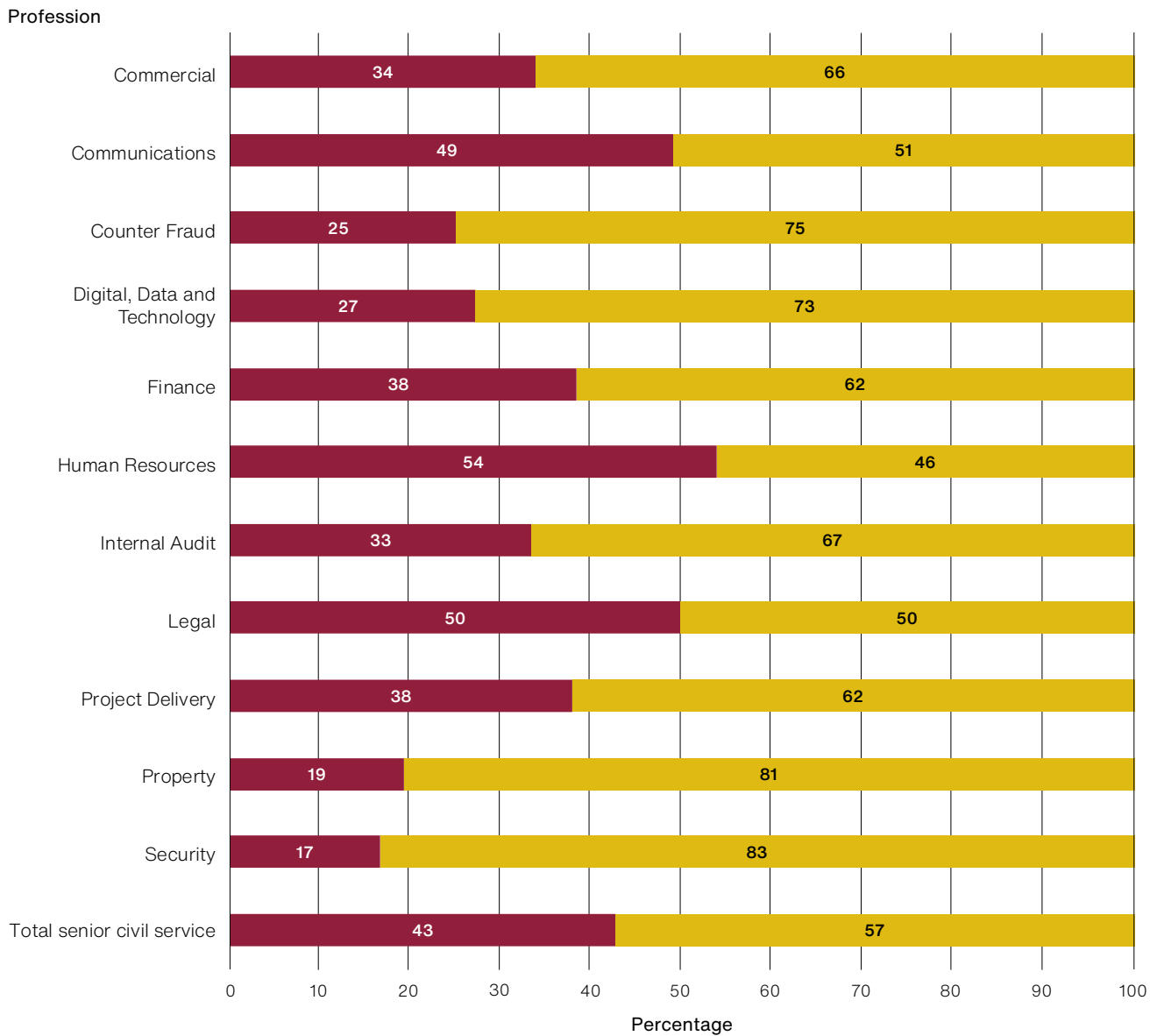
### **Specialist pay for the functions**

**2.23** To attract and retain staff with in-demand skills, HM Treasury allows functions and departments to exercise some pay flexibility, subject to its approval. All the functions we looked at have adopted this in some form. In practice, the application of pay flexibility is usually subject to departments' decisions, given their responsibility for determining the pay of their employees.

**2.24** Examples of functional pay initiatives include the Digital, Data and Technology pay framework, which covers the six most critical digital roles; and the use of 'pivotal role allowances' to help retain senior Finance staff.

**Figure 7**  
Gender split in the senior civil service by profession, 2018

The gender split in the SCS was 43% female and 57% male



■ Female  
■ Male

**Notes**

- 1 The senior civil service is the most senior grade of the civil service and makes up the senior management team.
- 2 Specialist staff are defined as civil servants working in one of the 14 different functions that correspond to a profession, of which there were 68,000 in 2018.
- 3 This chart does not include the Analysis, Debt and Grants functions, as there were no data on staff in equivalent professions.

Source: National Audit Office analysis of Civil Service Statistics 2018



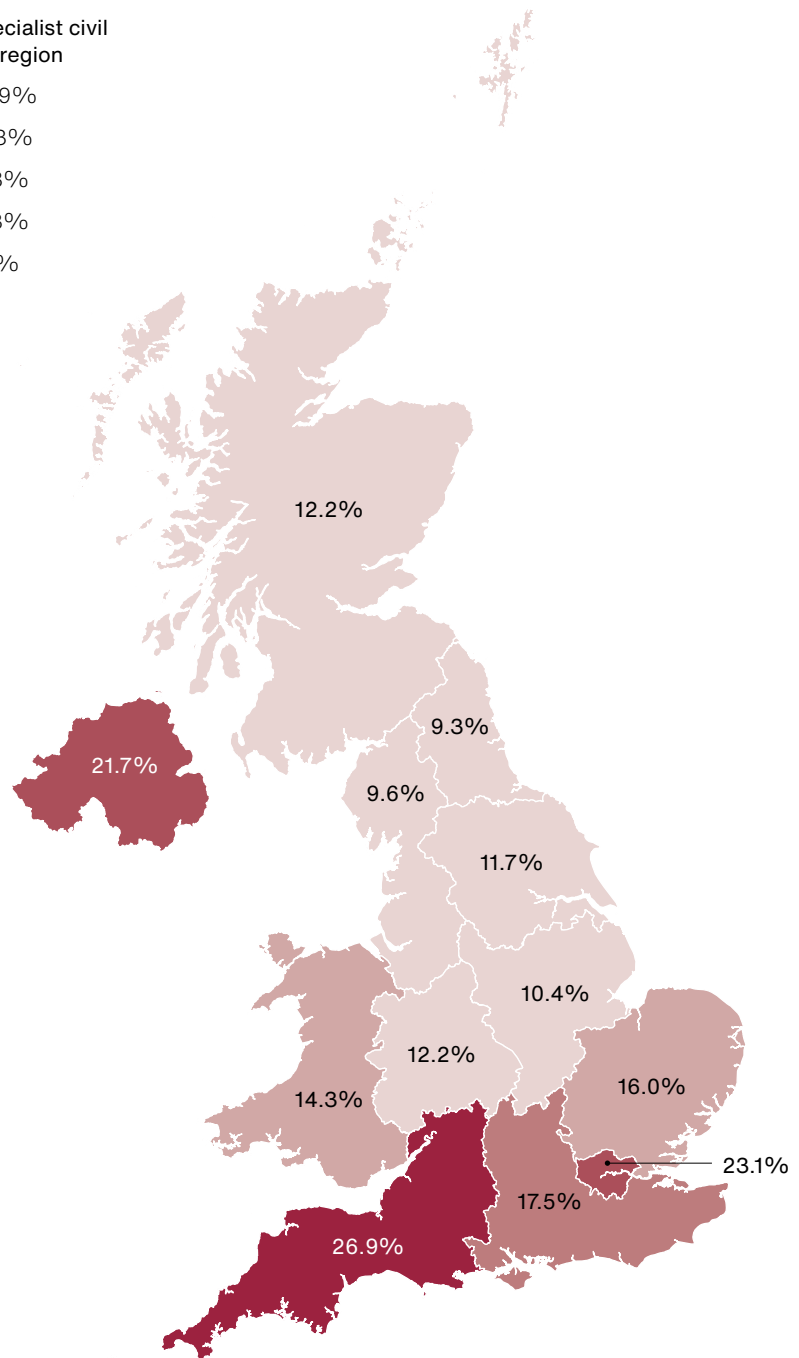
**Figure 8**

## Specialist staff as a proportion of total civil service by location, 2018

Specialist staff in the civil service are particularly concentrated in London and the south west

Proportion of specialist civil servants in each region

- 23.4% to 26.9%
- 19.9% to 23.3%
- 16.4% to 19.8%
- 12.9% to 16.3%
- 9.3% to 12.8%

**Notes**

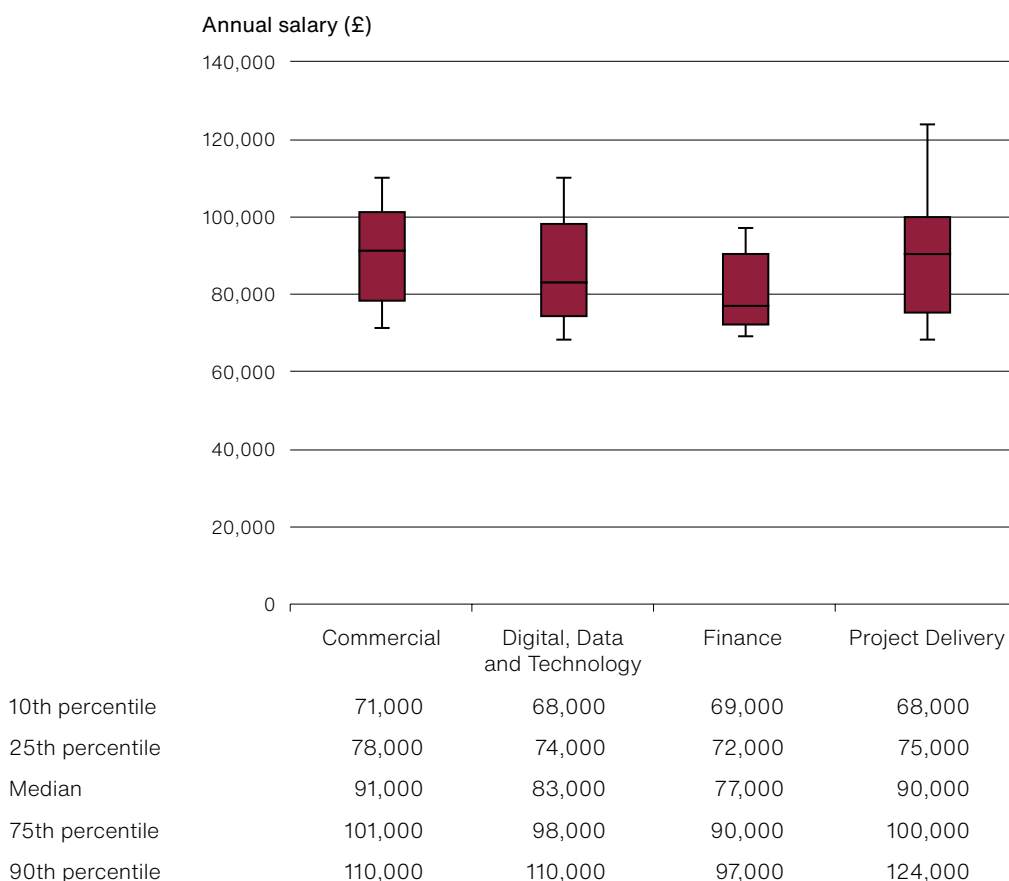
- 1 Specialist staff are defined as civil servants working in one of the 14 different functions that correspond to a profession, of which there were 68,000 in 2018.
- 2 This chart does not include the Analysis, Debt and Grants functions, as there were no data on staff in equivalent professions.

Source: National Audit Office analysis of Civil Service Statistics 2018

**2.25** Our analysis of the 2018 Civil Service Statistics data set indicates that pay variations exist across departments for specialists in the same grade. For example, in 2018 there was a disparity of £56,000 between salaries at the 10th and 90th percentiles for Project Delivery professionals in Senior Civil Service Pay Band 1/1A, across all departments (**Figure 9**).

**Figure 9**  
Variations in specialist pay at Senior Civil Service Pay Band 1/1A, 2018

Differences in pay exist across departments for specialists in the same SCS grade



**Notes**

- 1 These graphs show variations in pay among specialists in each of these four professions at Civil Service Pay Band 1/1A, working in different departments. The middle line of each 'box' represents the median salary, while the upper and lower bounds of the box represent the upper and lower quartiles respectively (the upper quartile or 75th percentile is the median of the upper half of the data set, while the lower quartile or 25th percentile is the median of the lower half). The top and bottom 'whiskers' represent the 90th and 10th percentiles respectively. Salary values are rounded to the nearest £1,000.
- 2 This analysis does not look at all professions, only Commercial, Digital, Finance and Project Delivery.
- 3 Some departments did not return complete Annual Civil Service Employment Survey data on the professions of their staff, including staff in Civil Service Pay Band 1/1A. The Cabinet Office also has other data sets which it uses to analyse civil service pay, including SCS pay.

**2.26** Several departments told us that disparities in pay may create ‘internal markets’ for specialists, as departments (and the wider public sector) compete to attract specialist staff from a limited pool. There may be associated detrimental effects such as higher turnover and ratcheting-up of pay. However, from 2018-19 new SCS pay rules designed to address internal disparities mean, apart from in exceptional circumstances, there will be no pay increases for moves within the SCS on level transfer, while those promoted to the SCS or a higher SCS grade will receive no more than a 10% salary increase (or the minimum of the new grade). In addition, individual functions have instituted specific measures to tackle pay disparities: for example, the Project Delivery function told us it has established a robust pay exception case process which aims to address current disparities.

**2.27** The Cabinet Office made proposals on senior specialist pay in evidence to the Senior Salaries Review Body in January 2019, including higher pay ranges for the SCS in a small number of market-facing professions such as Digital and Finance. However, specialist pay was not considered to be a priority issue and the work was ‘paused’. Work is now proceeding on a more general approach to capability-based pay progression which includes assessment of professional capability.

# Part Three

## Areas for functions to develop further

**3.1** This part of the report explores areas we identified during our work where functions could focus their development in the future. It looks at:

- embedding the work of functions in departments; and
- how functions can be used to enable cross-government working.

### **Embedding the work of functions in departments**

**3.2** The success of functional working across government depends to a large extent on departments' ability to engage with and 'embed' the work of functions in their normal operations and activities, such as business planning. In other words, how much departments have adopted a functional approach to their 'business as usual'.

**3.3** As part of this, a key priority for functions is the development of departmental capability blueprints (organisational capability and capacity plans). However, at present only the Commercial function has fully embedded this model.

### Functional analysis of single departmental plans

**3.4** We examined departments' unpublished single departmental plans (SDPs) for 2018-19 to see how departments described their work with the functions and how 'embedded' the functions were in departments' business planning.

**3.5** Cabinet Office guidance on preparing SDPs (December 2018) requires departments to include statements setting out plans for each of their functional teams, including how specialist capability was being built and functional standards met. We considered how departments had addressed this requirement to include functional statements in their SDPs for the four functions we focused on in this work (Commercial, Digital, Finance and Project Delivery).

**3.6** From the 15 SDPs we examined, we found most departments made some reference to these functions. Six of the 15 departments did this in a way that fully or largely met the requirements of the Cabinet Office guidance on SDPs. Only one department's SDP made no mention of functions at all. We found that six functions received substantive mentions in more than 50% of the SDPs we examined: Commercial, Digital, Finance, Project Delivery, Communications and Human Resources (**Figure 10** overleaf).

**3.7** We also analysed how often departments mentioned individual functions in their 2018-19 annual reports. The most commonly mentioned function was Internal Audit. This is understandable given that annual reports will typically include some discussion of risk management and control, a core focus for Internal Audit. Other functions mentioned frequently in departments' 2018-19 annual reports were Commercial, Counter Fraud, and Digital.

#### Functional support for cross-government working

**3.8** Functions are an important part of government's efforts to tackle issues and themes that cut across departments. They can coordinate and combine knowledge and insight to tackle cross-government issues. This type of working could also support the development of cross-cutting or transferable capabilities that move across traditional professional or functional boundaries (**Figure 11** on page 29).

**3.9** The Heads of Function Steering Group and functional user boards are key mechanisms for coordinating cross-government working and reporting to the Civil Service Board (CSB). However, the Finance function told us that in its experience, the process for raising cross-functional issues with CSB could be more collaborative and better coordinated.

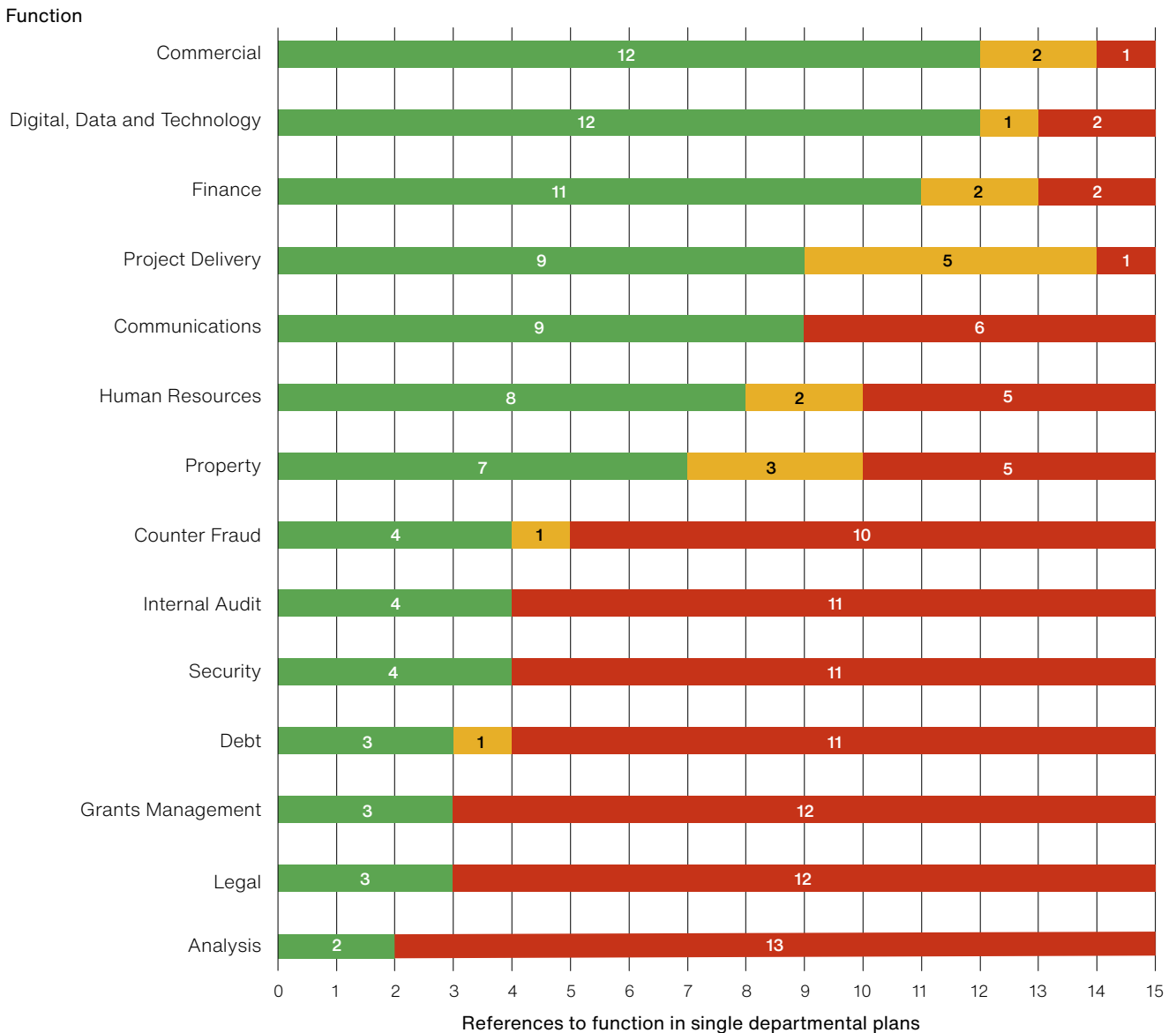
**3.10** Functions are also developing their involvement in government's set-piece planning and spending events. In our 2018 report *Improving government's planning and spending framework* we found that:<sup>7</sup>

“The Cabinet Office is working with HM Treasury and the government Finance Function to support and challenge departments and has asked them to self-assess the maturity of their business planning processes. Other expert cross-government functions are providing support in areas such as project management and contracting.”

<sup>7</sup> Comptroller and Auditor General, *Improving government's planning and spending framework*, Session 2017-2019, HC 1679, National Audit Office, November 2018.

**Figure 10**  
References to functions in 2018-19 single departmental plans (SDPs)

Most departments' SDPs contain substantial references to their work on functional areas including Commercial, Digital and Finance



- Substantive mention of function
- Brief mention of function
- No mention of function

**Notes**

- 1 We classified references to individual functions into three categories: 'Substantive mention of the function', which describes or explains in detail the department's work in that functional area (green); 'Brief mention of the function', where the function is mentioned but there is little or no detail on the department's activities in the functional area (orange); and 'Function not mentioned at all' (red).
- 2 This analysis examined departments' unpublished SDPs for 2018-19. Each department's SDP outlines the department's objectives and how it plans to achieve them.

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**Figure 11**

## Examples of functions enabling cross-government working

Functions have coordinated their insight on important cross-cutting issues such as risk management

**Example one – Risk management**

Functions have started to develop a common view of risk across government, which will help the Cabinet Office, HM Treasury and departments to manage risks in a more mature way.

**Example two – ‘Deep dives’ on cross-cutting issues**

Work has been presented to the Civil Service Board (CSB) on specific cross-cutting issues for Heads of Function Steering Group and CSB consideration. These include CSB-commissioned ‘deep dives’ to increase shared understanding of emerging risks and to consider policies, strategies and plans for their management across functions. Examples include deep dives on investment in legacy and emerging technologies to reduce obsolescence when transforming services, and on Private Finance Initiative contract expiry planning and management.

Source: National Audit Office analysis

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**3.11** For example, the Project Delivery function has agreed with HM Treasury to build functional assessments of the deliverability of departmental bids into Spending Review 2020, and has produced guidance on this for HM Treasury use.

**3.12** Our 2018 report recommended that functional expertise should be used within departments in planning and spending activities, including to inform business plans and spending proposals put forward to HM Treasury.<sup>8</sup> Comprehensive Spending Review guidance will set out expectations of how departments should work with functions.

8 See footnote 7.

# Appendix One

## Our audit approach

**1** This report builds on our previous work looking at the civil service and the centre of government, including reports on *Capability in the civil service* (March 2017) and *Improving government's planning and spending framework* (November 2018).<sup>9</sup>

**2** It examines the progress made by the cross-government functions in developing specialist skills in four key areas: Commercial, Digital, Finance and Project Delivery. 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 has continued to develop its functional model since then. We have not included these further developments as part of this progress report.

**3** We focused on the functions given our past work in this area and the functions' relevance to delivering government programmes. Much of our analysis also applies to the professions, especially on developing specialist capability and workforce data.

**4** We reviewed work by the Cabinet Office, HM Treasury, individual functions and functional management within departments to conclude on:

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

<sup>9</sup> Comptroller and Auditor General, *Capability in the civil service*, Session 2016-17, HC 919, National Audit Office, March 2017; Comptroller and Auditor General, *Improving government's planning and spending framework*, Session 2017-2019, HC 1679, National Audit Office, November 2018.



# Appendix Two

## Our evidence base

1 In undertaking this work we drew on a variety of evidence sources:

- a **Document review:** We reviewed key documents including: functions' strategies, plans and performance reporting; the Cabinet Office's documents; functional guidance for departments; training programme prospectuses and feedback; costs and benefits data provided by the Cabinet Office; and departments' single departmental plans, annual reports and other documents.
- b **Interviews:** We conducted semi-structured interviews with central teams in the Cabinet Office and HM Treasury, the Government Commercial Function, the Government Digital Service, the Government Finance Function and the Infrastructure and Projects Authority. We also interviewed UK Government Investments (which is responsible for the Corporate Finance function, now part of the Government Finance Function).

We interviewed relevant officials in five departments (Department for International Trade, Department for Transport, Department for Work & Pensions, Ministry of Defence and the Ministry of Justice). These included the heads of function/profession for Commercial, Digital, Finance and Project Delivery in each department.

- c **Quantitative analysis:** We conducted quantitative analysis of the Office for National Statistics data set on Civil Service Statistics from 2013 to 2018 (based on the Annual Civil Service Employment Survey; from 2019, the Cabinet Office is responsible for this data set).

This analysis included: trends in civil service workforce numbers, including for specialist staff; diversity of specialist staff and the wider civil service; geographical location of specialist staff; and salaries of specialist staff by department and grade.

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