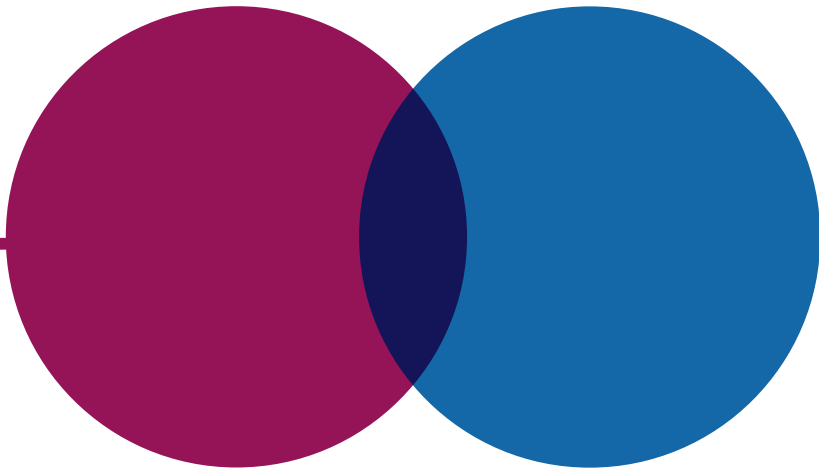




National Audit Office




REPORT

# Civil service leadership capability

Cabinet Office

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## **Report by the Comptroller and Auditor General**

Ordered by the House of Commons  
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This report has been prepared under Section 6 of the  
National Audit Act 1983 for presentation to the House of  
Commons in accordance with Section 9 of the Act

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**Gareth Davies**  
**Comptroller and Auditor General**  
**National Audit Office**

**8 March 2024**

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## Key facts

**6,300**

the total number of full-time equivalent (FTE) senior civil servants in 2023

**77%**

the increase in FTE senior civil servants between 2012 and 2023

**1.3%**

the proportion of all FTE civil servants who were senior civil servants in 2023

**45**

the number of permanent secretaries in 2022-23, an increase from 35 in 2012

**£873 million**

the estimated total paybill (including pensions and national insurance) for the Senior Civil Service in 2023

**63.5%**

the proportion, by headcount of senior civil servants who were based in London in 2023, a decrease from 66.5% in 2012

**48.6%**

the proportion, by headcount of female senior civil servants in 2023, an increase from 37.1% in 2012

**8.7%**

the proportion, by headcount of senior civil servants in 2023 who were from an ethnic minority background, an increase from 4.0% in 2012

**49%**

the proportion of respondents in the 2022 Civil Service People Survey with a positive view of leadership and managing change within the civil service

# Summary

## Introduction

**1** The leadership skills of senior civil servants are key to success; they often make the difference between projects and services succeeding or failing. An effective Senior Civil Service requires highly capable senior civil servants, together with an environment that allows them to put their skills to work. Many important factors influence leadership capability, including how the civil service recruits, trains and retains individuals with skills and experience, and how it incentivises and rewards them. Leaders also need to know what the civil service expects of them in terms of setting the right culture and values for organisations they lead. Further, leadership capability includes institutional responsibilities and strategic approaches to people management in the civil service.

**2** The Cabinet Office is the government department responsible for policy relating to the civil service, and the Cabinet Office Permanent Secretary is the Chief Operating Officer for the civil service. The Government People Group, which the Cabinet Office launched in February 2023, is a team within the Cabinet Office that undertakes the Human Resources role for the civil service. It incorporates a range of activities relevant to leadership capability, such as the Government Skills and Curriculum Unit and Leadership College for Government, which both have responsibilities for training and development, and the Senior Talent and Resourcing Team. The Cabinet Office has varying levels of control of and responsibility for activities relating to leadership capability: the Cabinet Office is directly responsible for coordinating the selection and hiring of the most senior staff (directors general and permanent secretaries). However, departments have a considerable degree of autonomy for performance, selection for other roles, leadership development, and talent management.

**3** The extent to which actions to improve leadership capability are successful depends on a range of factors over which civil service leaders have varying influence. The institutional arrangements around the civil service, including the relationship between ministers and senior civil servants, are particularly important in determining how the civil service operates and performs.

**4** The civil service consists of around half a million civil servants, with leaders at various levels. The Senior Civil Service (SCS) comprises the four highest leadership levels across government, consisting of (in full-time equivalent terms at April 2023) 6,300 senior civil servants, including 45 permanent secretaries. Between 2012 and 2023, the size of the SCS increased by 77% , from 3,550 full-time equivalents. Over the same period, the SCS as a proportion of the whole civil service increased from 0.8% to 1.3%.

**5** Our study takes place as the civil service, and in particular its leadership, is under particular scrutiny. During 2023 the Public Administration and Constitutional Affairs Committee undertook an Inquiry into Civil Service Leadership and Reform. In November 2023 the Independent Review (Maude Review) of Civil Service Governance and Accountability Arrangements was published.<sup>1</sup> Further, the UK COVID-19 inquiry which began in June 2022 is exploring matters that include political and administrative governance and decision-making for the UK, and civil service performance, during the pandemic. These reviews may lead to changes in how the SCS operates, including how it approaches the capability of its leaders.

**6** This report examines the government's overall approach to leadership capability within the SCS. It builds on our 2022 report *Leadership development in the civil service*, which outlined the civil service's training and development of its leaders. The report:

- examines the extent to which the Cabinet Office has adopted a whole system approach to leadership capability;
- examines whether the Cabinet Office has a clear view of what it wants to achieve in relation to leadership capability, a sound evidence base to support the design of its actions, and suitable arrangements for applying and embedding lessons; and
- considers evidence on leadership capability outcomes, and outcomes from the Cabinet Office's actions to improve leadership capability.

The report does not comment on the relationship between political leaders and senior civil servants, nor does it examine actions of individual departments, professions and functions, to improve leadership capability within their remits.

<sup>1</sup> F Maude, *Independent Review of Governance and Accountability in the Civil Service: The Rt Hon Lord Maude of Horsham*, Gov.UK, November 2023.



## Key findings

### Leadership capability approach

#### **7 Since 2020, the Cabinet Office has adopted new approaches to some of its leadership capability activities, where it identified gaps and areas for improvement.**

The Cabinet Office undertook reviews of the leadership development offer. These had identified weaknesses including a need for more coherence in centrally provided leadership development programme and gaps in the curriculum. In response, it introduced changes to leadership development arrangements and developed a plan to reform the leadership and management curriculum. We noted in our 2022 report that the civil service's approach to developing leaders has changed many times since the 1980s, and the Cabinet Office told us it intends that the current leadership development structure should be long-lasting. Alongside this restructuring, the Cabinet Office is seeking to innovate in some leadership capability areas, for example it plans to secure external accreditation status for line management standards for senior civil servants (paragraphs 2.2 and 2.3).

#### **8 The Cabinet Office does not yet have an integrated and coherent whole system approach to leadership capability.**

The Government People Group runs the centre of government's leadership capability activities. A whole system approach is beneficial because the range of leadership capability activities all work towards common or related outcomes – capable leaders with the right skills, values and supportive environment. Cabinet Office officials described to us a range of examples of interactions across teams aimed at facilitating collaborative working and informing decision-making. But in other areas, such as the following, the Cabinet Office does not yet approach leadership capabilities as a system.

- **Clear responsibilities and accountability:** The Cabinet Office has taken steps to improve accountability through, for example, a new governance structure for the Government People Group and naming officials as senior responsible owners. However, it has not worked with departments, functions and professions to fully articulate the division of responsibilities between the Government People Group, departments, functions and professions.
- **Objectives:** The objectives that the Cabinet Office has described to us relate to individual activity areas and organisational units, and there are no overall objectives or success criteria for leadership capability as a whole. Without clear objectives, against which it can map its activities, it is difficult for the Cabinet Office to know if its activities are duplicated in some areas or missing in others.
- **Evaluation:** The Cabinet Office has developed an Evaluation Strategy for the Government Campus, including the Leadership College for Government, but it does not have an overall strategy for evaluating its work to improve leadership capability more broadly (paragraphs 2.4 to 2.6).

**9 The Cabinet Office objectives for most activities promoting leadership capability are high-level, and lack clear outcomes and criteria for judging success.** The Cabinet Office has high-level objectives for different activities, for example “the Government People Group’s objective is to work with departments, professions, and functions to build a modern, effective Civil Service”. For the Group and most individual teams it does not have lower-level, more measurable objectives, or criteria for judging whether objectives are being successfully met. The Cabinet Office recognises that objectives and success criteria should reflect intended outcomes, clear responsibilities and accountability, and its own ability to influence outcomes (paragraphs 2.7 and 2.8).

Evidence base

**10 The Cabinet Office uses a number of evidence sources to understand the current civil service leadership capability, but it does not have an overall integrated assessment of capability to inform decision-making.** The Cabinet Office told us that it uses a range of sources including performance management processes, pay and related information, and the Civil Service People Survey to understand current capabilities of civil service leaders. With the exception of an annual central talent exercise, capability and needs assessments arise through these activities rather than through dedicated exercises. The Cabinet Office told us that while civil service leaders have many strengths, it has identified areas for improvement, including digital, data, technology, numerical and scientific capabilities. The Cabinet Office told us that the areas identified have informed the curriculum for leaders, but it could not explain whether or how they have informed its leadership capability activities outside of training and development (paragraphs 3.3 and 3.4).

**11 A range of factors can make improvements in leadership capability more or less likely.** The Cabinet Office told us “enablers” for improving leadership capability include commitment and engagement of leaders themselves, and support from professions, functions and departments. It listed “challenges” including the scale and complexity of the civil service and range of strategic leadership involved, the impact of budget and resource considerations, and the external environment. Our fieldwork, including literature review, identified other enablers, including clarity of purpose and messaging, and perceptions of the role of civil servants. It also identified other barriers, including structural, cultural and behavioural issues within the civil service. The Cabinet Office has identified seven “problem statements” linking to actions that it wants the leadership training programmes to address, and some of these statements, for example, “unconnected leaders”, are barriers to improving leadership capability. Beyond this, we have not seen how identification and analysis of enablers and barriers inform leadership capability activities (paragraphs 3.5 to 3.8 and 3.10, and Figures 13 and 14).

**12 The Cabinet Office has arrangements for monitoring capability and evaluating effectiveness of actions, but gaps exist.** The Government People Group monitors performance indicators for learning, skills and capability; pay and reward; employee experience; and recruitment, retention and talent. It has developed and started to implement a systematic evaluation approach for the Government Campus and for Leadership College for Government programmes. The Cabinet Office has made use of evaluation for some activities, but we have not seen evidence of evaluations of long-standing activities or plans to widen evaluation planning coverage to those areas. The formal monitoring and evaluation arrangements provide limited information on specific capability outcomes, including whether leaders are clear on what is expected of them, whether skills gaps are being filled and the extent to which the operating environment for leaders is supportive. The Cabinet Office does not collect or analyse information on the overall costs of its central leadership capability activities; it told us it estimates total costs for central leadership capability activities to have been around £11.5 million in 2022-23 (paragraphs 2.9 and 2.11 to 2.14).

**13 The Cabinet Office has drawn on lessons from past experience to inform individual leadership capability activities.** Lessons from past experience informed design of the new leadership development and training structure. The Cabinet Office told us of examples where civil service experience has informed training of leaders. Officials also recognise that capable leaders must be prepared for 'extraordinary' situations and, for example, the Cabinet Office runs a course on crisis management for senior leaders (paragraphs 3.11 and 3.13).

#### Capability measures

**14 The civil service has articulated what it expects of leaders in many ways and the Cabinet Office is reviewing the various sets of expectations for coherence and alignment.** The civil service has set out expectations of its leaders in numerous ways over time, for example, through employment terms and conditions and leadership competencies, and through training and development programmes. In setting expectations, the civil service must balance consistency across the SCS with the need for a degree of flexibility, for example reflecting departmental activities and needs. The Cabinet Office told us that it is mapping Leadership and Management Frameworks across the civil service to ensure coherence and alignment, which could lead to some consolidation of how expectations are set out (paragraphs 2.15 and 2.16).

**15 The Cabinet Office aims to bring in skilled leaders from other sectors, but recruitment into the SCS is still dominated by internal promotions, and it does not have a clear idea of how many appointees leave soon after joining the SCS.**

The civil service recognises the value that external recruits can bring and in 2021, the civil service committed to implementing 'external by default' recruitment, where all SCS posts would be advertised externally, from 2022. However, recruitment to the SCS remains predominantly through promotion from within – in 2022-23, 80% of SCS recruits were from within the civil service, 14% were from the private sector and 6% were from the wider public or voluntary sector. Our fieldwork interviews and literature review indicated that well-qualified appointees from outside of the SCS may leave after a short time in post due to greater feelings of isolation relative to appointees promoted from within the civil service; and a perception that 'generalist' skills related to policy advice are valued more highly than specialist skills and experience gained outside the civil service. The Cabinet Office shared data analysis covering time in post for senior civil servants, but we have not seen how this informs decisions, or analysis of how many people leave shortly after appointment to the SCS to know how widespread the problem is (paragraphs 2.20, 3.7 and 3.8, and Figures 7 and 13).

**16 The Civil Service People Survey suggests a significant increase in leadership capability over the last decade, albeit from a low base and not yet consistent across the civil service.**

The Civil Service People Survey is carried out on an annual basis by all civil service organisations. It includes questions on civil servants' views of how well their organisations are led and managed. Results from the survey suggest substantial improvements in leadership. The proportion of positive responses to leadership themed questions in the Civil Service People Survey increased from 31% in 2012 to 53% in 2020, but decreased to 49% in 2022. There is, however, wide variation in the perception of leadership between departments and across grades with, for example, positive views of leadership across the 16 main civil service departments in 2022 ranging from 61% to 38%. Across all civil servants in 2022, the positive response rate to the statement "I feel that change is well managed in my organisation" was 51% for the SCS, but between 31% and 35% for all other civil service grades (paragraphs 2.17 to 2.19 and Figures 5 and 6).

**17 The SCS has become more representative of wider society but there is further to go.** The Cabinet Office has set an aspiration that the SCS should be representative of the society it serves, keep pace with changing technologies and societal needs, and manage the risk of ‘group-think’ arising from an overly-narrow set of backgrounds and experiences. Over the period 2012 to 2023, the proportion of female senior civil servants increased from 37.1% to 48.6%; the proportion of those from an ethnic minority background increased from 4.0% to 8.7%; and the proportion of those who declare a disability increased from 3.4% to 7.8%. However, representation of those from an ethnic minority background or with a declared disability within the SCS remains below that of grades below the SCS, and below that of the economically active working age population as a whole, 16% of whom are from an ethnic minority background, and 17% of whom have a declared disability. Although there has also been a small increase in the proportion of senior civil servants located outside London (from 33.5% in 2012 to 36.5% in 2023), it is still predominantly London-based. The Cabinet Office told us that it does not yet hold robust data on social mobility centrally, because of quality issues in embedding data collection processes across departments. A Social Mobility Commission report in 2021 indicated that working class representation in the SCS, at around 18% in 2019, had not improved since 1967 (paragraphs 2.22 to 2.28, and Figures 8, 9, 10, 11 and 12).<sup>2</sup>

## Performance management

**18** The Cabinet Office considers leadership capability to be part of performance management arrangements for senior civil servants, however it has not yet linked leadership capability to pay and incentives. The Cabinet Office has undertaken an extended review of the performance management framework for senior civil servants since 2019. The new performance management framework for SCS grades apart from permanent secretaries has been implemented for the first time this performance year, from 1 April 2023. Permanent secretaries are appraised on delivery of ministerial priorities and performance against departmental Outcome Delivery Plans, which have not been published for 2022-23 but are being used to evaluate performance. Currently, performance of senior leaders is rewarded through non-consolidated payments (bonuses), but is not linked to consolidated pay uplifts. For the wider SCS, the Cabinet Office has previously (most recently in June 2023) indicated its intention to introduce a capability-based pay progression system aimed at incentivising skills development and experience by linking pay more clearly to capability. In its January 2024 Government People Plan, the Cabinet Office published intentions to set out a pay framework that drives acquisition of skills and capabilities, alongside an SCS strategy for a smaller, more skilled and better rewarded SCS (paragraphs 3.14 to 3.18).

<sup>2</sup> Social Mobility Commission, *Navigating the labyrinth: Socio-economic background and career progression within the Civil Service*, research report, May 2021, pages 5 and 11 (viewed on 4 December 2023).

## Conclusion

**19** Government faces significant challenges on many fronts at present, and an effective cadre of civil service leaders will be an essential element in overcoming them. Results from the Civil Service People Survey suggest that overall leadership capability has improved over the last decade, albeit from a low base. In order to build on this, the Cabinet Office needs to bring its fragmented approach into a more coherent systemic approach.

**20** The Cabinet Office needs to be clearer on what it expects of leaders, and whether and how the activities it delivers will achieve the leadership capability it is seeking. It needs to clearly articulate the responsibilities and accountabilities of different parts of the system, including departments, professions and functions. Doing so will enable it to test whether there are gaps or overlaps in the work being done by different parts of the system. The Cabinet Office should set out more clearly the role it expects external recruitment to play in filling gaps, including for specific skills and to enable it to meet its diversity goals. It should seek to understand how often external recruits leave shortly after their appointment and why they leave, so it can take appropriate action. The Cabinet Office can build on examples of good work within individual activities, for example expanding its spread of evaluation approaches for leadership development to other activities. If it is able to build from these a more coherent and evidence-based system it should be well placed to deliver further improvements.

## Recommendations

**21** We make the following recommendations:

- a** **The Cabinet Office, working with departments, professions and functions, should set out more clearly who is accountable for different activities that contribute to improved leadership capability.**
- b** **The Cabinet Office should work with departments, professions and functions to set out more clearly the specific outcomes that it wants to achieve from leadership capability as a whole system, and criteria for judging success.** The Cabinet Office should link the system objectives to the objectives of individual teams and activities, and set out how it will measure progress against them.
- c** **The Cabinet Office should formally analyse the enablers of and barriers to achieving its objectives for leadership capability, to assess the extent of its influence over those factors.** It should build from this analysis plans for action to address barriers where it has scope to do so.

- d The Cabinet Office should map for all its leadership capability activities the evaluation that it has already undertaken.** It should prepare a strategy and plan for evaluation of activities and outcomes where it identifies gaps in coverage.
- e The Cabinet Office should develop and communicate a coherent view of expectations.** It should explore ways to test whether leaders are clear on what is expected of them.
- f The Cabinet Office should assess where a system-level view of capabilities and needs would be most valuable.** It should develop mechanisms for producing this assessment.
- g Cabinet Office should develop a plan for external recruitment as part of its work on the new SCS strategy, reflecting assessments of priority areas (for example for particular skills or organisations) and whether the current system is working.** It should assess the key factors including how often external recruits leave soon after being appointed, and determine, for example, through exit interviews, the extent of and reasons for this happening and what could be done to make it less likely.