

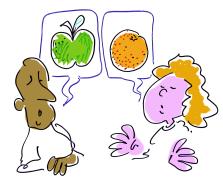
The Prime Minister's

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Participants

Our Capability Reviews Making Them Work

Mark Addison Stephen Aldridge Alex Allan John Alty Ian Beeslev Anita Bharucha Nancy Braithwaite Sue Bramwells Ursula Brennan Richard Calvert **Duncan Campbell** Maura Campbell **Ruth Carnall** Rod Clark Alexis Cleveland Keith Coleman Gary Cox

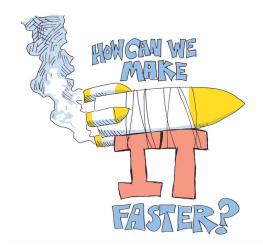
Mike Dallas Geoff Dart **Gareth Davies** Liz Davis Malcolm Dawson Robert Devereux Martin Donnelly Fiona Driscoll Nigel Edwards Nick Evans Richard Foster Ian Glenday Ian Grattidge Bill Griffiths Heather Gwynn Claire Hamon Joe Harley

Richard Hatfield Ann Hemingway Steve Heminsley Rosita Hill Matthew Hilton Mick Holbrook Keith Holden Nicholas Holgate John Hunter Andrew Jackson Howell James Tom Jefferv Sue Jenkins Anunay Jha Mary Keegan Julian Kelly

Bernadette Kenny Alex Khaldi Helen Kilpatrick Vanessa Lawrence Mark Lowcock David Macleod Donald Macrae Ian Magee Peter Makeham Mike McCartney **Geoff Merchant** Jonathan Moor Jeremy Moore Clare Moriarty Ian Morley Steven Muers Kristina Murrin

Angela O'Connor Gus O'Donnell Sohael Patel Joanne Peel Adam Pemberton Rachel Pickavance Paul Priestly Anne Rainsberry Elizabeth Ransom Mike Reardon Sue Richards Alan Richell **Emyr Roberts Dennis Roberts** David Roe Kevin Sadler Jonathan Slater

Fiona Spencer Clare Sumner Andrew Templeman Barbara Thomas Susan Thomas Peter Thomas Chris Thompson Jon Thompson Claire Tyler Ian Watmore Mike Watts Rob Webster Nick Westcott Alison Whitehead Greg Wilkinson Nigel Williams



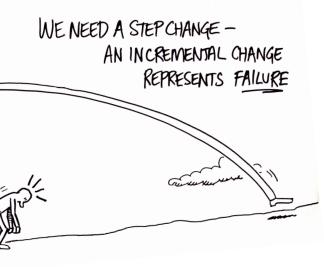
Our Capability Reviews Making Them Work

Alex Allan:

It feels odd to be the guinea pig getting up and introducing the experiment. I am delighted to be working out the ideas for the capability reviews – the Department for Constitutional Affairs is to be the first, but this is hugely important for all of us. I have spent a lot of time in Australia, away from the civil service and it has been interesting to see what has changed and what has not. The advent of the Prime Minster's Delivery Unit (PMDU) has meant a greater focus on delivery.



This is a process for knowing how departments are doing across the board. Performance Partnership Agreements were not well known. As a Permanent Secretary I want to know how my department is doing, to share experiences and share best practice – to know what is going on all over Whitehall. I want to be proud of a really well run department and its external accountability. We have standards and parliamentary committees already, which touch on bits, but not on the idea of how the department stacks as a whole. I find it exciting to be first - even if my colleagues think I am mad! I think we can create the necessary step change.



Our Capability Reviews Making Them Work

Gus O'Donnell:

Welcome everyone. I am delighted to see all of you – if Alex is the guinea pig, I am not sure what animals you all are! This is about a step change; a big leap to somewhere very different and much better. You have failed if at the end of it you have only moved a bit. These are not my capability reviews; in September all the Permanent Secretaries got together in Sunningdale and flagged up the delivery issues which were not met. The National Audit Office report which came out today is an example – it is obvious that there is a lot that we do well and lots that we could improve on. Let's take the initiative and sort something out for ourselves. This is yours, you are going to design it, and so if it has gone wrong, it is your fault! We have not found any country which does this well yet; it is a global first, so really you are developing it for the world - no pressure!

Why do we need this? There are phases of reform which lead to a more effective public service delivery. A new Government arrives with new promises and also a promise not to increase spending. I think that initially there was an assumption that budgets would just be rearranged to meet Labour promises after 18 years of the Conservatives in power – this did not happen. Phase 2 was about increasing capacity - more money for more teachers, doctors etc. In Phase 3 there is no more money. It is a fact that public spending will grow less fast than the GDP irrespective of what happens politically. There is no alternative at a macro level. We might as well be ahead of the curve.

I want us to be realistic about what we are good at and what we are not. The PMDU concentrates on looking at delivery, it is target based and has delivered on those many times before. Therefore we have raised expectations. It is very brave to have done what this Government has done. The political pay off depends on the alignment of aspiration and delivery.





Our Capability Reviews Making Them Work

Gus O'Donnell:

That is a challenge – through the capability reviews we will be raising the aspiration for what departments can deliver. Some people think we can just ramp up aspirations and that will pull up delivery. Others reckon we can under promise and over deliver; there are some issues.

In the detail we have to figure out what the right mix between internal and external is. There is already criticism – before the baby has even been born! – about the review not being external enough. I don't believe a completed capability review is actually a finished product – what does it lead to?

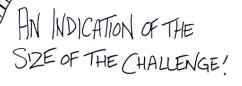
Strengths and capabilities are to be improved and the review is only effective if that happens, so it needs internal buy in and ownership. There are sensible challenges and we need to own them. We need to get the internal and external mix right during the next two days.

All of you in this room have the task of increasing corporate awareness. We work for the Cabinet Office, for DEFRA etc. – but we also all work for the civil service so we need to think about issues outside the blinkers of our day jobs.

Professional Skills for Government is an example - why didn't someone come up with that earlier? There is an issue around corporate behaviour and I hope we will investigate this in the process of this event.

We need step change. Often leadership makes the difference between a successful venture and one that fails. How can we analyse the strengths and weaknesses of a leadership team? This is not our comfort zone. We are going to have to say nasty things to people – that 'so and so' is not good enough. Often you have a great top team but know that one part doesn't work, perhaps you could develop that person? But quite often they are just not right for the job. We have a tradition of not being honest enough early enough.





"Please be passionate about this...

...we are going to decide this for **ourselves** and make departments **perform better**."

Our Capability Reviews Making Them Work



Gus O'Donnell:

I think the best performance appraisals are those that tell you the things that you do wrong. All too often we are willing to discuss anything rather than the person – and for me this is personal. Please concentrate on that.

There is a book called 'Exit, Voice and Loyalty' by Albert O. Hirschman. To paraphrase, please don't exit; your voice is very important. It is important to be critical and attack ideas, even destroy buildings and rebuild them if necessary. You are shaping the civil service that you will inherit.

And what will success be like at the end of the event? I want some of you to come and present to a number Permanent Secretaries. Peter and Jonathan have already given a presentation to a number of the Permanent Secretaries showing where we are. This process will define capability review further.









And for me, let me introduce you to my four P's: I will assess how you have done in terms of pride the pride in the civil service when the reviews are published. In terms of pace - when all the Permanent Secretaries got together I thought there would be an issue about who was going to be first... In fact, it was the reverse; I was snowed under with requests for being first. I want to do these things quickly too. Professional – to make these capability reviews highly professional we need to take time and develop the process. We will make certain mistakes, I am sure, but your job to make sure the first review does not fall over. And the final P, passion – we are taking the initiative and moving things forward. We will be making departments perform better for public and enhancing the reputation of the civil service, please share my passion for this.

What we did and how we did it

Our Capability Reviews Making Them Work

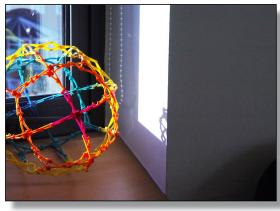
The Capgemini Accelerated Solutions
Environment (ASE) is a place for large group
design decisions made at an accelerated pace.
The ASE is a not only a place but a complex
process that depends upon a combination of
people and information. The process, called
"decision by design," differs from that of a typical
planning meeting or negotiation session. During
an ASE event participants go through a rigorous
process of exploration, co-design, assessment
and decision-making. Within each phase,
participants' creative abilities are expanded.
Through collaboration, the participants define and
test models of the future and, based on those
models, develop specific goals and plans.

For two days in December the Prime Minister's Delivery Unit together with partners and colleagues assembled 96 participants in the UK ASE to explore capability reviews and strive for a successful review process.





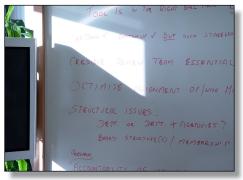




What we did and how we did it

Our Capability Reviews Making Them Work





During the **Scan** phase, we opened up the range and depth of our vision. We looked into the future and outside our normal parameters. We surfaced and examined hidden assumptions and we were introduced to each other and to each others' ideas.

We had the opportunity to explore our idea of what "good government" is, and how capability will drive successful outcomes. We identified and examined specific issues, and learned what we must address in building capability. A lively exploration of possible scenarios taught us what might happen in a future landscape.

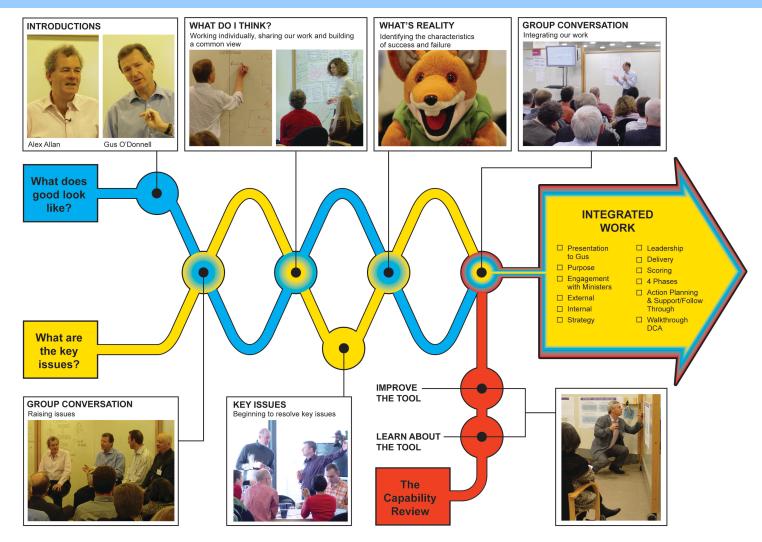
During the **Focus** phase, we learned more about the review tool itself. We examined ideas and assumptions from different points of view and looked for the intersection points between them. Ideas that didn't "fit" fell away naturally. Other ideas grew stronger through the iterative process.

The **Act** phase was about making decisions. We started the day by building the detail of the tool and then had a conversation that gave everyone a chance to articulate a vision of success and raise any remaining issues with the team as a whole. We defined the work and created definite projects and assigned responsibilities.

The following pages outline some of the work we did the during the Act phase. We created a presentation to the leadership team, articulated the purpose of the review, and redefined how we engage with ministers. Furthermore, we explored the face the capability review will present both internally and externally, as well as better understood the strategy, leadership, delivery and scoring of the review. Finally, we went through the review's four phases, and identified a plan for action planning and support and follow through, as well as doing a practice run of the review for the purposes of the Department for Constitutional Affairs.

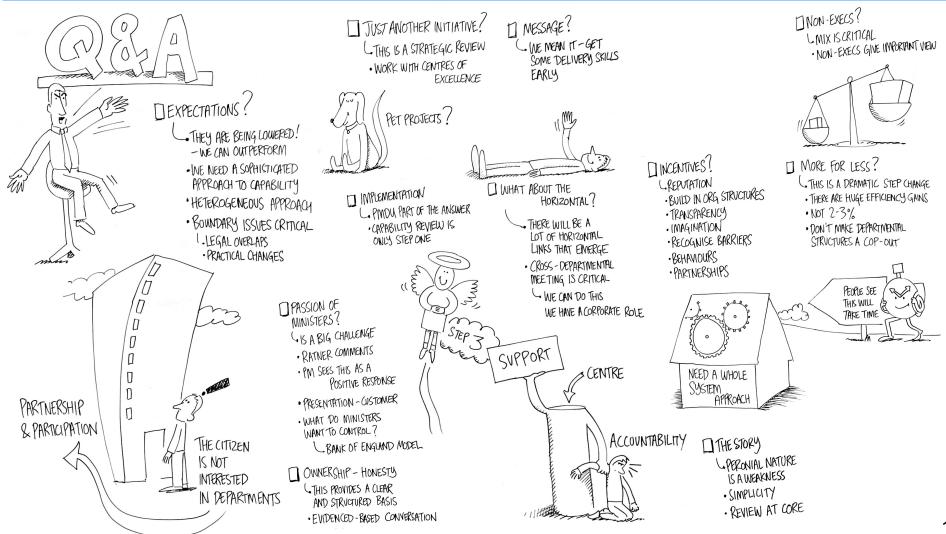
What we did and how we did it

Our Capability Reviews Making Them Work



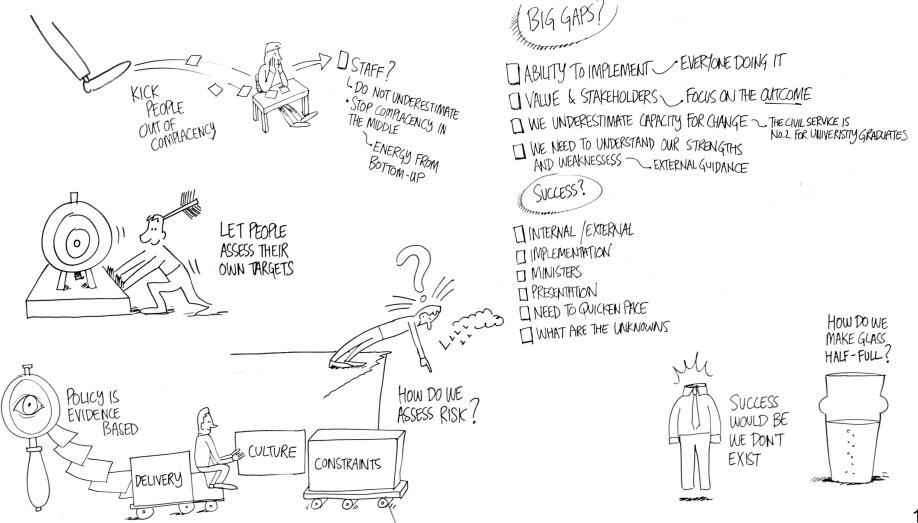
Q&A

Our Capability Reviews Making Them Work



Q&A

Our Capability Reviews Making Them Work



RESTRICTED

The Challenges posed by the DCA team to the whole group

Our Capability Reviews Making Them Work

We (the DCA) are the first department to

undergo a review, and as such, are facing specific challenges. We had a number of guestions about the purpose of the review, for example whether it was an audit of the top team or the whole department. That led to other questions regarding leadership and accountability for the results.

During the course of our discussion other challenges became evident, such as the rules of engagement and reporting, delivery, and the definition of "pilot". However, we are confident that we can act on our findings, and will have a successful experience in the upcoming review.

The DCA team identified the issues highlighted to the right of the document and passed to other groups to resolve through the course of the second event day. This lead to an integrated view by the end of the event

THIS IS ABOUT THE TOP TEAM ...

IS IT THE WHOLE



Issues Seen from the Guinea Pig Treadmill

- Purpose
 - Top Team?
 - Department?
- Is this so much to do with ministerial leadership and strategy that the whole venture is politically doomed?
 - Not Ready to expose
 - Not legitimate for civil service?
- Is it about individual performance of leaders or departmental leadership capability?
- Is this a new psychological contract for Whitehall—have we been up front about that?
- Who is accountable?
- · Secretary of state?

· Top team?

- Whose fault?
- Permanent secretary?
- Who's sacked?
- 6. Sufficient focus on customer outcomes?

Process Issues

- Is this a pilot or a first review?
 - Scope for negotiation
 - Rules of engagement
- 2. Is scoring robust enough for a first review?
 - Objective/subjective
 - Process or outcomes
 - New/existing evidence
 - Role of moderation
- Selection of case studies 3.
- 4. Internal communications post-review/prepublication
- How do we focus on capability for the future?
- 6. "Delivery" angle on major xformation/prevention
- 7. DCA capacity to prioritise review/implementation

Purpose

Our Capability Reviews Making Them Work

We were all clear that the capability reviews were introduced to improve performance and involved a huge range of stakeholders.

However, there were numerous passionate debates as to what this meant in reality. These took place after individual work sessions on the walls; throughout group work on the issues that arose during examination of the review process; as we considered stretch scenarios; and finally in a group dedicated to this purpose.

We identified a brief that is good enough for now and which may become more detailed after the DCA pilot in January.





Purpose

To improve Departmental capability to:

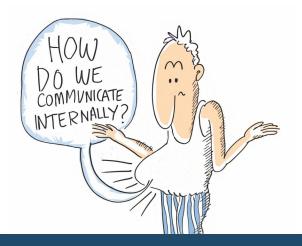
- Deliver today
- · Be ready for tomorrow's challenges

And demonstrate this

This must be tailored to the context and challenges of individual departments.

Must include

- Assessment of the non-ministerial Top Team
- Addressing Leadership
 - Strategy
 - Delivery
- A tailored and proportionate examination of the delivery chain
- An agreed action plan



This enables:

- GUS to hold Permanent Secretarys to account and to be held to account by the P.M.
- Improvement in the reputation of the Civil Service
- A step change in capability performance in short and long term
- Improvement in <u>cross</u>-department capability to deliver
- A comparable framework

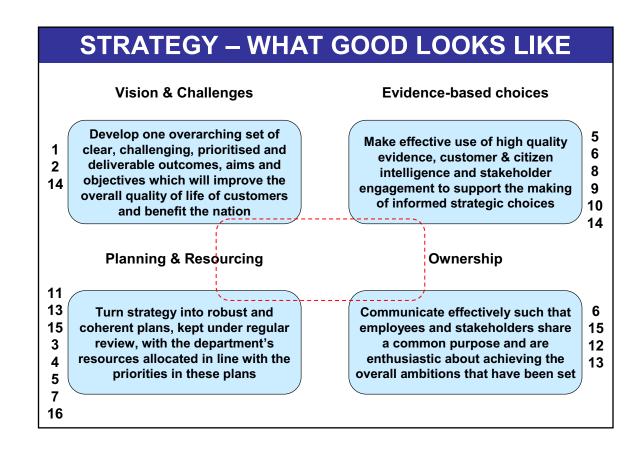
Strategy

Our Capability Reviews Making Them Work

From the outset of the event Gus O'Donnell confirmed that the capability review was an overarching strategic approach, not just another initiative. As such it is critical that the tool is able to effectively review strategic capability.

Having understood the context for the capability review we learned about the work of the PMDU project team on reviewing strategic capabilities and examined it from a number of vantage points. A group of participants with a passion in this area developed a consolidated view of what good looks like for strategy. They made sure that it integrated with the work of the other groups. In particular, there was a productive tension between the philosophical discussion and the practical reality of a DCA pilot in January.





Delivery

Our Capability Reviews Making Them Work

Having understood the context for the capability review we learned about the work of the PMDU project team on reviewing delivery capabilities and examined it from a number of vantage points. A group of participants with a passion in this area developed a consolidated view of what good looks like for delivery. They made sure that it integrated with the work of the other groups. In particular, there was a productive tension between the philosophical discussion and the practical reality of a DCA pilot in January.



What good looks like - DELIVERY

Planning & Resourcing to deliver the Strategy

- Identify the resources organisation and implementation plans necessary to deliver the strategy.
- Have an explicit model for delivery and proper prioritization and sequencing of deliverables.

2) Building Change through the Delivery Chain

- Clearly established roles, responsibilities and commitments across the Delivery Chain.
- Each element of the Delivery Chain is properly resourced, with clear milestones and delivery dates shared with others.
- Risks are being properly managed.

3) Implementation and integration of Change

- Operational teams properly prepared through training and education and are energised to implement the changes.
- Clear implementation plans and strong collaborative relationships exist between all parties across the delivery chain.

4) Operational Performance & Management

- Operational performance being routinely tracked across the delivery chain.
- Top management are responding actively to operational performance weaknesses.
- Confidence in performance and management information that informs changes to strategy and delivery.
- Customer experience is understood and is used to inform changes to policy and delivery.
- The operational area is flexible and responsive to changing circumstances.

Leadership

Our Capability Reviews Making Them Work

Gus and Alex's introductions and the Q & A session set the standard for engaged leadership. Throughout the work sessions that followed the behaviour of leaders of different departments across government exemplified this.

Having understood the context for the capability review, we learned about the work of the PMDU project team on reviewing leadership capabilities and examined it from a number of vantage points. A group of participants with a passion in this area developed a consolidated view of what good looks like for leadership. They made sure that it integrated with the work of the other groups. In particular, there was a productive tension between the philosophical discussion and the practical reality of a DCA pilot in January.



LEADERSHIP - WHAT DOES GOOD LOOK LIKE?

Definition – The ability of leaders to:

- •See and communicate the big picture and to be committed to working corporately, across boundaries and organisations, to deliver the right strategic outcomes
- •Role model great teamwork, foster innovation and creativity and reflect on how to improve and drive the development of others
- •Lead others through the complexities of change by creating a shared vision of the future that all can understand and help deliver
- •Above all, be open, honest and courageous and not flinch from delivering tough messages to their minister or department

What good looks like - leaders who:

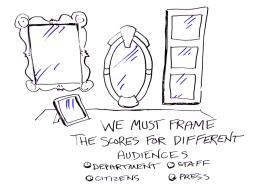
- •Set direction and inspire others with a clear vision, show pace in seizing opportunities, adapting to the future and helping others to understand the environment
- •Ignite passion, show integrity and drive across the delivery chain, to create a common goal
- •Deliver improved results and foster pride by applying lessons learned and encouraging creativity
- •Build capability, by nurturing talent, cultivating innovation and increasing professionalism
- Take responsibility

Scoring

Our Capability Reviews Making Them Work

A major part of the capability review will be scoring to help us improve our performance and measure our progress. Given that scoring touches so many departments and will have a different meaning for each, it was important to us to build a method that was meaningful for all.

Having understood the context for the capability review, we learned about the work of the PMDU project team on reviewing scoring capabilities and examined it from a number of vantage points. On the first day a team thrashed out many of the issues that arose. On the second day, a group of participants with a passion in this area developed a consolidated view of what good looks like for scoring. They made sure that it integrated with the work of the other groups. In particular, there was a productive tension between the philosophical discussion and the practical reality of a DCA pilot in January.



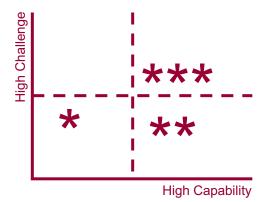
Purpose of Scoring

- To help us get better and know how we are progressing against future needs
- To cover the degree of challenge
 - the key gaps in capability
 - the direction of travel
 - weighting between elements
- To make comparisons, benchmark, identify expertise
- To assess the overall health of the C/S
- Public accountability/ transparency (audit trail)
- Performance Management of Permanent Secretaries

Messages

- There will be <u>scoring</u> against the nine elements within leadership, strategy and delivery. These will need to be 'guided judgements'
- There will be a joint team/ departmental assessment of degree of challenge
- There will be a team <u>assessment</u> of prospect of improvement
- The 'dartboard' is a useful way of presenting these elements

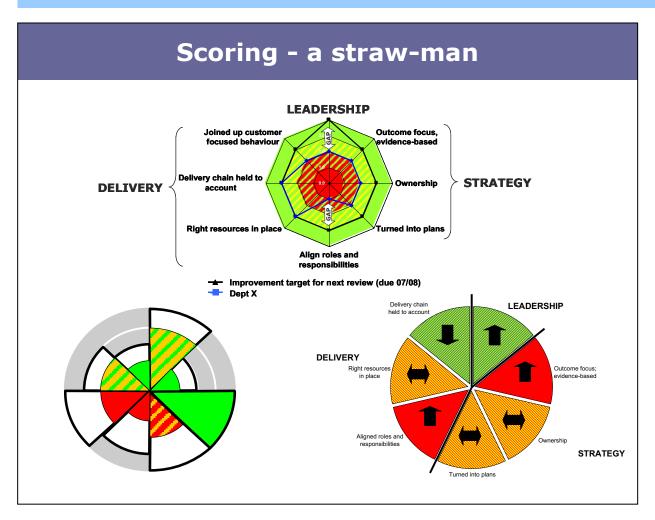
An overall assessment should also be published





Scoring

Our Capability Reviews Making Them Work





Four Phases

Our Capability Reviews Making Them Work

Having understood the context for the capability review, we learned about the work of the PMDU project team on reviewing process capabilities and examined it from a number of vantage points. A group of participants with a passion in this area developed a consolidated view of what good looks like for the four phases of process. They made sure that it integrated with the work of the other groups. In particular, there was a productive tension between the philosophical discussion and the practical reality of a DCA pilot in January.



Role of the Review Team

Assumptions

- 3+ people External to C.S.
 - DG/ CE OGDs
 - Stakeholders
- Team required for
 - Induction/ training
 - 2 week review
 - moderation
- Support team
 - PMDU

Analysis Subject

- Dept.

Matter Expertise

- Call in expertise as required

Background to 4 Phases

Review Programme

- Induction of Review Teams
- Continuous Improvement
- Summary of trends across Gov.
- Manage the moderation process

4 Phases

- Considered a 5th phase for Implement/ Monitor but concluded that it should remain in Phase 4
- Need to decide when Review will be repealed and how Phase 4 moves into the next Phase 1

Critical Success Factors

Identified CSFs for each phase

Phase 1

- The Landscape/ Scope/ Depth of the Review agreed
- · Review team selected
- Information requirement defined



Four Phases

Our Capability Reviews Making Them Work

Phase 2

- Agreed approach to the review:
 - Plan
 - Inducted Team
 - Hypothesis
 - Case Studies/ Deep Dives
 - Communication plan

Phase 3

- No surprises on Friday p.m.
- Initial findings and unmoderated score presented at Friday p.m. slot
- · Areas of agreement/ disagreement identified

Phase 4

- · Action plan agreed between P.Sec and Gus
- Moderated report published
 - comms/ handling plan
 - Dept/ Whitehall
- Gus stocktakes to evaluate/ drive progress at agreed intervals are completed

How quickly can we Review all departments?

17 departments

- Frequency of Reviews
 - annual?
 - 2 yearly?
 - 5 yearly?
- Resources
 - PMDU
 - Externals
 - DG capacity

Choices

- Do we learn from pilot or commit to move forward too quickly now?
- Do we push on quickly but lose the learning unless we repeat reviews too quickly?
- Implies large PMDU team in the short term
 - Then reduce in size until the next

round

- danger of people only doing one review and losing opportunity for learning

Recommend

Pilot, start small, comlpete over 2 years, then review every 2 years

Action Planning and Support/ Follow Through

Our Capability Reviews Making Them Work

Having understood the context for the capability review, we learned about the work of the PMDU project team on the fourth phase of the management of the capability review, action planning, and examined it from a number of vantage points. Arguably the follow through actions are more important than the score of the review itself.

A group of participants with a passion in this area developed a consolidated view of what good looks like for action planning and support. They made sure that it integrated with the work of the other groups. In particular, there was a productive tension between the philosophical discussion and the practical reality of a DCA pilot in January. The team responsible for the follow up must be balanced between analysts and those with the behavioural skills vital to get buy in for the plan. 'No go' areas cannot exist and the feedback process has to be totally honest and all encompassing.



Follow Up

- Permanent Secretary and Line Management accountable and should put in place an appropriately resourced follow up team(s) to drive progress
- Review progress at agreed point(s) and explicitly state who does it including engagement with stakeholders
- Gus stock takes (à la P.M.'s stock takes) to evaluate/ drive progress at agreed intervals
- Gus has/ diarises follow up events to discuss what has come out of reviews overall – 12 months (min)

Throughout review

PMDU should identify aggregated cross government issues

- PMDU should:
 - identify/ aggregated x-govt. issues
 - provide support/ expertise/ good practice
 - ensure follow up
- Gus and PS make it happen together (including public/ political handling)

- Whatever time it takes, must ensure ownership is transferred to those who must deliver (corporately across the board)
- The power of making it public
- Need for a communications plan for publication

Department for Constitutional Affairs Walkthrough

Our Capability Reviews Making Them Work

We tested the capability review from the point of view of the Department for Constitutional Affairs, where an actual review is pending. Assuming the review would take place in one week's time, we ran a walkthrough of the review and noted any points where it was not plausible for the DCA.

We discovered points of engagement with the review that the ministers had not talked about, and also areas of strategy with relationships. There is more work necessary on FOI before continuing the review. We require support from Gus O'Donnell and the Prime Minister for a successful review.





According to Gus, a DCA pilot means consulting through doing

Because:

- I. We have not yet sufficiently developed the methodology given the importance of getting it right.
- II. That means we'll need to iterate through the process as we go.
- III. Learning through doing is best

This means:

- I. We could turn the pilot into reality if it all works as we expect
- II. Failing to do that, we probably won't publish a report or do a score (except for testing purposes)
- III. We will still act on what's been found
- IV. We'll need to do it again formally

Close

Our Capability Reviews Making Them Work

Peter Thomas:

Sorry to keep you all prisoners in Woking, but my thanks to Dan, John and their team. You are all now the leading experts on the capability review – you might run but you can't hide, we will come back to you – you must continue to test and challenge. We will create more sessions in different locations; probably practical one and a half our chunks at the start or the end of the working day so that we can go forward from there. We will gain experience from the DCA and reviewers etc – then you can look and challenge and reshape your views. Now the last word should lie with the DCA.













Close

Our Capability Reviews Making Them Work



Rod Clark:

Alex kicked this thing off at the start and I will end it, we are like bookends or a pair of guinea pigs rampant! Alex set some challenges about what he wanted to come out of the day and I will come back to them. Earlier today, I and the DCA team also set some challenges for the work that you were to complete this afternoon:

I have been ticking them off and I reckon you have done a fantastic job of answering some of these guestions. Some of the challenges that we were set by Gus and Alex were about the presentation to take back to him, some of it was about surprising him. I don't know how surprised Gus will be, but there are certainly some messages that we are going to be giving that I would not have predicted to have come out without these days of detailed work working through the issues. That is down to you. You have done a fantastic job of challenging things, for which I personally am incredibly grateful. You have really applied a cold dose of reality to this thinking, hammering through the problems as we returned to them again and again over the course of the event. Your stamina in seeing that through is worth reflecting on with the pride that Gus talked about. Thanks very much, safe journey home.

Issues Seen from the Guinea Pig Treadmill

- 1. Purpose
 - · Top Team?
 - Department?

Purpose: Gus

- 2. Is this so much to do with ministerial leadership and strategy that the whole venture is politically **doomed?**
 - Not Ready to expose
 - Not legitimate for civil service?

Minster: Gus

3. Is it about individual performance of leaders or departmental leadership capability?

Purpose: Leadership—Gus

4. Is this a new psychological contract for Whitehall—have we been up front about that?

Purpose: internal communications—Gus

- 5. Who is accountable?
 - Whose fault?
- Secretary of state? 7.

6.

- Who's sacked?
- Permanent secretary?Top team?
- Ministers/ Action Plan

6. Sufficient focus on customer outcomes?

Delivery Gus

Process Issues

- 1. Is this a pilot or a first review?
 - Scope for negotiation
 - · Rules of engagement
- 2. Is scoring robust enough for a first review?
 - Objective/subjective
 - Process or outcomes
 - New/existing evidence
 - Role of moderation

Scoring

- 3. Selection of case studies → phases
- 4. Internal communications post-review/prepublication
- 5. How do we focus on capability for the future?
 - "Delivery" angle on major xformation/prevention

DCA capacity to prioritise review/implementation