

## **Civil Service reform post devolution: The Scottish and Welsh experience**

*Briefing No. 37*

### **Key points**

- The civil service across Scotland and Wales remains part of a unified Home Civil Service whose managerial arrangements are a reserved power
- Within this UK framework a number of differences in practices can be identified:
- Scotland and Wales have adopted distinctive approaches to civil service reform and the efficiency agenda
- Differences in Scotland arise from a desire to promote ambitious savings without specifying job cuts
- Differences in Wales arise from a more cautious appraisal of what can be achieved, concentrating on economies of scale through cross-public sector working
- Both administrations show signs of conforming to the dominant paradigm of reform adopted in Whitehall
- There has been little pressure to break up the unified Home Civil Service, reflecting the lack of practical constraint it has imposed on what the administrations have been trying to do
- Learning across UK administrations is unsystematic, and the opportunity of a useful debate about alternative routes to reform could be much better exploited

### **Introduction**

In both Scotland and Wales the role and functions of the civil service have been a matter for debate post devolution, including some discussion of the merits of a separate devolved civil service. Both executives have struggled to establish a new policy-making capacity while continuing with routine pre-devolution tasks. Both have had to learn how to work with politicians and coalition arrangements under an unprecedented degree of media scrutiny.

Since devolution the Scottish Executive has emphasised the maintenance of a unified corporate identity. This has also been promulgated through the matching of Ministers to topics that cross departments rather than identifying ministers clearly with specific departments.

In Wales, devolution also highlighted the need for increased policy capacity at the centre which has taken some time to develop. However, the Welsh Assembly Government has seemed more prepared explicitly to distance itself from Whitehall, leading to more fundamental departures in terms of civil service roles and processes.

### **Aims and objectives for the civil service**

The Scottish Permanent secretary, John Elvidge, has set out his strategy in a speech to staff when taking office in July 2003 and in interviews (eg the *Guardian* in January 2004, *Holyrood* magazine in September 2005). These included:

- The Scottish Executive to be at the centre of Scottish life, bringing together those who deliver services to make a practical reality of the political intentions of ministers
- A more engaged civil service style interested in delivery, working with outside organisations and sharing responsibility for failures in service delivery even if they played no direct part in them
- Increased analytical capacity within the executive but with work being openly shared
- Changes in working patterns without organisational restructuring: “Changing institutions is yesterday's solution”.

In Wales, the Permanent Secretary, in his corporate priorities and objectives 2004-06 also set out a series of performance priorities for the Welsh civil service. These include:

- Improving policy capacity and professional expertise;
- improving project and programme management skills;
- improving the efficiency of business processes;
- investing in staff to improve leadership; and
- focusing more clearly on delivering results.

Both permanent secretaries recognise the need for greater organisational capacity and an enhanced focus on delivery.

### **A tendency to centralise?**

Elvidge is responsible for the creation of the Office of the Permanent Secretary bringing together research, analytical, change and communications capacity within one department. This is something of a euphemism for an Office of the First Minister. Elements of public service reform and efficient government remain within the Finance and Central Services Department, highlighting the need for these two departments to work closely together on issues of public sector reform. Specialist units such as the Strategy Unit, the Delivery Unit and the Performance and Innovation Unit enhance the capacity of the centre in various ways. The creation of the Strategy Unit provides the capacity for longer-term creative thinking. The Delivery Unit provides an overarching monitoring capacity and the Performance and Innovation Unit concentrates on utilising external resources to bring about longer-term improvements.

The WAG, having started in 1999 with a highly integrated structure has moved towards a flatter, more differentiated approach in which ‘departments’ (now so-called) sit alongside central functions, including a Strategy and Communications Directorate. But its most innovative decision, announced in July 2004, was to re-absorb the main Welsh quangos: the Welsh Development Agency, the Wales Tourist Board and Education and Learning Wales-National Council by April 2006. The reasons reported for this change were to increase the critical mass of the Assembly, to improve the links between policy making and implementation, to provide better career paths for staff and to improve the ability to generate more distinctly Welsh policies. A key reason for this move was said to be to increase the accountability of these bodies.

An alternative interpretation of such a move could be a desire to centralise control and tendency to micro-management. It also has the effect of diverting attention away from external recruitment to the internal absorption of staff. This approach is unique within the UK with no great appetite to re-incorporate substantial quangos displayed by Whitehall or Scotland.

## Reforming the civil service

### *The Changing to Deliver programme in Scotland*

In late 2002/03 the Scottish Executive embarked on a cultural change programme *Changing to Deliver* (CtD) designed to ensure that the Executive could deliver the targets contained in the Labour-Liberal Democratic coalition's policy programme *A partnership for a better Scotland: partnership agreement*. This change agenda is based around concepts of leadership, outward focus and working with stakeholders, delivering outcomes and developing corporate processes and procedures.

These concepts are a development of the civil service reform programme and are endorsed and supported by the Cabinet Office, with the Executive seeking to be an exemplar for the rest of the service. Initially the programme was planned to last two years. As it has progressed the leadership element of the programme has incorporated the Improving Leadership Capacity programme and the outcomes element is being developed to incorporate the Improving Professional Capacity programme developed by the Civil Service Management Board.

Reporting to the Scottish Parliament finance committee in January 2005, Elvidge noted that CtD has achieved some success (Box One)

#### **Box One: Achievements of *Changing to Deliver***

- **Leadership** – based on responses to a recent staff survey, the Executive scored highly compared to other UK departments and public bodies.
- **Outcomes** – outcome measures are primarily based on meeting the partnership agreement targets; however another measure of success of this programme is the degree of professionalisation of the executive's staff. The number of staff holding appropriate professional qualifications is increasing both in support services and mainstream policy roles.
- **Outward focus** – a 2004 survey of stakeholder opinion about the Executive, involving 824 respondents indicated that over 70% of stakeholders were satisfied with their dealings with the Executive and two thirds of stakeholders considered that the Executive's approach to joint working has improved since devolution.
- **Corporate processes** – improvements in the finance, IT and HR systems have also been achieved.

The latest evaluation of CtD, carried out by the Office of Chief Researcher in autumn 2004 (reported in its *Research Findings* No.12/2005) looked at progress in the four areas of the programme: culture and behaviours; outward focus; policymaking; and corporate processes. The overall conclusion was that significant improvement could be demonstrated in the areas of policymaking and outward focus. It was acknowledged that communicating the corporate vision and gaining staff support for change has been successful although this had yet to be demonstrated through concrete actions and work was required to fully engage ministers. Finally the evaluation noted that changes in corporate processes had achieved little improvement, particularly in

human resources and a greater alignment is needed between corporate processes and the business needs of the Executive.

### *Making the Connections in Wales*

The approach of the WAG is somewhat different, aligning civil service reform with the efficiency agenda in a single document. October 2004's *Making the Connections: Delivering Better Services in Wales* (MtC) built on the vision for Wales set out in the WAG's policy programme *Wales: a better country*. The introduction to MtC clearly sets out the underlying philosophy adopted by the WAG for the delivery of public services. It identifies two possible models for improving the value for money of government expenditure:

- the first, a competitive model, is dismissed as lacking in empowerment for the public service user in the development of services
- the second model is based on co-ordination and collaboration between service providers and service users. This is the model preferred by WAG and provides a framework for the development of specific actions lacking in the Scottish approach.

In common with CtD in Scotland, MtC articulates some key principles, namely: responsiveness and inclusive in the delivery and design of services; commitment to social justice and equality; a less fragmented public service and value for money. Notably these principles encapsulate more explicitly broader societal aims.

To operationalise MtC, an action plan *Delivering the Connections: From Vision to Action* was produced in June 2005. This plan outlines the WAG's top ten commitments and how these will be achieved. But compared with Scotland is too early to comment on the success of the programme.

Another innovation is WAG's recruitment strategy launched in September 2004 which extended open competition for posts between internal and external applicants in a manner driven by the equality agenda, monitored by the Equality of Opportunity committee of the Assembly. Open recruitment has also been used for special advisers.

## **Efficient Government**

### *Scotland's response*

In November 2004 the Executive published its Efficient Government Plan, building on previous savings proposals and addressing Gershon requirements. It set targets as shown in

Table One.

**Table One: Efficient Government savings**

	2005-06 Already identified	2006-07 Already identified	2007-08 Already identified	For the year 2007-08 Additional savings yet to be specified
Cash releasing savings	405m	582m	912m	
Time releasing	n/a	n/a	337 m	263m

savings (i.e.  
productivity savings)

Source: Scottish Executive efficiency technical notes: March 2005 para 1.2/Sept 2005, para 1.4

All departments were asked to identify savings proposals to meet the targets in Table One. These projects do not appear to have much impact on permanent staff numbers, and there are no targets for staff cuts as in England. Commentators have questioned the achievability of these targets given the rather arbitrary percentage reductions assigned to local government and health.

Within the Executive, an Efficient Government Delivery Group (EGDG) is responsible for supporting and monitoring the achievement of savings, including shared services agenda alongside a Public Service Reform and Efficiency Division (PSRED) responsible for co-ordinating longer-term efficient government activity .

#### *The Welsh Response*

Within its MtC action plan, the Assembly Government has set a target of achieving £600m per annum 'value for money improvements' across the Welsh public service by 2010, with at least half of the improvements being reached by 2008. This represents a target of about 1% per annum, less than the initial 1.9% planned by Scotland and the baseline UK target of 2.5%. Published data by portfolio has been confined to that in Table Two below, suggesting a much lesser level of specified detail than that found in England or Scotland

**Table Two: Projected Annual Public Service Dividend for Wales (2007-08, shown by Portfolio - equivalent savings to be achieved each year)**

Portfolio	£m 2007-08
Health & Social Services	54
Local Government	39
Social Justice & Regeneration	6
Environment, Planning & Countryside	3
Economic Development & Transport	12
Education & Lifelong Learning	15
Culture, Welsh Language & Sport	1

Source: MtC, action plan para 3.8. WAG (2005)

To help public sector bodies achieve their targets, WAG has established a specialist service, *Value Wales*, to advise public sector bodies on improving their procurement activities and support the development of shared services and collaboration. Value Wales will co-ordinate activities on a Wales-wide basis where economies of scale are likely to be achieved. MtC and the achievement of efficiency savings will be overseen by a Public Services Board which will also provide a platform for debate about public sector reform. This board contains representation from all the main areas of the Welsh public service.

The WAG has also commissioned a review of local service delivery by Sir Jeremy Beecham. This review commenced in July 2005 and is expected to report in a year's time.

#### **Performance monitoring arrangements**

*The balanced scorecard and best value in Scotland*

The balanced scorecard approach to performance management is used across the Executive although to different degrees of sophistication. By March 2005, the 5th quarterly balanced scorecard report was produced to monitor performance in meeting Partnership Commitments by the end of 2004.

All departments produced Departmental Improvement Plans by the end of 2003 and embarked on a series of best value reviews. These reviews are expected to feed into departmental business plans. Such business plans for 2005-06 have been produced by all departments and are publicly available.

*Other measures of performance in Scotland*

A stakeholder survey was undertaken by MORI in autumn 2004. It involved on-line and telephone interviews with a variety of stakeholders in the public, private and voluntary sectors. The report identified seven areas for improvement based on relative perceived performance:

- Understands what stakeholders are trying to achieve
- Understands constraints facing stakeholders
- Involves you at an early stage in developing policy
- Is clear about how much is open to change
- Openly shares information
- Keeps you informed about how its thinking is developing
- Promotes consistent approach to dealing with organisations –

The report noted that the Executive’s performance was good but fell below other departments and agencies (Table Three).

**Table Three: Critical Success Factors in the Scottish Executive**

	<b>Scottish Executive</b>	<b>Other departments and agencies</b>
Provides suitable information	74%	88%
Ease of contacting staff	83%	86%
Politeness/courtesy of staff	91%	96%
Prompt handling of queries	73%	83%

Source: Office of Chief Researcher, *Research Bulletin No.1/2004*

This survey has been used to inform Elvidge’s view on the performance of the Executive and provides a baseline against which to measure the success of future initiatives.

The staff survey has been run since 2000. The latest survey from 2004 highlighted a mix of positive results (eg job satisfaction and relationships with colleagues) but also a number of areas for improvement (information, leadership, career prospects, excessive volume of work). The overall response rate for core departments was 61% and there was a lower response rate for agencies of 32%. The responses appear to indicate a high degree of satisfaction with roles and job content, but it also perceived failings in how the Executive manages its staff and how it relates to the public.

## **Performance reporting – a Welsh approach**

In common with Scotland, the WAG has introduced a Balanced Scorecard approach to monitoring performance. This is still in relatively early days with the second report issued in July 2005. The production of this report is the responsibility of the Business and Management Information Directorate using information provided by the departments. The WAG has produced regular reports on progress against the targets set out in WAG strategy documentation. The latest report was produced in June 2005.

### *A unitary public service?*

The concept of a unified public service with freedom of movement between civil service, health service, local government and other public bodies is one that has been discussed in both Scotland and particularly in Wales. The Welsh Assembly Government has pursued the idea by establishing *Public Service Management Wales*, a membership based body designed to improve management skills, personnel transfer between sectors and cross-boundary working,

A similar debate has taken place in Scotland through the Finance Committee of the Parliament where Elvidge and the trade unions emphasised the practical problems of integrating pay and grading. The fear of the fragmentation of links with the rest of the civil service, including the many non-devolved civil servants, has been stronger in Scotland than in Wales.

### **A separate civil service?**

Many inside and outside Whitehall assumed in 1999 that there would be pressure to create separate Scottish and Welsh civil services on the Northern Ireland model. There has been isolated political pressure for this, but the official line of the devolved administrations has been resistant. The most authoritative considerations of the issue (the House of Lords Constitution Committee report in 2002, and the Richard Commission report on devolution in Wales in 2004) both rejected it, for rather different reasons.

The Lords committee took a pragmatic approach, but suggested that there was no reason why civil service standards depended on a unified service. The Richard Committee was most concerned about whether Assembly staff might be constrained in challenging Whitehall, but found no evidence of that.

The UK government's draft civil service bill of 2004 proposed a statutory reaffirmation of unity, while proposing to remove restrictions on the number of devolved special advisers. The consultation document stated that 'the Government wants to ensure that any legislation would not inhibit the growth of different ways of working that the Scottish Executive and the National Assembly for Wales have been developing to meet the needs of devolved government.'

The main elements in the debate appear to be:

- the difficulty of specifying in detail what is wrong with the present arrangements and what a separate service could rectify. Proposals would be

vulnerable to accusations that the separate service would be less non-partisan and less merit-based

- the inherent flexibility of the civil service codes in accommodating devolved ministers' views on senior appointments and in facilitating short-term secondments into the service.. There has been no sense that Whitehall candidates have been imposed.

## **Possibilities for Learning between Jurisdictions**

### *Devolved administrations learning from Whitehall*

There is a lot of interest in Scotland in being at the leading edge of managerial reform. This stems from an older 'best of breed' tradition in the Scottish Office. It also brings in funding and support from the Cabinet Office. The question is whether this produces a passive or reactive approach in which Scotland handles Whitehall exercises well (including self-protective motives) but fails to think through a philosophy of its own. This has been evident in the Efficient Government strategy.

Wales, in contrast, has been a political system under construction, with a greater readiness to go against new Labour conventional wisdom and a preparedness to articulate an older agenda of public sector corporatism. Wales' narrower range of responsibilities has not proved an inhibition in this process.

### *Whitehall learning from devolved administrations*

The main variable is of lack of salience in Whitehall. Scotland and Wales with their local politics are mentally marginalised as long as they do not cause trouble. Even when there is concern (most often with regard to Wales) the formal mechanisms of control (concordats, civil service codes) are not invoked for fear of ratcheting up the stakes. All this might change if a devolved administration that was a political rival of the UK government sought to impede collegial civil service relations in order to advance its political agenda. Devolution works most smoothly if there are no surprises and neither side picks fights.

### *Devolved administrations learning from each other*

There seems to be surprisingly little of this, and where it does happen it depends on accidents of meetings and personal acquaintance. In many ways Wales and Scotland are moving in different directions.

The main challenges in promoting better learning may be summarised as

- ignorance of and lack of interest in devolved nations' political systems
- over-dependence on personal links that may attenuate with time
- learning from distant locations may be more attractive than learning from within the UK
- intergovernmental mechanisms under devolution are geared to conflict avoidance, and are not suited to the evaluation and promotion of best practice

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