

CIVIL SERVICE QUARTERLY

MEET THE
NEW CABINET
SECRETARY,
MARK SEDWILL:

**“SOMETIMES
YOU HAVE TO
BE WILLING TO
TAKE ON THE
ARGUMENT”**



**AN INTERVIEW WITH
MARK CARNEY**
THE GOVERNOR OF THE
BANK OF ENGLAND
ON BREXIT

**FROM QUACKS
TO TAX**
RETHINKING TAX
COLLECTION TO
SAVE BILLIONS

SCIENCE IN POLICY
10,000 PROBLEM
SOLVERS AT YOUR
DISPOSAL



Civil Service

Issue 19 February 2019
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Civil Service Quarterly opens up the Civil Service to greater collaboration and challenge, showcases excellence and invites discussion. If the Civil Service is to be truly world-leading, it needs to collaborate more, learn from experts outside the Civil Service, listen more to the public and front-line staff and respond to new challenges with innovation and boldness.

Any civil servant can write for Civil Service Quarterly – contact csq@cabinetoffice.gov.uk

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EDITORIAL



Civil Service Quarterly (CSQ) was the late Lord (Jeremy) Heywood's idea, and he chaired the editorial board for its first five issues. His argument for a publication to showcase the best of Civil Service analysis and policy-making was simple: the Civil Service had much to be proud of and should not be reluctant to shout about it – but to be even better it needed to be open to new ideas, better at sharing innovations and open to challenge.

CSQ was one way of achieving these objectives, and the first edition exemplified the developments that Jeremy championed. There were articles about the potential of digital to transform public services; data sharing to improve delivery; and using behavioural insights to crack problems where traditional policy-making had reached its limit. That edition also illustrated the extraordinary range of Civil Service work, from operational issues in HMRC, to the FCO's role in the UN Arms Trade Treaty, and the Government Office for Science's International Disaster Risk Reduction work.

While CSQ's focus was on policy and analysis, for Jeremy that did not mean concentrating only on Whitehall and policy-makers. The idea was to celebrate the work of all 400,000 civil servants, across all professions and in all their diversity, at home and abroad.

Now in its 19th edition, CSQ continues to reflect Jeremy's priorities for the development of a technologically and culturally progressive Civil Service focused on the best outcomes for citizens.

With preparations for the 2019 Spending Review under way, Sir Michael Barber fills in the background to his independent report on the government's management of public money. He looks at the report's central proposals, in particular the creation of a framework against which to assess the effectiveness of spending in delivering outcomes. Following on from this, providing value for money is the subject of one of the questions we put to the Governor of the Bank of England, Mark Carney, in a featured interview.

Crafting a trusted legislative and regulatory framework for processing and sharing personal data, to unlock its full potential and improve frontline services, is the focus of an article from two DCMS data policy specialists.

The power of digital to make services more efficient and user-friendly lies behind HMRC's innovative marketing campaign to encourage taxpayers to beat the deadline for online Self Assessment. Director of Communications Poli Stuart-Lacey charts how the move "from tax man to tax duck" increased compliance rates.

As Dr Patrick Vallance, the government's Chief Scientific Adviser, reminds us, science and technology never stand still, and can play a vital role in effective decision-making. He challenges policy-makers not to forget the difference that scientists – there are 10,000 of them across government – and scientific evidence can make in solving policy problems of all kinds.

In other articles, Latvia's Ambassador to the UK assesses the practical and symbolic importance of free and open public institutions to her country, fresh from celebrating the centenary of its independence.

Finally, and fittingly, we have an interview with Jeremy's successor as Cabinet Secretary and Head of the Civil Service, Sir Mark Sedwill, whose commitment to open, brave and rigorous policy-making and analysis is just as great. As

Jeremy wrote in his joint editorial with the then Minister for the Cabinet Office, Francis Maude, for the first CSQ in July 2013:

"At its best, the UK Civil Service is world class: intellectually rigorous, creative and fair; and dedicated to serving the public. But if we are to be truly world-leading we need to collaborate more, learn more from experts outside the Civil Service, listen more to the public and front-line staff, and respond to new challenges with innovation and boldness."

All that remains true today. It is our intention that this and future editions of CSQ will continue to help the Civil Service strive to be world-leading in everything it does.



Jeremy believed passionately that only a public service that could tap into the innovative talents of a truly representative and inclusive workforce would be capable of meeting the needs and aspirations of the whole nation. His commitment to realising that vision will find lasting expression in the foundation created in his name. The Heywood Foundation is a registered charity dedicated to supporting the causes that Jeremy believed in, particularly innovation in policy thinking and equality of opportunity for all. It has the full support of the Civil Service, which he led with such distinction and humanity.

Sir Chris Wormald, Permanent Secretary, Department of Health

AN INTERVIEW WITH
SIR MARK SEDWILL,
NATIONAL SECURITY ADVISER,
CABINET SECRETARY AND HEAD
OF THE CIVIL SERVICE



WHAT EXPERIENCE AND INSIGHT FROM YOUR PREVIOUS ROLES IN THE DIPLOMATIC SERVICE AND AS HOME OFFICE PERMANENT SECRETARY DO YOU FIND YOURSELF USING NOW AS CABINET SECRETARY?

Two things. First, a sense of perspective.

Mine is an unusual background for Cabinet Secretary, having spent much of my career overseas in security and international roles outside the Westminster and Whitehall world. That helps me retain a sense of balance and perspective on the really big issues, like the new global order, technological change, population and climate movements, as well as the inevitable preoccupations of Brexit and the domestic economy.

Second is shouldering responsibility. I hadn't worked in big hierarchies until quite late in my career. Operating overseas in quite small teams means that I'm used to taking decisions and shouldering responsibility, with more of a sense of personal impact. So I learnt some of those personal leadership qualities quite early on. I also bring the experience of running the Home Office. I'm not alone in this, of course. The Dean of Cabinet Secretaries, Robert Armstrong, came to the job having been Home Office Permanent Secretary, as did Richard Wilson. And that department is a microcosm of some of the challenges of this job, facing some of the most pressing policy issues and reacting to events.

YOU HAVE RETAINED THE NATIONAL SECURITY ADVISER ROLE, WHILE TAKING ON THE ROLES OF CABINET SECRETARY AND HEAD OF THE CIVIL SERVICE, AND RAISED SOME EYEBROWS BY DOING SO. HOW WOULD YOU EXPLAIN YOUR ROLE AND RESPONSIBILITIES TO A CIVIL SERVANT ON THE FRONT LINE?

I describe myself as the Cabinet Secretary, and then set out the shape of the job as I'm doing it. That shape has varied over time. I also have the roles of Head of the Civil Service and National Security Adviser. Some of my predecessors, like Gus O'Donnell, for example, were Cabinet Office Permanent Secretary as well as Cabinet Secretary and Head of the Service.

Most were responsible for national security. The formal role of National Security Adviser is a relatively recent innovation. The job developed during my time in it, balancing the traditional foreign policy and international affairs concerns with the defence and homeland security issues, operating alongside the Cabinet Secretary.

The reason I'm doing it this way is to make a success of Brexit. It's critically important that we bring together – fusion, as we call it in the national security community – all our national capabilities, including economic, security, social and the rest, with a genuine sense of teamwork across and beyond government.

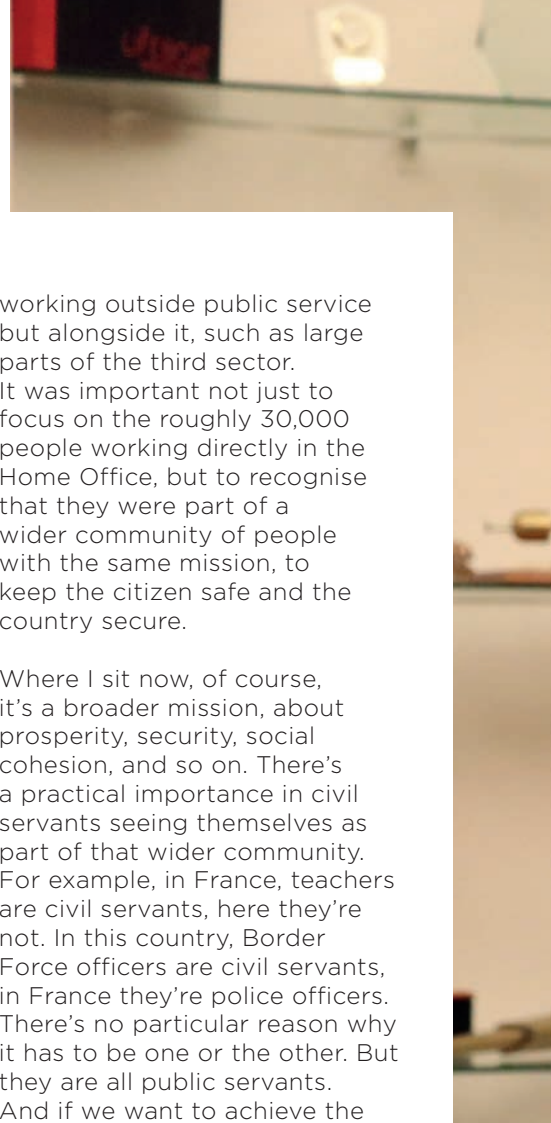
While leadership is about identifying the big ideas, it's also about building a great team. I am strengthening the team around me in the Cabinet secretariats, ensuring that they operate as a real team, rather than in specialist silos.

WHAT ARE YOUR IMMEDIATE AND LONGER-TERM PRIORITIES FOR THE CIVIL SERVICE?

First, building on 'A Brilliant Civil Service', both as a programme and a brand. It gives us an important sense of direction. We need brilliant people, brilliant technology, brilliant systems. It's a constant effort to upgrade those, and ensure people can fulfil their potential and have the tools they need.

Second, in my first message to civil servants I spoke about impact and teamwork. We must stay focused on our impact on the lives of individual citizens and the prosperity and security of the country.

And by teamwork I don't just mean people working in teams within the Civil Service, but across the whole public service and beyond, building effective partnerships with the private and third sectors – and, of course, with the citizen. It's this systems modernisation that I want to bring to this role, building on the effective modernisation and capability upgrading we saw under my predecessors, from commercial, digital and data capability, to the diversity and inclusion agenda, which we absolutely must see through. My task is to add that systems capability, that teamwork, across the whole public service and beyond. And that's to help the government navigate the country through Brexit and, more importantly, in a way, to make a success of it.



HOW DO WE REMAIN UNIFIED AS ONE CIVIL SERVICE WHEN THERE IS SO MUCH UNCERTAINTY SURROUNDING BREXIT?

Brexit is a massive national endeavour. It's important that we see it as such. There will be civil servants who voted on both sides of the argument. But the Civil Service exists to serve this government – and future ones, because it will be an endeavour for many years to come – and make a success of it. It might be on a different scale from other issues, but we've done these big national projects before. Our predecessors, for example, supporting the Attlee government in 1945 in a huge national project of post-war reconstruction, and the creation of the National Health Service and the welfare state. Then, those working for the Thatcher government, re-orientating the economy and country for the modern era. We have to draw on our history and our timeless values, as well as applying ourselves to the needs of today.

THE MOST RECENT IPSOS MORI POLL SHOWS PUBLIC TRUST IN CIVIL SERVANTS INCREASING, AS IT HAS OVER THE LAST 30 YEARS. DO YOU THINK THAT BREXIT IS A THREAT TO THIS TRUST?

It's very important that it isn't, and that the public sees that the Civil Service is doing the job that they expect, supporting the government, and delivering their needs.

I actually believe the bigger challenge for the whole of the public service was in maintaining that sense of connection with the public,

and their confidence in us, in the period after the financial crash, when many citizens felt that the economic model pursued by successive governments wasn't working for them. If people feel that the system isn't working for them, then their confidence in the people who make that system run is inevitably challenged. It's a great achievement that, despite all this, trust in the Civil Service has risen.

My job is to make sure that we continue to connect with the public's expectations and show them that we're dealing with the issues that preoccupy them. And let's not forget the majority of the 400,000 civil servants – and several million public servants – who are not dealing with the immediate consequences of Brexit but providing public services. It's important that the individual citizen recognises we're working on their behalf.

YOU'VE REFERRED IN THIS INTERVIEW AND ELSEWHERE TO THE FUNCTION OF THE WIDER PUBLIC SECTOR AND NOT JUST THE CIVIL SERVICE. COULD YOU EXPAND ON THE REASONING BEHIND THAT?


It's really because of my emphasis on teamwork that we have to understand that civil servants are part of a wider community of public servants.

When I was at the Home Office, I was conscious of the 300,000 public servants within what you might call the Home Office community: police officers, fire and rescue officers, Border Force personnel, immigration caseworkers, plus the people

working outside public service but alongside it, such as large parts of the third sector. It was important not just to focus on the roughly 30,000 people working directly in the Home Office, but to recognise that they were part of a wider community of people with the same mission, to keep the citizen safe and the country secure.

Where I sit now, of course, it's a broader mission, about prosperity, security, social cohesion, and so on. There's a practical importance in civil servants seeing themselves as part of that wider community. For example, in France, teachers are civil servants, here they're not. In this country, Border Force officers are civil servants, in France they're police officers. There's no particular reason why it has to be one or the other. But they are all public servants. And if we want to achieve the results, we have to work in teams that include that whole public service.

We also need to take advantage of the opportunities for collaboration we can actively create for the benefit of citizen and country. It's a complex world now. We need to bring people together from different backgrounds and disciplines. As National Security Adviser, I brought the economic departments into the national security community, and tried to ensure that both not only understood each other's priorities but could benefit from their expertise. The same has got to be true across the public service.



“My job is to make sure that we continue to connect with the public’s expectations”

YOU HAVE SHOWN, WHEN PUBLICLY DEFENDING THE PM’S EUROPE ADVISER OLLY ROBBINS, THAT YOU’RE WILLING TO ENTER THE FRAY ON BEHALF OF THE CIVIL SERVICE WHEN IT COMES UNDER ATTACK. DO YOU SEE THAT AS PART OF YOUR ROLE?

Sometimes you have to be willing to take on the argument, and I think it was appropriate on that occasion.

I calibrated that intervention quite carefully. I wanted to send a clear signal to those who were sniping away anonymously that this was not on, that there is a contract here: that we serve our fellow citizens, that they must be confident that we do so according to the values I spoke of earlier, and that we remain absolutely committed to those values. Getting recognition of the fact that we continue to prize a professional and impartial Civil Service that people can trust was – and is – essential.

Even where issues of political controversy are concerned, as they were here, I believe it was the right thing to do. I may say that I had the strong support of the PM and Cabinet for what I said.

HOW ARE YOU PLANNING FOR THE UPCOMING SPENDING REVIEW, AND WHAT ADVICE WOULD YOU GIVE TO THOSE IN THE CIVIL SERVICE RESPONSIBLE FOR MANAGING BUDGETS?

The Treasury are responsible for running the Spending Review. I see my role as identifying half a dozen or so big themes where I think I can add some value.

The key point is that a spending review is both an opportunity and a moment of accountability. Colleagues have to be absolutely clear that they can show they are using public money to the maximum effectiveness and with maximum

efficiency. It’s taxpayers’ money. They have an absolute right to expect that we use it well.

The way I want to approach this – and this is part of the theme I’ve been talking about – is by looking at some of the big cross-cutting issues.

One question is, how do we prioritise investing the preventative pound versus the responsive £10 or £100, particularly when the preventative pound tends to solve the problem tomorrow, not today?

We need a balanced approach, presenting choices to ministers. So, rather than the usual options of up-and-down spending in different places, we should say: “If you’re willing to invest more we can deliver more. If less we’ll deliver less. But our recommendation to you is to achieve balance across the system.”

To use a criminal justice example, there's not much point investing hugely in policing to reduce crime if the prosecutorial system, the courts, the prison and rehabilitation systems don't have the capacity to absorb that and take people out of reoffending. You've got to have a balance. That's what I'm trying to bring to the Spending Review.

So I will look to ensure we have that balance across departments, in instances where opportunities or problems aren't really owned by a single department but spread across several.

WHAT POLICY HAS INSPIRED YOU MOST DURING YOUR TIME IN THE CIVIL SERVICE AND WHY?

Mental health is a great example.

Let's say someone is exhibiting a serious mental health crisis at the weekend on the streets. The primary duty of police officers, who are likely to be first responders, is to ask: "Is that person a danger to themselves or their fellow citizens?" They might feel they have no choice but to detain that person. A police cell is probably not the best environment for that individual, but it may be the only place of safety they can use. They can't be expected to judge whether it's safe, for example, to take the person back home, because they might self-harm or worse.

But what if you can bring to bear the expertise of a mental health professional who has

access to the individual's records or might even know them? I've seen examples of this with street triage, where mental health professionals work alongside the police, and they've said, it's OK, take them home, they'll settle down, they aren't going to self-harm. That's better for the individual and less burden on the police.

The question is, how do you take that model and bring it to an industrial scale, structuring and incentivising the police, social services, adult social care, the health service and so on, to make that the default way they operate.

There is a great example in the Troubled Families programme that Dame Louise Casey advanced. Some places around the country have really nailed that, with impressive results. Those are the kind of things where we can have a really powerful effect – and again it's about multidisciplinary teamwork, where you wrap a set of interventions around the citizen, rather than asking the citizen to navigate through the complexity of government.



HOW CAN WE ENSURE THAT THE CIVIL SERVICE MEETS THE TARGET IN THE DIVERSITY AND INCLUSION STRATEGY OF BECOMING THE UK'S MOST INCLUSIVE EMPLOYER BY 2020?

This is an area where we need a sense of both urgency and patience.

It's not something where you can say, with edicts from me, if we do the following three things everything will suddenly shift. Building a genuinely inclusive culture and a genuinely diverse workforce requires relentless commitment from everybody over many years. Of course, if there are opportunities to accelerate, to share best practice, we should do that. But we mustn't think this is a simple challenge.

I'd make one other point. When you talk to civil servants, this is the issue where you can feel the energy levels rise, that this is the kind of Civil Service that people who choose public service as their way of life actually want to be part of. So it's not about shifting the behaviours and values of the mass of civil servants. The will to create a diverse and inclusive community is absolutely in the DNA of the sort of people we select and promote. But we have to have the right structures and systems to enable that behaviour, that set of values – we don't have to enforce it, but enable it.

IF YOU COULD GO BACK TO WHEN YOU ENTERED THE CIVIL SERVICE AND GIVE YOURSELF ONE PIECE OF ADVICE - OR IF YOU COULD GIVE ONE PIECE OF ADVICE TO SOMEONE JUST STARTING THEIR CIVIL SERVICE CAREER - WHAT WOULD IT BE?

I've genuinely never planned my career. My ambition wasn't for particular positions, it was to be the person who set the standards in every job that I did. Then I'd look around to find what looked interesting, or fun: which country I would like to work in, and on what portfolio. I think it's really important that you enjoy the journey, as well as focusing on the destination.

Perhaps I was very lucky, but I've really enjoyed every job I've done. So my advice is: be passionate. Make sure you do the things you can be passionate about and you'll make a difference. And – after all – that's why you're here.

Building a genuinely inclusive culture and diverse workforce requires relentless commitment from everybody

GETTING TAX RIGHT, FOR EVERYONE

Poli Stuart-Lacey, Director of Communications,
HM Revenue & Customs



HMRC is one of the UK’s largest digital businesses – with nine out of ten of our 2.3 billion annual transactions taking place online.

Innovation is important to us too, and we take pride in creating the right communication and marketing solutions to drive the right response from citizens. In the case of our largest annual campaign, this involved a bit of a strategic gamble.

FROM TAX MAN TO TAX DUCK

While industry best practice suggests using positive insights to drive behaviour change, we decided to try something different. Whereas before we used the sense of relief that people feel on completing Self Assessment (SA), in 2018 we brought in a campaign entirely focused on a negative insight: the growing niggles that people told us they feel as the deadline approaches, and the task remains to be done.

To do this we deployed a flock of rather handsome Aylesbury ducks, who quacked ‘tax’ at customers with increasing intensity as the deadline loomed. These ducks personify that negative ‘niggle’, and in an amiable but insistent way, are intended to tip customers into action.

The gamble worked! Developing a new creative approach, with our ‘don’t duck it, do it’ messaging, helped support our best outcome yet in terms of SA filing rates: 94% of our over 11 million SA customers completed their tax returns by the deadline, and 92.5% did so online. This led to £30 billion going towards public services – up £1.5 billion on the previous year.

The campaign was also more cost-effective, with an 11% reduction in media spend compared to the previous year. For every £1 million spent, we achieved 69% advertising awareness, compared with 29% for our previous campaign.

FAREWELL TO HECTOR

This approach marks a very deliberate move away from associating our organisation with an old-fashioned man from the 1950s – Hector, the tax inspector, with the bowler hat and pinstripe trousers. Ironically, Hector was introduced in 1995 as the marketing solution to encourage people to return their self-assessments, and to give a recognisable identity to the Inland Revenue (as it was then known). Ironic, because he came to personify the ‘tax man’ for a generation of taxpayers, an association that persists today, despite Hector having retired in 2001, and despite the diversity of our thriving, modern (and gender-balanced) workforce.

SO WHO IS THE REAL TAX MAN?

So while our ducks do the hard work in terms of bringing in the revenue from Self Assessment, who we are is still an important question to answer. As an organisation we are very clear about our purpose (our ‘why’),

our strategic objectives (our ‘what’), and our values (our ‘who’).

What we have developed recently is a way to also define our ‘how’: the golden thread that links all of our work, right across the department. It speaks to our employees, our customers, and to our role within society, and that is: ‘getting tax right, for everyone’.

We know that for some people we can still seem impersonal and faceless – and therefore a bit threatening. What we deal with is of paramount importance to the millions of individuals, families and businesses who come into contact with us, so it’s no wonder there can be an emotive response to people’s relationship with HMRC. And while we want our services to be as accessible as possible, and in the main delivered digitally in future, we also want to make sure that the driving principle behind our customer strategies is to be effective, even-handed and helpful.

The screenshot shows a PRWeek article page. At the top, there's a navigation bar with 'PR WEEK' logo, regional links (US, UK, ASIA), social media icons, and buttons for 'SUBSCRIBE', 'REGISTER', and 'SIGN IN'. Below this is a banner for 'INFLUENCER GRAPH' and 'CISION'. The main navigation menu includes 'TOP 150', 'NEWS', 'CAMPAIGNS', 'OPINION', 'JOBS', 'EVENTS', and 'CAREERS'. A search bar is also present. The article headline is 'Case study: HMRC push achieves record rate of 94% of tax returns filed on time', dated March 07, 2018, by Ben Bold. The sub-headline reads: 'HM Revenue & Customs adopted a humorous, duck-themed approach to its Self-Assessment comms, resulting in one of its most successful years ever to get the self-employed filing their tax returns and paying up on time.' Below the text are social media sharing icons for Twitter, Facebook, Google+, and LinkedIn. A large image shows two ducks with the text 'Tax! Tax!' overlaid. A caption at the bottom of the image states: 'HMRC: Ducks were used to invoke humour and persuade people to file their tax returns on time.' To the right of the article is a 'PR WEEK JOBS' section listing various roles like 'Public Relations Senior Account Manager' and 'Account Manager'. At the bottom right, there's a 'Latest Articles' section with titles like 'Ford veteran Mandy Dean promoted to UK marketing director' and 'Sports and lifestyle PR specialist Paddy Hobbs joins The Romans'.

DON'T LET YOUR TAX RETURN PECK AWAY AT YOU

Do it by 31 Jan



THE CHALLENGE OF A CHANGING WORLD

Our public services rely on everyone paying the tax they owe. In 2017/18 we collected £605.8 billion, a 5.4% increase on the previous year, from around 45 million individuals and 5 million businesses. At the moment, the UK has one of the lowest levels of uncollected tax in the world – just 5.7% – which we've achieved while undertaking one of the biggest transformation programmes in Europe. Our digital transformation has played a large part in this.

But as the world around us also changes, continuing to reduce that tax gap (the difference between the amount of tax that should be paid to HMRC, and what is actually paid) is an ongoing challenge. The rise of the 'gig economy', for instance, has led to people working in new ways – multiple jobs, higher turnover of employment, and more changes of circumstance – all of which can affect individuals' tax codes, and increases the potential for error to creep in. So how are we rising to this challenge?

The answer lies in better use of data, improved processes and products, and in increased accessibility for customers through our online services. All of which underpins that golden thread of 'getting tax right, for everyone'.

We want customers' experience to be effortless for the majority, and straightforward for the small and medium-sized business community. We want customers to remain at the heart of the way we plan and design our services, and for 'value' to mean what benefits both the customer and HMRC.

BEHAVIOURAL TRIALS

Our 2017/18 SA campaign saw the culmination of three years of behavioural trials to establish the most effective frequency and timing for sending reminder texts and emails to customers. Targeting customers who, based on our data, were most likely to miss the deadline, we sent more than 6 million texts and emails, with each customer receiving the optimum number of reminders based on previous trials.

We also tested the timing of the messages, with some customers receiving two reminders in December, while the others received all four in January. Compared with our previous three years of trials, we found that sending two early reminders cut the probability of late filing by up to 20% for some specific customer groups.

Other approaches we use more generally range from 'nudge letters', where we prompt customers to check the tax information they've given and if necessary correct it, to online toolkits, webinars and educational workshops for specific customer groups and agents. In particular, our tailor-made YouTube 'how to' support films were watched more than ever before because we embedded them in the online return process.

CUSTOMER LABS

Putting our customers at the centre of what we do is of vital importance. We now have two customer labs, where we bring customers into HMRC so we can hear about their experiences first-hand and involve them in the design of new services. Located in Shipley, Yorkshire, and London's Canary Wharf, these labs are all about innovation and among the first of their kind in government.

Focusing initially on better understanding the big life or business events that cause customers to contact us, the lab teams have already delivered insights on young people moving into work, as well as individuals claiming a pension for the first time.

The labs also looked at all of the steps that tax credits customers went through in making their annual renewal (their customer journey). It showed that more than 140,000 calls came from people who – understandably – just wanted reassurance that everything was fine. So we sent out 22,000 personalised text messages last summer – with nine out of ten recipients telling us it gave them what they needed, so they wouldn't need to call.

MOBILE APP

This work led to the 'Track My Payment' part of our HMRC mobile app, which aims to reduce the more than half a million calls we get each year from people wanting to know how much they're going to get and when.

The HMRC app, which is free to download, also enables customers to see their tax liabilities, track the progress of forms and letters and check other details. Once a customer has completed the registration progress, they can sign in using a PIN, fingerprint authentication or facial recognition.



The popularity of the app is backed up by figures, which show that 20% of users access it more than 20 times a month, compared with 2% of website users.

WORKING IN PARTNERSHIP

Many of our customers are self-employed and may use an accountant or agent to manage their tax affairs for them, so we're making it even simpler for them to submit their tax return via third-party apps. Of the 9.9 million SA tax returns filed online in 2017/18, around 60% were via third-party apps.

New application programming interfaces (APIs) enable these users to access data HMRC already holds about them. And they enable us to send back a calculation, so that we can collect the right amount of tax at the right time. During a recent pilot, agents using third-party apps reported 15% less need to contact their clients and 19% less need to contact HMRC.

LOOKING TO THE FUTURE

These are just some of the ways that we're rethinking tax collection, in order to invest in the UK's public services and support a strong economy. As we bid Hector a (fairly) fond farewell, we move into a new era of digital delivery, behavioural science, data, insight and operational excellence – all designed around the needs of our customers, and led by a diverse and talented workforce. And this is what we mean by getting tax right, for everyone.

feeling they get from putting it off. So we created a bold, new campaign around the simple message: 'Don't duck it, do it', with our Aylesbury ducks quacking 'tax' to encourage customers to take action. The number and noise of the ducks increased as the deadline approached, through carefully timed and targeted prompt messages for maximum impact.

IMPLEMENTATION

Our total marketing campaign budget of £1.2 million, with a media spend of £855,000, was 11% lower than the previous year. We used an integrated channel mix covering traditional and social media; direct mail, including letters, emails and SMS; stakeholder and employer relations; and advertising, including posters, radio, digital, Facebook and paid-for search. All channels directed the customer to take action and complete their SA return by 31 January.

SCORING

We achieved our best-ever filing rate – 94% of our SA customers filed their tax return by the deadline. For every £1 million spent on our ducks campaign, we achieved 69% advertising awareness – compared with 29% for our previous campaign. Our innovative approach was, therefore, significantly more cost-effective.

DON'T DUCK IT, DO IT - HMRC'S SELF ASSESSMENT CAMPAIGN

OBJECTIVES

Our annual Self Assessment (SA) campaign aims to help customers across the UK file their tax returns by the 31 January deadline and pay what they owe. This supports HMRC's strategic objective to maximise the collection of revenues due, and bear down on avoidance and evasion.

AUDIENCE

Our audience is just over 11 million SA customers, from all walks of life, including landlords, construction workers and pensioners. Our campaign specifically targets those who don't use an agent or accountant to handle their tax affairs.

STRATEGY

Data-driven audience insights collected over the past 10 years and ongoing test and learn activity told us barriers to meeting the deadline range from procrastination to confusion about the filing process.

Our previous campaign was based on using positive behaviour to drive our call to action – achieve 'inner peace' after completing your tax return. But more of our customers said they related to the 'niggling'

DON'T LET YOUR TAX RETURN PECK AWAY AT YOU

Do it by 31 Jan



TRANSFORMING FRONTLINE SERVICES THROUGH BETTER DATA SHARING

HOW THE DIGITAL ECONOMY ACT IS REVOLUTIONISING THE WAY SERVICES ARE DELIVERED ACROSS GOVERNMENT

Lee Pope and **Paul Blake**, Data Policy and Governance Team, Department for Digital, Culture, Media & Sport



Lee Pope

There is little dispute that the targeted use of government-held personal data, shared between the bodies that can make best use of it, has the power to fuel smarter public services and improve lives.

It is also undeniable that public trust in the sharing of data has been eroded by a succession of well-publicised incidents including the Cambridge Analytica controversy. Against this background, government is taking a lead in sharing personal information securely, fairly and proportionately. From addressing water poverty, to helping families with complex needs, sharing data between public authorities helps government operate more efficiently and effectively.

The Data Protection Act 2018 and GDPR (General Data Protection Regulation) are key elements in a new framework of rules to ensure the fair and lawful processing of data. We are also developing a National Data Strategy. This has the overarching aim of unlocking the power of data across government and the wider economy, at the same time as building public trust and confidence in how it is used. Another important aspect is the introduction of provisions for information sharing within Part 5 of the Digital Economy Act 2017.

Public sector access to data has been hindered by a complex legal framework that has grown piecemeal over time. Public authorities have found it increasingly difficult to understand what information they can share. The powers within Part 5 of the Digital Economy Act are designed to help overcome these legislative barriers. The powers became fully operational in July 2018, when codes of practice were published on GOV.UK. This opened up exciting opportunities for sharing data

more easily among public authorities to improve the way public policy is developed and public services are provided.

The public service delivery power (Chapter 1 of Part 5 of the Act), for example, allows government to set specific purposes for data-sharing via regulations, as long as they meet specific criteria defined in the primary legislation. This means that public authorities can address new data-sharing needs in priority areas without government having to introduce new primary legislation each time, which can be a lengthy and resource-intensive process. Parliament has approved regulations setting the first four objectives as: addressing 'multiple disadvantages', fuel poverty, water poverty, and targeted assistance in re-tuning televisions following spectrum changes. Further objectives can be set through secondary legislation, providing they meet criteria set out in the Act and are ultimately approved by Parliament.

There have already been initial discussions about potential new objectives. The Scottish Government, for example, is developing a proposal to share data from the Department for Work & Pensions and HM Revenue & Customs to identify eligible families who can benefit from early learning and childcare support for 2-year-olds.

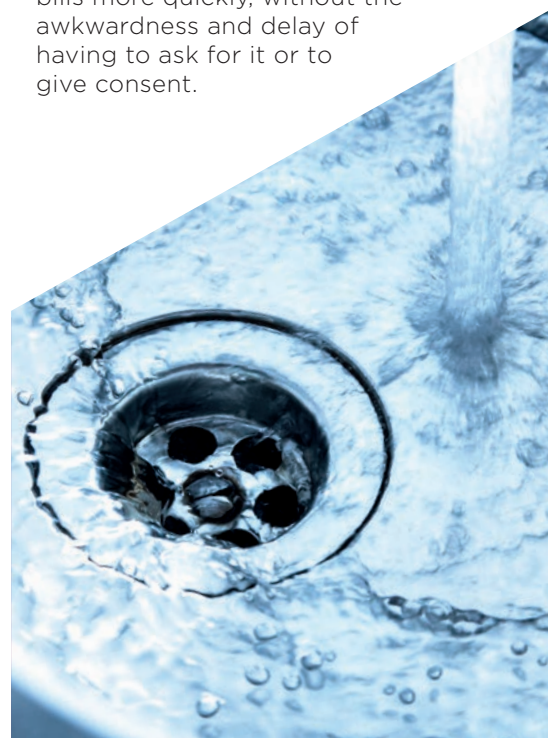
TACKLING WATER POVERTY

In the case of water poverty, the Act allows the sharing of information between certain persons and organisations to support those living in water poverty. There isn't a strict definition of what water poverty is, but in the context of the Digital Economy Act, it is roughly defined as people who have water and sewerage bills that are unreasonable to them. Some 24% of households are spending more than 3% of

their disposable income on their water bill and 11% spend more than 5% of their income. The proportion who say their bills are 'an unaffordable' is also 11%.¹

All water companies offer a social tariff for customers struggling with affordability. However, research by CC Water (the water watchdog for England and Wales) shows that while take-up of water company assistance schemes – including social tariffs – is improving, it remains relatively low. There's a mismatch between how many people say that bills are unaffordable and how many are getting help through a social tariff. At the moment, customers have to proactively request help with their bills, so it can be difficult for water companies to identify and support those who need it.

The powers in the Act allow information to be shared between water and sewerage companies and other organisations. This will help water companies to identify customers who need assistance with their bills and enable them to offer those customers their social tariffs. It means customers should be able to get help with their bills more quickly, without the awkwardness and delay of having to ask for it or to give consent.



¹ <https://www.ccwater.org.uk/wp-content/uploads/2018/10/Affordability-and-vulnerability-in-the-water-sector-2017-18.pdf>

HELP FOR DISADVANTAGED HOUSEHOLDS

Another example of the benefits of the new provisions for data sharing in the Digital Economy Act Part 5 is the 'multiple disadvantages' component. This allows data sharing between public authorities to help identify individuals or households that face two or more disadvantages. One beneficiary of these powers is the Troubled Families Programme, which aims to help families with multiple and complex needs. These families may have a mix of problems that involve multiple agencies. The core approach of the programme is to give them a single key worker who has the time to understand a family's whole set of problems.

Apart from working with the family to understand what their problems are, what their strengths are, and agreeing a plan together, the key worker helps co-ordinate the services they receive. This is where the information-sharing measures in the Digital Economy Act Part 5 are truly transformational. Before the powers came into force, the data sharing legislation that key workers could draw upon was difficult to understand, hard to implement and not purpose built. The result was that key workers often lacked the confidence to share information.

The new powers change all that. They not only give clear legal guidance as to what information can be shared, but also provide a code of practice on how to set up information-sharing agreements between partners. The code allows data sharing agreements covering all of the relevant partners for early

help support locally. Now, for example, the benefit status of an adult in a troubled family can be shared with a local authority that needs to prioritise the families most in need of support.

For the partners in the Troubled Families Programme, this will save a lot of time, energy and money. For instance, they won't need to explore the need for, or establish, a legal gateway for sharing information. Instead, because the multiple disadvantages objective provides the legal basis for sharing information, the focus can be on setting up the information-sharing agreement among the relevant parties. The biggest benefit will be to the families themselves, who will receive far better co-ordinated services. It will do away with the emotionally draining process of repeatedly explaining their circumstances to different agencies.

HOW YOU CAN USE THE POWERS

Water poverty and troubled families are just two examples of the transformational power of data sharing. The Act allows for many more initiatives over the coming months and years.

For more information about using the public service delivery power, please speak with the secretariat to the Public Service Delivery Review Board, or board members from your respective departments. You can also find information about the review board by emailing dea-general-enquiries@culture.gov.uk

You can also find out more about the other powers within Part 5 of the Act from the policy leads for the implementation of that respective power.

The table below outlines who is responsible for rolling out each power.

Chapter	Power description	Lead body
1	Improving public service delivery	DCMS
2	Sharing civil registration information more widely among specified public bodies	General Register Office
3	Recovering debt owed to the public sector	Cabinet Office
4	Combating fraud against the public sector	Cabinet Office
5	Supporting research for the public good	UK Statistics Authority
6	Disclosure by revenue authorities of de-identified data in public interest	HMRC
7	Supporting the production of national and official statistics	UK Statistics Authority

With the powers in place, the onus is now on civil servants across government to take up the mantle and drive the benefits from greater data sharing between agencies. We're excited to see what happens next.

MAKING POLICY IN THE OPEN

The data sharing powers of the Digital Economy Act 2017 Part 5 were developed through an ambitious open-policy-making process. Civil servants across government departments worked collaboratively with over 50 public sector, civil society and privacy organisations for more than two years to develop the legislation.

It was the most challenging exercise in open policy-making carried out by government, given the sensitivities around the issue of data-sharing and the breadth of the policy areas that fell within its remit. The work involved combining civil society engagement with government departments to explore the benefits, risks, limitations and governance for sharing personal data within government.

The ethos of the project was to have a conversation on what the evidence base said about the problem and how data sharing could address it. Independent not-for-profit organisation Involve was brought in to broker

this conversation and assess what the consensus appeared to be. Involve also played the critical role of ensuring that all voices were heard and that conclusions derived from discussions were fair, balanced and accurate.

The process was open to anybody with an interest in the debate. Involve was responsible for engaging civil society organisations and experts, and the Cabinet Office for engaging public sector bodies. A series of meetings was held around the UK. As far as possible, meeting times were set well in advance to enable attendance, while allowing for remote participation where feasible.

The process depended on mutual honesty and trust from all involved. All groups were expected to engage constructively, and participants were asked to raise issues as early as possible. In cases where there was significant

disagreement, Involve and the Cabinet Office Data Sharing Policy Team played a mediation role. All participants remained independent and there was no expectation of consensus being found on all issues. However, working groups were focused on achieving the highest possible level of agreement.

The result was a completely open process, which concluded in March 2015 with the release of a policy paper, outlining the areas of agreement (and disagreement) reached by those involved.



GETTING FULL VALUE FROM GOVERNMENT SPENDING

Sir Michael Barber



As government departments prepare for the 2019 Spending Review, the focus once more is on the perennial challenges of improving public sector productivity and measuring how taxpayers' money is converted into the best results for the public. In 1998 the Treasury introduced the first Public Service Agreements (PSAs), in which departments agreed to targets in return for their spending review allocation. In the first decade of this century, Britain actually became a world leader in managing public money.

In 2000 the Spending Review PSAs were refined, the number of targets reduced and the remaining targets refined.

The following year, the Prime Minister's Delivery Unit (PMDU) was established to work on priority targets, from among the PSAs, to bring visibility and challenge to how departments sought to deliver those targets. In successive Spending Reviews, in 2002 and 2004, this process was sharpened further.

From 2003 the staff of the PMDU were located in the Treasury building, collaborating with Treasury colleagues in a concerted effort to deliver improved outcomes for citizens across the whole of public expenditure.



HM Treasury

INTERNATIONAL RECOGNITION

No one would pretend this process was perfect. There were some poorly designed targets, some weak data collection processes and ongoing complex debates about areas of activity that weren't priorities. But overall it worked and worked well. It helped deliver outcomes – significantly reducing crime, improving railway performance and, perhaps most significantly, dramatically reducing health waiting times. There was widespread international recognition of this from, for example, the IMF.

However, these successes were achieved in a time of rising public expenditure and there was less focus than there should have been on controlling expenditure and ensuring efficiency.

DRASTIC MEASURES

After the financial crash of 2008, public expenditure came under intense pressure as the British (and other) governments sought to stave off catastrophe both by bailing out some banks and reflatting the economy. As a result, in 2010, the incoming coalition government found itself, of necessity, seeking not just to control public expenditure but to reduce it.

Prime Minister David Cameron, Chancellor George Osborne and Francis Maude in the Cabinet Office took drastic measures. These included reducing the number of civil servants, capping pay rises for all public servants, radically reforming procurement and selling off government estate. In their own terms, these efforts were highly successful. Again, the British became widely admired by governments around the world: while others talked about gripping public expenditure, the British got on and actually did it.

As with the previous decade, this phase was not without problems. It was crude, if effective, and sometimes prioritised the short term at the expense of the long term. But there were also enduring successes above and beyond the reduced expenditure totals – the Government Digital Service, for example. And the Civil Service itself became both increasingly diverse and more effective under the inspiring leadership of Jeremy Heywood.

LOSS OF FOCUS

The major drawback of this phase, however, was the loss of focus on outcomes for citizens. PSAs were abolished, as was the Delivery Unit, while the Treasury, understandably, focused on being frugal – which is, of course, one of its core purposes. In 2016, the Chancellor, Philip Hammond, and his then Chief Secretary David Gauke decided to address this problem.

They asked me to produce a report on efficiency and public value that would draw together the successes of the previous two decades, combining a continuing focus on controlling expenditure with a renewed emphasis on delivering outcomes – real value – for taxpayers. The Chancellor emphasised throughout that, while there had been some successful efficiency reviews in the past, they had all been “episodic” – here today, gone tomorrow. This one, by contrast, needed to change the way the Treasury did its core business.

It was an opportune moment to examine public value. For the first time since Margaret Thatcher left office, both the PM and the Chancellor had experience of being Secretaries of State in large spending departments. They knew what it was like to be on the receiving end of the Treasury during a period of austerity. Liz Truss, who became Chief Secretary (on David Gauke's appointment to the Department for Work & Pensions), while my report was being written, had similar experience. All were interested in permanently improving the quality of the relationship between the Treasury and spending departments.

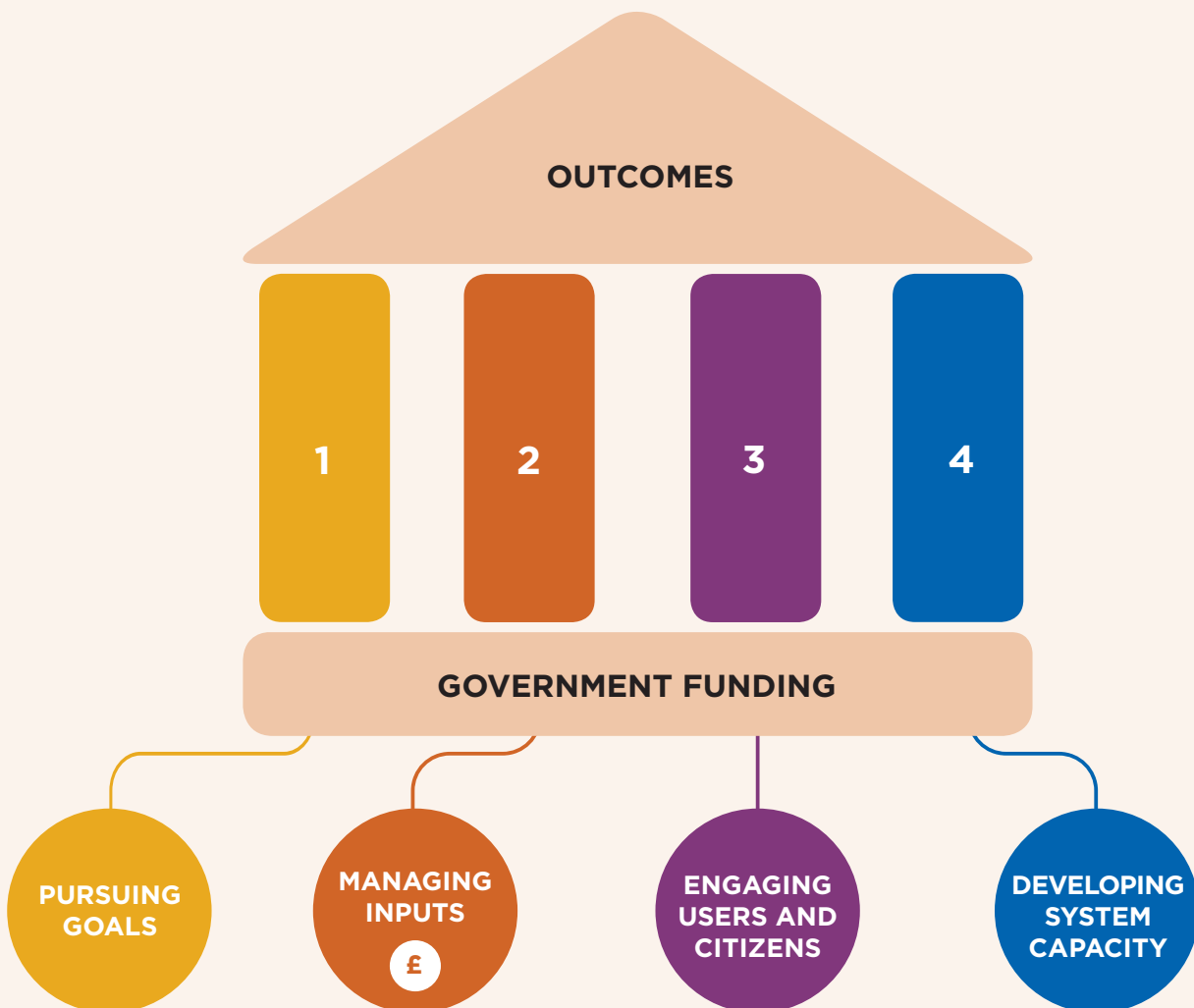
CHIEF PROPOSALS

My report, developed with an outstanding team of Treasury officials, was published alongside the 2017 Budget. Its chief proposals were as follows.

1. Public value and the process for delivering it should be understood in a new way. This would build on recent experience in Britain and draw on the academic work on public value by leading

lights such as Mark Moore, Professor at the Harvard Kennedy School. This central part of the report is summarised in the two slides below.

PUBLIC VALUE FRAMEWORK Relationship between funding, pillars and outcomes



PUBLIC VALUE FRAMEWORK

Pillars and areas to consider

Four pillars	16 areas to consider
1. Pursuing goals	<ul style="list-style-type: none"> i. Understanding goals and indicators ii. Degree of ambition iii. Progress towards indicators and goals
2. Managing inputs	<ul style="list-style-type: none"> i. Processes to manage resources ii. Quality of data and forecasts iii. Benchmarking and cost control iv. Cost shifting
3. Engaging users and citizens	<ul style="list-style-type: none"> i. Public and taxpayer legitimacy ii. User/client experience and participation iii. Key stakeholder engagement
4. Developing system capacity	<ul style="list-style-type: none"> i. Culture and capacity of department or agency ii. Understanding of and engagement with delivery chain iii. Culture and capacity of leaders and staff iv. Governance and project management v. Quality of existing data systems and feedback loops vi. Inter-departmental collaboration

Charts taken from the report 'Delivering better outcomes for citizens: practical steps for unlocking public value' (2017)

2. The ultimate goal of the framework would be for each department to show how it would use its spending allocation to deliver outcomes through all four pillars: pursuing goals, managing inputs, engaging users and citizens, and developing system capacity. And for this combination to represent a broader and more practical definition of public value than Britain (or any other country for that matter) has ever had before. Each of the four pillars makes a different contribution and, taken together, they make a coherent whole.

3. The first two pillars are the culmination of the history I have recounted. The first relates to delivering defined outcomes within a defined period, and the second to checking that budget is spent on what it is intended for, and spent both rationally and efficiently.

4. The third pillar brings in the relationship between the citizen and the state. It is not about polling popularity. It is about checking that public expenditure has legitimacy from the taxpayers' point of view, and

that where the quality of a public service depends on the relationship between user and service, this relationship is consciously developed. In this context, we should consider health outcomes and diet, or the role of the passenger in ensuring security on the railways. If we strengthen this relationship, more value will be delivered at minimal, perhaps no, extra cost.

5. The fourth pillar is there because value for the public isn't just short and medium term – it is also long term. Through the framework we aimed to encourage public servants, everyone from headteachers to permanent secretaries, to aim to leave the institutions they manage in a better condition than they found them. This is stewardship, and it is fundamental to long-term value. Explicit recognition of this has been entirely missing in spending allocation and monitoring.
6. Behind the pillars lies the detail set out in the Public Value Framework, which is designed to enable the Treasury and departments collaboratively to review large budgets and see how they might create extra public value.

RECOMMENDATIONS

The Treasury team piloted the framework in several departments during 2018. Generally, the pilots have been successful, improving with experience. We will soon publish an updated, simpler, clearer framework, with new advice on how to apply it.

The report made a number of other recommendations. The most important are:

1. In any spending proposal, each department should spell out the data it will gather and analyse to check progress towards outcomes. In short, data systems should come as standard.
2. Once data is flowing, departments should be able to deliver marginal gains in improved performance continuously, without extra funding.
3. In any departmental spending review proposal, the Treasury should expect to see one or more areas where the department proposes not just marginal gains but disruptive innovation, perhaps through applying technology to a process. Such change should deliver significantly improved outcomes at significantly reduced cost.

SPENDING REVIEW 2019

In November 2018 the National Audit Office (NAO) criticised the Treasury for not paying sufficient attention to the delivery of outcomes from public expenditure. I hope I have shown that the Treasury has been aware of this issue for some time, and has been preparing to step up to the challenge from the NAO.

In preparing for the 2019 Spending Review, the Treasury is considering how the Public Value Framework and the other recommendations in my report might inform the structure and process of the review.

We can expect a renewed emphasis on outcomes and how progress towards them might be pursued and monitored.

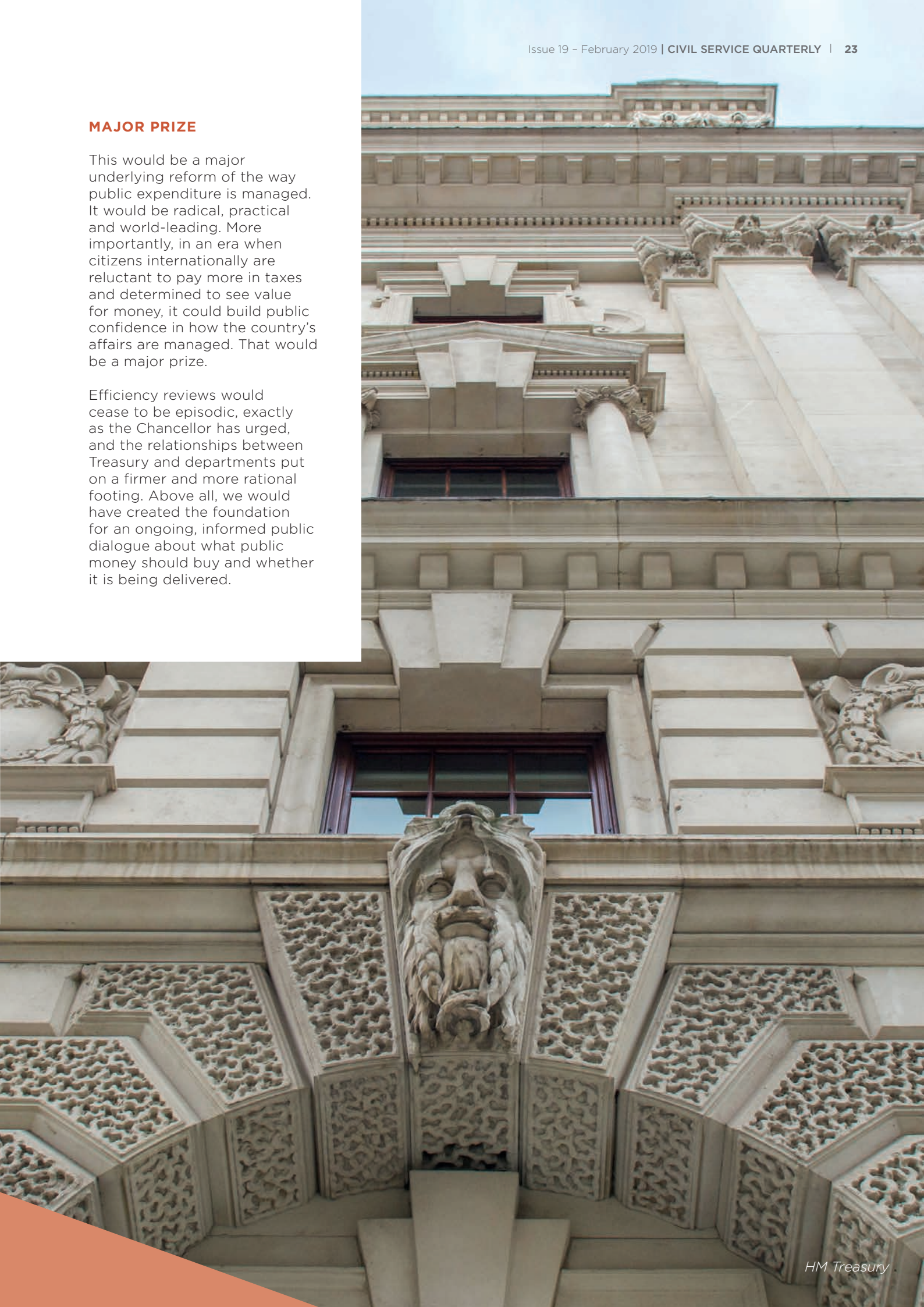
The Public Value Framework is potentially a major advance on both delivery, under Tony Blair, and expenditure control, under David Cameron. This is, firstly, because it brings both together and, secondly, because the inclusion of the third and fourth pillars expands what we understand by public value. A government department that demonstrably pursues all four pillars will be able to show that it is not obsessing about short- and medium-term goals and spending efficiency – important though these are – but seeking to build legitimacy (pillar 3) and exercise stewardship (pillar 4).



MAJOR PRIZE

This would be a major underlying reform of the way public expenditure is managed. It would be radical, practical and world-leading. More importantly, in an era when citizens internationally are reluctant to pay more in taxes and determined to see value for money, it could build public confidence in how the country's affairs are managed. That would be a major prize.

Efficiency reviews would cease to be episodic, exactly as the Chancellor has urged, and the relationships between Treasury and departments put on a firmer and more rational footing. Above all, we would have created the foundation for an ongoing, informed public dialogue about what public money should buy and whether it is being delivered.





LEADING THE WAY

TAKING THE CIVIL SERVICE'S
BIGGEST LEARNING AND
DEVELOPMENT EVENT TO THE
NEXT LEVEL

Amrita Devaiah, Head of Civil Service Live, Cabinet Office

Taking on the mantle of Civil Service Live is a mildly daunting task, especially as a brand new civil servant! Heading into its 12th year, Civil Service Live has gone from strength to strength. Civil Service Live 2019 is set to be the biggest yet, playing host to close to 20,000 civil servants in seven cities across the country over eight event days.

As an events manager, I have always believed that an excellent event lives and dies by its content. By that, I mean content that tells a story, that has a clear purpose and simple, achievable objectives. For Civil Service Live, that comes down to three words – educate, engage, inspire.

Civil Service Live 2019 will be bigger, yes. But it will also come with some changes, adding up to a distinctive identity that links it – both visually and as an experience – with the vision of ‘A Brilliant Civil Service’.

What can you look forward to? A new website, more interactive sessions, less paper and more opportunities for civil servants to network, engage with colleagues and leave having learnt something new and inspiring they can take back to their jobs.

What Civil Service apprentices volunteering to support Civil Service Live 2019 say:

Linda Mogie, HM Revenue & Customs, Newcastle

“Being involved in Civil Service Live offers me the opportunity to share learning and development tools and techniques; to see what other government organisations and private sector bodies are doing on best practice; to try new things and apply what I learn with my own team.”

Jenna Steen, Ministry of Justice, Liverpool

“I attended Civil Service Live for the first time last year and it was the most inspiring event I have ever attended – helping others in this way is a really exciting prospect!”

Melanie Crysell, UK Hydrographic Office, Taunton

“I’m excited to be part of Civil Service Live. It is such an inspirational learning event, where I feel I can learn so much from civil servants across the country to bring back to my day job.”

Becca Wigfall, HM Revenue & Customs, Cardiff

“I look forward to being a part of the Civil Service Live team. The Civil Service is facing a challenging and exciting time. Our leaders will be key in inspiring and leading our businesses through this period to deliver exceptional services to the public.”



Civil Service

Live

Registration for Civil Service Live 2019 opens on 25 April at www.civilservicelive.com

Amrita Devaiah (centre), Head of Civil Service Live, and Amy Crean (front right), Volunteer Coordinator, surrounded by apprentice volunteers: Yaw Appiah-Boateng (Department for Business, Energy & Industrial Strategy), Melanie Crysell (UK Hydrographic Office), Stephen Heasman (HM Courts & Tribunals Service), Kirsty Hopkins (Office for National Statistics), Linda Mogie (HM Revenue & Customs), Niamh Mooney (Crown Prosecution Service), Stephen O’Connell (Ministry of Defence), Jenna Steens (Legal Aid Agency), Rebecca Wigfall (HM Revenue & Customs)

OVER 10,000 PROBLEM SOLVERS AT YOUR DISPOSAL

Dr Patrick Vallance, Government Chief Scientific Adviser



I think the question ‘How can science help?’ is still too rarely asked across Whitehall



Essentially, the role of Government Chief Scientific Adviser (GCSA) is to ensure that the Prime Minister and the government have advice based on world-leading science, and that policies and decisions are informed by scientific evidence and strategic long-term thinking.

I started as GCSA on 4 April 2018.

This is my third – or maybe fourth – career. I trained as a doctor specialising in cardiovascular diseases, and – enamoured with research – became an academic, eventually leading the department of Medicine at University College London. Subsequently I moved into the private sector as head of drug discovery and, later, head of research and development for a global pharmaceutical company, and now this.

Like my move from a life in the NHS and university sector to become part of a multinational company in the private sector discovering new medicines, the transition from GSK to government took me out of my comfort zone and into a new world.

What did I find? Well, for sure, the Civil Service is full of clever people who want to do the right thing. But it's clear that science is not embedded in the system. We are relatively short of people trained in science, and the reflex to call for science to help solve problems or give new insights is not well developed. There are pockets of real excellence, and some great examples where science is both called upon and used. Probably the most striking example in my time so far has been the central role that science advice played during the novichok poisonings in Salisbury. But there are many other examples, where departments from DEFRA and DfT, to DHSC and MOD, draw on science and understand how it can and should be used.

However, I think the question 'How can science help?' is still too rarely asked across Whitehall. It should be asked more often, as there is virtually no issue that government faces that science cannot help with or inform.

Science is often thought of as a big body of knowledge, but in reality that knowledge has emerged because of science. Science is a rigorous method, an approach, for framing and answering questions to increase understanding and help solve problems, and one that can be supported by specialist technical know-how.

During my various introductory meetings across government I met leaders who said (rightly) that their departments were not science-based. It's not about whether you need laboratories – it's about what problems you have and how the method of science and the thinking of a scientist or engineer can help provide some answers, or some different approaches. This is a form of diversity: as Desmond Tutu has said, "differences are not meant to alienate or separate, we are different precisely in order to recognise our need of one another".

HOW SCIENCE CAN HELP

At its best, science has played a big part in developing cross-government policy. Take for example the way in which our report 'Tackling Obesities: Future Choices' led to the very first obesity strategy in England: 'Healthy Weight, Healthy Lives' and its 2011 successor 'Healthy People, Healthy Lives'. Similarly, our 2017 report on the 'Future of the Sea' directly influenced a wide range of government activity – most notably the

announcement of a UK strategy to protect the world's oceans. The science of climate change led directly to the 2008 Climate Change Act, making the UK the first country to introduce legally binding long-term carbon reduction targets. On a more technical level, our report on distributed ledgers outlined their potential to transform the private sector, policy-making and public service delivery.

PUTTING SCIENCE AT THE CENTRE OF GOVERNMENT

If we are to strive for a better and fairer society, then science has its part to play. Science needs to be seen broadly, encompassing all its aspects, from the physical sciences to the social sciences and humanities. Many of the most useful insights come when these different disciplines come together.

Positioning scientific evidence at the centre of government thinking can't be the job of a small group. It means harnessing the power of the network of over 10,000 government scientists and engineers who work in a range of specialist, deep specialist, policy, analytical and operational roles across the whole of the UK.

I want to see more scientists in all Civil Service development programmes, including apprenticeships, the Fast Stream and senior development initiatives – because we need more scientific thinking embedded in everything we do.

The Government Office for Science, which I head, holds a unique position in the Civil Service, with the ability to work on issues that cut across departmental boundaries, gathering evidence from all sides of a debate. Part of our role is to be proactive, anticipating and understanding topical science and technology issues. We are also often asked directly by No.10, ministers and permanent secretaries to gather scientific evidence on their behalf to inform their policy making.

Here are just a few examples of where this has happened in my first few months, demonstrating the importance of science to government.

INDUSTRIAL STRATEGY

Science is at the heart of the government's Industrial Strategy. With the rapid advances in knowledge and the translation of that into innovative products, it is essential that the UK gets this right. We are at the very forefront of knowledge generation and have some of the very best universities and scientists in the world. We are good, but not quite as good, at turning knowledge and technological advances into business advances, job creation and societal benefit.

One of my early commissions was to provide advice on the missions outlined by the Prime Minister in her science policy speech at Jodrell Bank in May 2018. The Prime Minister also asked her independent advisory body, the Council for Science and Technology, which I co-chair, for its assistance in evaluating the UK's industrial science capability. This was done with a view to making

recommendations on how to increase the UK's attractiveness to science investment and stimulate more growth from our universities, in support of our commitment to research and development investment of 2.4% of GDP by 2027.

I also provide leadership and expertise on new and existing Industrial Strategy priorities, using our scientific and horizon-scanning capability within the Government Office for Science to recommend areas of focus for additional grand challenges and missions.

The departmental Chief Scientific Advisers (CSAs) and I meet weekly to share intelligence and discuss challenges. We pool our expertise to reach a shared view on a range of topics, from air pollution to modern slavery to Brexit, and provide coherent action plans for departments.

Modern slavery is another example of where science can make a difference in people's lives. It has helped detect patterns of buildings that signal inappropriate activities, has been used to track movements of people, and has enabled an understanding of the effects of slavery in childhood on brain development.

EMERGENCY RESPONSE

I also chair the Scientific Advisory Group for Emergencies (SAGE). In an emergency, we bring together leading experts in relevant fields to provide science advice for COBR.

Almost on my first day, SAGE was convened to advise on the acute and long-term health risks of the nerve agent poisoning in Salisbury, and on the risk to public health during the incident response and recovery. As well as experts in their fields, I had the opportunity to work with other CSAs from the Home Office, Defra and DHSC. The advice helped answer operational uncertainties and to foster collaboration across the CSA network, which covers all departments.

More recently the government announced that additional environmental checks are to be carried out in and around the Grenfell Tower site. This is to reassure the bereaved, survivors and wider community that any environmental risks to public health will be fully assessed and appropriate action taken. I have been asked by the Secretary



Sierra Leonean Junior Doctor Marina Kamara and British Consultant Physician in Acute Medicine Terry Gibson discuss an ebola case

of State at the Ministry of Housing, Communities & Local Government to provide independent scientific assurance of the process. This will be done through a science advisory group who will quality check the scientific methodology, testing process and analysis of results at each stage.

Government's response to international emergencies also needs our support. During the Ebola outbreaks in West Africa in 2014 and 2018, SAGE called on historians, anthropologists, behavioural scientists, engineers, mathematical modellers and infectious-disease experts from around the world. In the Ebola outbreak, it was the interplay between anthropologists, infectious diseases specialists and epidemiologists that helped identify the crucial importance of burial traditions in the spread of disease from funerals.

FUNDING

Science can also give departments the confidence to spend money on new areas. In the 2018 Budget our advice helped secure £20 million in 2019/20 for the UK Atomic Energy Agency to accelerate its groundbreaking work on the development and

commercialisation of fusion technologies. A package of support on quantum technologies includes the establishment of a National Quantum Computing Centre that will lay the groundwork necessary to try to create the world's first scaled universal quantum computer in the UK.

I was also pleased to see the Budget's creation of a £50-million-per-year science fund to address the most pressing challenges in government.

Government is getting better at understanding where science can help. Each department has now produced a statement of Areas of Research Interest, listing those places where science can help with the most important issues.

Hopefully it is clear why, if

science doesn't feature in your policy development process, then it should. Each department has a chief scientific adviser. Like me, they are scientists or engineers, but our job is not science for science's sake, it is to assist policy. It's worth underlining – science is a method of solving problems, so bring scientists into your teams. Take advantage of their training to bring some diverse, innovative thinking to your work. Speak to them about how science and evidence can help inform your policy and assess the impact of the policies you have introduced.



Service personnel in protective gear in Salisbury during the clean-up operation after the nerve agent attack

LATVIA'S NEXT 100 YEARS: MODERNITY ROOTED IN HERITAGE

Baiba Braže, Ambassador of Latvia to the UK





The 2018 centenary of the establishment of the Latvian republic provided Latvians with an opportunity to reflect on how far we have come as a nation and to look to the future.

Latvia's successful development is based on our own self-confidence, the stability of the international rules-based system, and close alliances with like-minded states. With 2 million people in a territory twice the size of the Netherlands, there is no alternative to ensuring full equality, using all our human capital, while digitalising public services, providing education for all and the freedom to do business, supported by smart regulation.

Since the establishment of the republic, Latvia's Civil Service has played an important role, ensuring international recognition, the continuity of statehood throughout the Soviet occupation, and the country's eventual rebirth as an independent nation in 1991.

THE CIVIL SERVICE: CONTINUITY AND STATEHOOD

In 1918, government institutions in newly established states had to be created anew and in a hurry. Decisions had to be taken on which institutions and posts should be established, how to

select loyal and capable officers, and on finding the resources to maintain them. These tasks were carried out in a legal vacuum, with regulations on the Civil Service and government institutions yet to be adopted.

This was the situation in Latvia. An additional complication was that hostilities on our territory resulting from the First World War continued until 1920.

Regulations for a new Civil Service were adopted by the provisional government in 1918. However, the recruitment of civil servants was rather informal: officials were appointed without formal procedures, often without a written letter of appointment.

In 1920 the Law on the Civil Service was adopted, facilitating a permanent public service. (Interestingly, it provided for an official's salary to be raised by 10% of the basic rate every five years.) By the time the Constitution was formally adopted in 1922, a professional and well-regulated civil service was already established.

Since then, the Civil Service has often been the driving force behind the most important developments for Latvia. Civil servants played

a crucial role in preparing the successful campaign for Latvia's international recognition at the Paris Peace Conference after the First World War. They then negotiated international treaties, prepared budgets and laws, and laid the foundations for a successful state. This central role meant they were one of the first targets for the Soviet and Nazi authorities during the successive brutal occupations during and after the Second World War.

The only Civil Service institution to function without interruption for all 100 years was the diplomatic service. This was possible because the Latvian Embassies in the US and the UK – who never recognised the illegal Soviet occupation of 1944 to 1990 – continued to perform limited state and civil service functions during the occupation. This ensured de jure continuation of the Republic of Latvia and supported its restoration in 1990 to 1991.

The Civil Service was reinstated in 1991, when Latvia faced the immediate challenges of removing Russian troops, rebuilding a democratic, open and inclusive society, its reintegration into the North Atlantic community, restructuring the economy and state administration, and ensuring national security. Soviet structures were abolished and a new, modern Civil Service system was built. Some ministries, including those for the interior and the economy, underwent drastic reform, while others, such as foreign affairs and defence, were rebuilt from the scratch.

This period was characterised by huge national enthusiasm and commitment. Many exiled Latvians, including many young people, returned from abroad to go into public administration, politics and the private sector. Latvia was reborn, and it was the strong foundations of the 1918 republic that made it possible – providing for the continuation of democracy, an open economy, and human rights.

The lack of recent experience and institutional memory was sometimes a challenge. However, it also allowed for more innovative thinking. The Civil Service learnt as it worked, implementing the big political goals. Not least among these was fully re-establishing the institutions of an independent country, but they included ensuring the withdrawal of Russian troops, joining the EU and NATO, chairing the EU in 2015, joining the OECD and preparing the centenary celebrations. The ultimate goal of all of those decisions



was strengthening Latvia's independence and security.

During this process, Latvia has co-operated closely with its international partners, including the UK, which has provided know-how transfer since the early 1990s (through Crown Agents, for example), as well as training, scholarships, and UK civil servant secondments to Latvia during our EU presidency.

OUR NEXT 100 YEARS

Today, Latvia is as safe and secure as it has ever been. Much of the credit for this goes to our allies and friends in the world, in particular to the UK.

Latvia faces a new set of tasks and challenges: notably, the need to maintain economic growth and develop our people, while ensuring security and the defence of the country.

Another challenge is our mobile population: for example, some 117,000 Latvians currently reside in the UK.

The rise of digital technologies is a great opportunity, but requires a society-wide effort to give everyone the skills to exploit it. The current age of opportunity in Northern Europe

can only be compared with the revolution in literacy and the access to knowledge triggered by the invention of the printing press in the 16th century.

With the digital revolution, in Northern Europe, including the Nordic Baltic States and UK, we have the opportunity to take our countries and people to a qualitatively new level of development. This will change everything – in education, higher education, on-the-job training, and vocational training – with horizontal links demolishing the silos that isolate different groups, whether in the public and private sectors, academia, or among NGOs and other sectors.

How do we achieve that? Should we regulate or not? What do we do at the EU level, and what at the national? How do we achieve co-operation between the big profit-driven technology companies? How do we keep our populations, businesses and inventions safe? One answer is close international co-operation – and I do hope that Brexit does not spoil our excellent co-operation with the UK at all levels.



Geopolitics remains the greatest challenge for Latvia, as for the whole Euro-Atlantic community. Today, targeted action by an aggressive Russia to undermine Western democracies and weaken the international rules-based system, the development of modern technologies, a borderless yet fragmented information environment, and citizens' high expectations of their governments all demand a national effort of resilience.

And it is the public administration that needs to engage with civil society and individuals to facilitate a resilience-building process throughout the country – not least in creating greater public awareness of the importance of cyber security, and promoting media literacy and critical thinking.

Horizontal co-ordination within government and society has been the answer of choice for Latvia. Ministries such as transport, welfare, health, and education, which are less involved in the traditional security areas, are now integral to the whole government resilience effort. At the same time, NGOs, interest groups and civil society activists have found their place in the picture. The Latvia 100 campaign has played

an important role in motivating and supporting everyone to contribute.

The recently adopted diaspora law (which came into force on 1 January 2019) is a prominent example of this drive for universal engagement.

The new law provides a legal framework for state and relevant stakeholders to engage more and create new platforms for co-operation with Latvians overseas. It is an important signal of how we want to transform the relationship between the state and our ever-more-mobile citizens, and a litmus test of the outward-looking and open society we want to create. It is also relevant in the context of Brexit. Mobility based on non-discrimination and the portability of social security will be a crucial element in maintaining the close ties between our countries and societies.

The evolving approach is the reason Latvia in 2018 introduced a new three-year public administration reform programme. It has three main directions:

- development of human resources, investment in education and training of civil servants to limit the size of the administration while increasing its efficiency

- significant reduction in bureaucratic procedures internally and in external communication with the public
- use of modern technologies and innovative digital solutions in public administration, in addition to the existing services, including e-Latvia – the online state service portal – e-signature and e-health

There is a legend which says that Latvia's capital, Riga, will never be ready, and that if one day someone concluded that it was, it would sink with all its people. This can also be applied to the development of a system of public administration – it can never really be said to be ready. As the needs of society and the state change, it has to change and adapt in order to serve effectively.



LATVIA TODAY

- 9th most literate nation in the world
- Women and men have equal rights to vote and be elected from the first day of foundation of Latvia in 1918
- Highest proportion of women in managerial positions (53%) in the EU and highest proportion of women among doctoral degree holders (60%) in the world
- Almost everyone is bilingual, and more than 60% speak three languages
- Responsible for the first Minox camera, first drone jump, quantum computing, Europe's first computer vision sports laboratory, wind tunnels that allow people to fly
- In the top 10 countries globally for fixed internet speed, and the top 20 for mobile internet speed
- The government portal Latvija.lv provides hundreds of digital services to anyone with Latvian ID anywhere in the world to pay taxes, communicate with local and central government, apply for permits, make payments, and so on
- The national ID card is not only a digital ID, but also a travel document and safe electronic signature

LATVIA 100

In preparing for the centenary, it was clear that it should be used to reflect the country as it is and to help shape its future.

The Latvia 100 celebration, under the slogan 'I am Latvia', was designed to make every member of the community feel a sense of personal engagement and identity with the nation. It had a particular focus on the young and how they relate to Latvian statehood, our cultural heritage and its contemporary

expressions, the achievements of science, innovation in the arts and creative industries, and our natural landscape.

Countless groups and organisations – from businesses to NGOs, to choirs, fraternities, firefighters, gardeners, and communities of friends and neighbours – organised and participated in events, as part of a genuine nationwide movement.

Latvia 100

FOUNDING PRINCIPLES

The Latvian public administration is built on certain principles.

- **Efficiency** – a relatively small national civil service, conducting the full spectrum of government services
- **Equal opportunity** – gender balance, including in senior positions; fair social security guarantees, including maternity and paternity leave
- **Neutrality** – civil servants even at senior level are generally unaffected by changes in government
- **Transparency** – information on income disclosed to the public, with close scrutiny by the Anti-corruption Bureau, State Revenue Service, State Controller, and the media
- **Mobility** – merit and talent-based career growth, allowing responsible higher-level positions been taken by capable younger professionals
- **Language skills** – a multilingual workforce (English a requirement)
- **The European dimension** – our EU Council presidency in 2015 broke down silos within the Latvian public sector, involving the private sector, academia, NGOs, and the media – among our significant achievements as president were: launch of the EU Energy Union; the agreement abolishing mobile roaming charges; the drafting of GDPR; the launch of the Digital Single Market strategy; and completion of the Network and Information Security Directive



SPOTLIGHT: CIVIL SERVICE AWARD WINNERS 2018

THE ANNUAL CIVIL SERVICE AWARDS RECOGNISE INSPIRATIONAL INDIVIDUALS AND INNOVATIVE PROJECTS AND ENCOURAGE BEST PRACTICE. SOME OF THE 2018 WINNERS TALK ABOUT THEIR WORK AND WHAT WINNING MEANS TO THEM.



Emily Tofield receives the Communication Award on behalf of the MoJ Prison Officer Recruitment Team

PRISON OFFICER RECRUITMENT TEAM, MINISTRY OF JUSTICE, WINNERS OF THE 2018 CIVIL SERVICE COMMUNICATION AWARD

The entire Ministry of Justice team, from HR to MoJ Digital to analytical services, as well as communications colleagues, were delighted with the award.

One of the most important aspects of winning an award is that it sets up expectations that the team will continue to excel.

We continue to identify ways to improve aspects of the prison officer recruitment process and recruitment performance indicators, including the overall time-to-hire, and to test new

and innovative technologies. These include ‘gamification’, an automated sifting tool, which we applied in January 2019 on our high-volume campaigns. Work also continues to increase the diversity of new recruits to support HM Prison & Probation Service’s commitment to ensure the workforce is reflective of the working population and that we attract the right people with the right skills.

Focus also remains on supporting retention through the offer of a prison officer apprenticeship and the implementation of the new Civil Service Success Profiles [as covered in issue 17 of CSQ]. Coupled with the implementation of a new web-

based self-selection tool, which allows candidates to get a better understanding of the role, our Success Profile has helped us to better understand what the prison officer of the future looks like.

This award demonstrates what can be achieved when you have a multi-disciplinary team of ‘brilliant’ civil servants who used collaboration and open, honest communication to achieve a common purpose – while embodying the Ministry of Justice’s value of ‘Together’.

Keith Coni, MoJ Marketing and Communications

RACE DISPARITY UNIT, CABINET OFFICE, WINNERS OF THE 2018 CHRIS MARTIN POLICY AWARD

We were absolutely delighted that our team in the Race Disparity Unit (RDU) was awarded the 2018 Civil Service Chris Martin Policy Award.

The RDU was announced by the Prime Minister in 2016. The aim is to challenge ethnic disparities – differences of treatment or outcome affecting people of different ethnic backgrounds – by shining a light on them with government data.

All the data we have published can be found on our pioneering website, Ethnicity Facts and Figures. The website currently covers more than 160 topics across public services and national life, on issues as diverse

as prison violence, educational attainment and home ownership. You can see the data at <https://www.ethnicity-facts-figures.service.gov.uk>

We were the first two members of staff in the unit when it was set up in September 2016. It has been a great experience in lots of ways, but there are three things we particularly enjoy about working in RDU:

1. In government terms, the Race Disparity Audit was a genuine start-up – there were no people, structures, precedents, offices (or money) when we started! We were literally handed a six-page policy paper and asked to make it happen.
2. The RDU is a fantastic multi-disciplinary team, bringing together people from data, digital and policy backgrounds to build something new. We all learn from each other and have gained valuable skills across these three expert areas – and we challenge each other a fair bit too! So, although the award was for policy, it was really an award for our whole team.

3. The work continues! Ethnicity Facts and Figures is a permanent live website, which changes as the data changes in the real world. In addition to adding new data, we have significantly improved the website's digital capability and have worked with departments to deliver strong policies across a range of topics, including education and employment.

Our team loves new challenges, and we have ambitious plans for the year ahead. Our forward priorities include working with departments to achieve greater policy change and impact in the real world, improving the experience for users of the website, and harmonising how government classifies ethnicity.

There's even a spin-off strand, #3OD, to share our learning on improving access to open data and encourage open dialogue for open democracy.

We have had tremendous help from many people across government and beyond. You know who you are and we look forward to working with you in the next phase!

**Marcus Bell, Director, and
Zamila Bunglawala, Deputy
Director, Race Disparity Unit**



Marcus Bell (third right) holds the Chris Martin Policy Award, flanked by members of the Race Disparity Unit and presenter Chris Wormald, Permanent Secretary, Department of Health & Social Care (second left)

Charlotte Dring (right) with award presenter Sue Owen, Permanent Secretary, Department for Digital, Culture, Media & Sport



CHARLOTTE DRING, WINNER OF THE 2018 CIVIL SERVICE DIVERSITY AND INCLUSION AWARD

I remember the moment I found out I had made it into the Civil Service. I was sitting in the car with my mum and sister when I decided, for the 20th time that day, to check my Fast Stream account for any updates. When I saw the message saying I'd passed the assessment centre I didn't dare believe it was real. I tentatively shared the news with my mum, saying I needed to check, double check, maybe even triple check for sure.

Fast-forward six years and I did a similar reality check as I stepped on stage to collect the 2018 Civil Service Diversity and Inclusion Award – I had a quick pause and looked up at the screen to make sure it was definitely my name up there and that I hadn't got a little carried away!

There are many achievements over these past six years that I'm proud of, but definitely up there is work with other brilliant civil servants to champion social mobility and get it firmly on the agenda.

When I first joined the Civil Service, I felt I didn't fit in because of my background. Six years on and I couldn't feel more different. Through championing social mobility across the Civil Service, and talking about why it's important, I have met so many great people, including those I worked with to establish the Cross-Government Social Mobility Network.

Through this network we created a space for people to share their experiences, increased understanding of what social mobility is and why it matters, and supported around 10 departmental networks to grow in the first year alone. Today there are nearer 30 networks across the Civil Service and its agencies.

On a personal level, speaking at events such as International Women's Day and Senior Civil Service basecamp really boosted my confidence. I now have no doubt that I fit in, and that, really, I probably always did.

I am very much indebted to the person who nominated me for the Civil Service Award, the judging panels and, most importantly, those I worked with along the way to achieve all we did together.

Winning the award has only strengthened my determination to do more, and I have since spent time talking with people looking to set up new social mobility networks both inside and outside the Civil Service.

Sharing experiences and learning is so important, and this award has shone a spotlight on social mobility and why it matters. That, for me, is the greatest part of it all.

Charlotte Dring, Ministry of Housing, Communities & Local Government



supported by:



IN CONVERSATION WITH...
MARK CARNEY,
GOVERNOR OF THE BANK
OF ENGLAND

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Whatever form and path Brexit takes, the Bank will take all the necessary steps to achieve its objectives as the UK leaves the EU

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WHAT ATTRACTED YOU TO THE ROLE OF THE GOVERNOR OF THE BANK OF ENGLAND?

When I was first approached, I was attracted by the scale of the challenges of sustaining the nascent UK recovery, helping to reform the UK financial system and modernising the Bank of England.

During my time as the Governor of the Bank of Canada, I always looked at the Bank of England with admiration. Over its 324 years, it has constantly demonstrated both intellectual leadership and dedication to public service. For centuries, it has been at the centre of the global financial system. The quality of the organisation has always been evident in international fora, and being at the heart of the world's pre-eminent financial centre means there is no match for the importance of the issues the Bank tackles, and the intellectual and practical policy challenges it faces. It was an unrivalled opportunity to refresh and modernise the organisation to get the most out of it, building on those historical and extensive strengths. My experience here has exceeded all of my initial expectations.

A good question is also how I ended up as a central banker in the first place. It was not my original plan. I studied economics and initially worked as an investment banker, moving jobs every 18 to 24 months across three continents. I found the issues I most enjoyed were where the public and private sectors intersected. So, when the opportunity at the Bank of Canada came up I jumped at it.

I have been privileged to learn from remarkable people, and it's through these partnerships and by following what interested me most that I ended up being in the right place at the right time, first at the Bank of Canada and now at the Bank of England.

YOU RECENTLY RELEASED A REPORT ON THE POTENTIAL IMPLICATIONS OF EU WITHDRAWAL ON MONETARY AND FINANCIAL STABILITY. WHAT ARE THE MAIN MESSAGES IN THAT REPORT?

The report was our response to a request from the House of Commons Treasury Committee for the Bank of England to publish analysis of how Brexit will affect the Bank's ability to deliver its objectives for monetary and financial stability.

The report sets out six scenarios, illustrating what could happen – not necessarily what is most likely to happen – under a range of key assumptions. These scenarios are calculated for the policy-relevant timelines for the Bank – up to five years. As such, they are not assessments of the relative long-term merits of different trading relationships.

The six scenarios range from a smooth transition to an arrangement in which the UK retains a 'close economic partnership' with the EU (including comprehensive arrangements for free trade in goods and some trade in business and financial services) to a disorderly no-deal, no-transition scenario. The latter is underpinned by worst-case assumptions, including that the UK loses the existing trade arrangements it currently has with non-EU countries through membership of the EU, that the UK's border infrastructure does not cope smoothly with new customs requirements for some time, and that there is a pronounced increase in the return investors demand for holding sterling assets.

The implications of Brexit for the appropriate path of monetary policy will depend on the balance of their effects on demand, supply and the exchange rate. The Monetary Policy Committee [MPC] judges that the monetary policy response to EU withdrawal, whatever form EU withdrawal takes, will not be automatic and could be in either direction.

Although the nature of EU withdrawal is not known at present, and its impact on the balance of demand, supply and the exchange rate cannot be determined in advance, under all circumstances the MPC will respond to any material change in the outlook to bring inflation sustainably back to the 2% target while supporting jobs and activity.

Securing an implementation period will minimise the near-term financial stability and economic risks of a disruptive withdrawal from the EU outlined above by providing time for authorities, infrastructure providers, financial and non-financial businesses time to address cliff-edge risks.

The Bank of England – alongside other domestic authorities and financial companies themselves – has put extensive contingency plans in place to support institutional resilience and market functioning in the event that the UK leaves the EU without an implementation period.

The Financial Policy Committee [FPC] judges that the UK banking system is strong enough to serve UK households and businesses even in a disorderly Brexit, and that the major UK banks have ample liquidity to withstand a major market disruption. The FPC has worked with other authorities to ensure most risks of disruption to cross-border financial services have been addressed.

Whatever form and path Brexit takes, the Bank will take all the necessary steps to achieve its objectives as the UK leaves the EU.

However, monetary and financial stability are necessary but not sufficient conditions for long-term prosperity. The economic consequences of Brexit over the longer term will depend on the nature of the UK's future trading relationships, other government policies, the readiness of each sector for Brexit, as well as the reaction of households, businesses and financial markets, and ultimately the ingenuity and enterprise of the British people.

THE BANK OF ENGLAND HAS BEEN PREPARING FOR A NO-DEAL BREXIT SINCE 2016, DO YOU THINK THAT THE WORK DONE BY THE BANK SINCE THEN WILL HELP PROTECT FINANCIAL STABILITY?

The job of the Financial Policy Committee [FPC] is to protect financial stability. Since the referendum we have been doing everything we can to ensure the financial system is ready for Brexit, whatever form it takes. November's Financial Stability Report detailed the FPC's work since the referendum, which falls into four areas:

- The committee has stress-tested banks to the most severe scenarios in the report, and judged that even in these worst-case outcomes banks would be able to continue lending. Today, UK banks hold three and a half times more capital than they did before the global financial crisis, and even a shock as large as that would leave the major UK banks' aggregate CET1 capital ratio at twice its pre-crisis level. Globally, the resilience of the financial system has increased too: for the world's largest banks, the requirements and buffers for common equity – the most loss-absorbing form of capital – are now ten times higher than the pre-crisis standard.



- Banks also have ample liquidity to withstand a major market disruption and could survive many months without any need to access wholesale funding or foreign exchange markets. They hold more than £1 trillion of high-quality liquid assets, which is more than four times more than before the crisis, and can access an additional £300 billion of liquidity through the Bank of England's regular facilities. The Bank can lend in all major currencies, if required.
- Since 2017 the FPC has published its assessment of the risks of disruption to financial services provided across the UK-EU border and a checklist of actions required to reduce those risks. We have been working through these actions with HM Treasury, the Financial Conduct Authority [FCA] and our counterparts in Europe to reduce these risks.
- The FPC is committed to the implementation of robust prudential standards in the UK, and in this context has considered how it would maintain its ability to manage UK financial stability risks under a range of possible future relationships with the EU in financial services. The UK is home to the world's leading international financial centre, and with assets around ten times UK GDP, the scale of activity in the UK financial system is unmatched in other jurisdictions. This confers a special responsibility on the Bank to ensure that the system is robust to a wide range of potential domestic and global shocks.



HOW DOES THE BANK WORK WITH OTHER AREAS OF THE GOVERNMENT ON BREXIT?

We work most closely with colleagues at HMT and the FCA, as is usual for issues relevant to financial stability. This is formalised by their membership of the FPC, but filters down to working level as well, where we have regular information exchange.

Our work on Brexit has also benefited from conversations with other government departments.

Brexit is unique, and one of the key uncertainties is the extent of short-term disruption as the UK withdraws from the deep and complex trading relationship it currently has with the EU. In addition to the survey conducted by the Bank's agents, we had conversations with various experts to improve our understanding of possible causes of disruption and mitigation across sectors.

ONE OF THE RECOMMENDATIONS IN SIR MICHAEL BARBER'S PUBLIC VALUE REVIEW WAS THE CREATION OF A 'PUBLIC VALUE FRAMEWORK' TO MEASURE THE LIKELIHOOD THAT PUBLIC SPENDING WAS DRIVING UP IMPROVED OUTCOMES IN PEOPLE'S LIVES. HOW DOES THE BANK OF ENGLAND ENSURE IT DELIVERS VALUE FOR MONEY?

We have held our headcount and nominal budget flat for two years, and managed that while meeting major new demands arising from the decision to leave the EU. The Bank receives no direct taxpayer funding or grants from government.

At the heart of the Bank's current strategic plan, Vision 2020, is an initiative to 'do what matters most'. This means prioritising work within our flat nominal budget constraint that makes the biggest contribution to the Bank's mission, and so maximises value for money while containing costs.

Every year the Bank's governors decide its strategic goals, which are the key changes we need to make today to deliver our core functions more effectively



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in the future. These feed into local priorities, and since 2017 this process has been overseen by a Director of Priorities and Resources and a network of local prioritisation managers. All areas have three-year business plans, which are renewed annually and reviewed for smaller changes on a quarterly basis.

Ultimately, this means we need to be streamlined and efficient. Our Cost Containment Group promotes cost-containment initiatives and facilitates temporary re-allocations of budget and headcount. And we have recently refreshed our policies on procurement, travel and expenses. Our delivery of value for money is regularly assessed by the National Audit Office [NAO], and the most recent NAO report acknowledges the Bank's ongoing efforts and forward agenda to transform its provision of central services. The NAO recognised, for example,

that in relation to other central banks the Bank already employs a smaller proportion of its staff in central services than the median.

More broadly, achieving value for money requires a culture where local areas and individuals are empowered to both take and challenge decisions. This is supported by our Vision 2020, which includes initiatives around more effective decision-making, unlocking potential and enabling stronger collaboration.

WHAT ARE THE GREATEST CHALLENGES IN MAKING THE BANK A MORE DIVERSE AND INCLUSIVE PLACE, AND WHAT ARE YOU DOING TO TACKLE THEM?

Promoting diversity and inclusion has been a top strategic priority for the Bank's executive team and Court of Directors since I became Governor.

The strategy is working and we have made considerable progress. We now have 31% female and 5% BAME representation at senior levels, compared to 17% and 2% five years ago. Of our 622 new hires last year, 43% were women and over 25% came from a

BAME background.

Our 2017 graduate intake came from 35 different UK universities, and from a wide range of degree disciplines – only around half of our new graduate entrants have studied economics. Of those newly hired to the graduate programme in 2017, 44% were female, 22% BAME and 53% were from lower socio-economic backgrounds. This direction of travel is encouraging, but we do not yet consider it job-done, and will continue to set ambitious goals as well as strengthen our external accountability.

We value diversity for at least three reasons. First, a public institution needs to reflect the public it serves. Second, diversity helps build the trust we need to deliver our remits. Third, it is well established that diversity leads to more creative thinking and reduces the risks of groupthink and bias.

The Bank defines diversity as both 'who we are' (identity diversity) and 'how we think' (cognitive diversity). And we have stressed that, while diversity is a reality, inclusion is a choice. Inclusiveness unlocks the true value of an organisation's diversity: through inclusion, people can realise

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We are on the cusp of a fourth industrial revolution, with the potential to transform fundamentally the nature of work and commerce

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their full potential. So our commitment is not only about meeting targets. We are also focusing on building a culture that values diverse ideas, encourages open debate, and empowers people at all levels to take the initiative.

The challenge is evident in the history of the Bank. Our first female court member, Frances Heaton, was only appointed in 1993, while our first BAME member, Lord Morris, followed five years later. And I am the 120th in a very long line of male governors of the Bank. Ten years ago our graduate intake was drawn from just 11 universities, and there continues to be limited diversity in both US and UK economics departments.

Our strategy to tackle these challenges is therefore necessarily focused on both building a pipeline for a diverse set of future senior appointments, as well as broadening the diversity of our talent pool for school leavers and graduates.

We are taking a wide range of measures.

As part of our 2014 Strategic Plan we set ourselves stretching targets: 35% female colleagues in senior roles by 2020, 13% BAME colleagues in senior roles by 2022, 50% female and 20% BAME representation below senior management level by 2020. And we have explicitly linked values – Collaborative, Inclusive, Empowering, Decisive and Open – to performance management and employees’ rewards. Our executive directors have specific performance objectives linked to diversity, and all managers take inclusive leadership training.

We launched our inclusion strategy in 2017. We anonymise all CVs, strive for balanced shortlists and interview panels, and have run pooled recruitment for the last three rounds of senior appointments. We have launched a Career Returners programme to attract and support professionals returning to the workforce. And we have launched a variety of mentoring schemes to help individuals achieve their goals, learn from others, build relationships and increase their confidence.

To broaden the diversity of our talent pool, we now recruit from more UK universities – recent graduates have come from 40 different universities, up four times as many as a decade ago – from a wide range of degree disciplines, and in 2016 we launched a Central Banking Qualification to train employees from non-economics or technical backgrounds. We have launched an education outreach programme, ‘econoME’, which includes free classroom materials and we are committed to visiting 200 schools a year. We also run structured work experience programmes for young people from lower socio-economic backgrounds, and an African-Caribbean Scholarship Programme to support students from Black or Mixed African or Caribbean backgrounds through their undergraduate degrees.

LOOKING FORWARD, WHAT OPPORTUNITIES DO YOU SEE IN THE UK ECONOMY AND IN FINANCIAL SERVICES?

We are on the cusp of a fourth industrial revolution, with the potential to transform fundamentally the nature of both work and commerce through advances in artificial intelligence [AI], automation, interconnectedness and machine learning. The economy is reorganising into a series of distributed peer-to-peer connections across powerful networks – revolutionising how people consume, work and communicate.

The financial implications of these developments are only beginning to be realised, but they are likely to be immense. As regulators, we have a responsibility to set a policy agenda that allows innovation in finance to flourish and financial stability to prevail. And a financial system built for the fourth industrial revolution will help to support and smooth the transition in the wider economy.

The use of AI in finance has the potential to improve customer choice, services and pricing, reduce transaction costs,

improve diversity in the system and increase access to credit for households and businesses. Recognising this, banks have invested \$10 billion in AI since 2010, and that is expected to quadruple by 2020. The financial sector is the largest customer of AI.

For its part, the Bank is upgrading our RTGS [real-time gross settlement] system – the backbone of every payment in the UK – to take advantage of these new technologies. The new RTGS will be able to interact with distributed ledger technology, can be accessed by non-bank payment service providers, and will capture richer data on every payment. This will not only lower the cost and increase the speed of payments, but has the potential to be transformative beyond the financial sector. The more seamless payments are – including cross-border – the more UK households and businesses will benefit from the new global economy. And richer, standardised data will support greater choice and competition in financing for corporate end-users, particularly small and medium businesses [SMEs].

These new technologies could also promote inclusive growth by supporting free, efficient and sustainable movement of capital between jurisdictions which will, in turn, support trade, investment and jobs. These benefits would multiply if delivered alongside services trade liberalisation, which has the potential to increase productivity growth, reduce excess imbalances, and make free trade work for all, including SMEs.

Finally, challenges can also create opportunities. Mobilising cross-border private sector investment is the only solution to financing global development needs and protecting the global commons from threats such as climate change. The G20 and

the Bank are supporting the private sector by encouraging disclosure of climate-related risks and opportunities through the G20 Task Force for Climate-related Disclosure.

The list does not end there. The Bank's Future of Finance project is exploring what the financial system of tomorrow



The good news is that amidst this uncertainty lie great opportunities for the next generation to build the new economic and social engines of our prosperity

might look like, and what that means for our priorities now and in the future. The project is digging further into a range of issues, including the implications of an ageing population, big datasets, the integration of emerging markets into the global financial system, the transition to a low-carbon economy, and all of the opportunities financial technologies could provide to UK households and businesses.

WHAT ADVICE WOULD YOU GIVE TO AMBITIOUS CIVIL SERVANTS ASPIRING TO ACCELERATE BOTH THEIR PERSONAL AND PROFESSIONAL DEVELOPMENT?

Experience has taught me that the road ahead will not be straight, and it is unrealistic to map out the decades ahead. As John Lennon said: "Life is what happens to you while you're busy making other plans." But I have found that those most pleased with their

careers are usually those who have continued to pursue their interests, stayed true to their values, and given back to their communities.

The next generation will go through their careers in a world of tectonic shifts, including unprecedented globalisation of trade, capital and ideas, as well as the beginning of the Fourth Industrial Revolution. The good news is that amidst this uncertainty lie great opportunities for the next generation to build the new economic and social engines of our shared prosperity.

To navigate these opportunities, I recommend 'the 3 Ps', which have served me well: purpose, partnerships, perspective.

Define your 'purpose' and stick to it obsessively. Remember that true purpose, including that of business, must be grounded in the objectives of clients, society and humanity. As economist John Kay has observed, "Profit is no more the purpose of business than breathing is the purpose of living."

In a world of division, 'partnerships' will bring breakthroughs. Select your teams wisely and recognise that while diversity is a reality, inclusion is a choice. Take it.

And maintain 'perspective'. While you should always marshal your facts, you must also engage people's intuitions and win their trust. Do this through empathy and be open to dialogue. Remember Henry Ford's advice that, "The secret of success is to see things from another person's point of view."

Finally, it is important to remember the role that chance plays in all of our lives and the responsibility that comes with good fortune.



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