

Spann Oration 2014

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Leadership and reform in the public sector: a tale of two countries

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It is a great privilege to be asked to give this lecture in honour of the memory of Professor Spann. His work on Government and public administration has been studied by many generations of public servants.

Tonight I want to build on his work by looking at how well our two countries are doing in facing the many common challenges of the twenty first century.

We share a planet, even if we are rather a long way apart, we have similar governance arrangements, reflecting our shared history, and we are both trying to raise public sector productivity in an age of austerity.

In other words we need to deliver better for less.

Our societies are ageing, our media proliferating and becoming more personalised, and technology is changing what is possible *and* what is expected.

I believe we need to approach this endeavour by first sorting out what government is *for* in such a world.

Around the world over the long run, the size of the public sector has increased dramatically.

It is considered normal for countries to develop their social safety nets and the quantity and quality of public services as countries raise their economic strength.

What government is for changes over time but I believe there are some timeless principles.

First, it is there to improve the wellbeing of the population. Different governments may define wellbeing in different ways and some may believe this is best achieved by having as small a government as possible. But all tend to share the idea of improving the lot of the public.

Second, defence and the provision of public goods are accepted by even those in favour of ultra-minimalist states.

Third, many see a role for stepping in where markets have failed, allowing for the fact that governments can have similar failures.

Fourth, many would now add governments should step in to resolve "human failures" where individuals make decisions consciously or unconsciously against their own long run interests. (Nearly all governments fund anti-smoking campaigns).

In each area, the leader needs to spell out the goal of the government and what the future looks like.

The UK Prime Minister, David Cameron, made a speech just before he won the election, arguing that wellbeing, not GDP growth, was what mattered.

In office he has tried to follow this up, not least by starting national measurements of subjective wellbeing.

It is slowly affecting policy formation and delivery but the process is in its infancy.

I will happily say more about this later but my point is that the PM has defined what success looks like.

To my mind this is the key task of leaders: they need to explain what the future should look like and to build consensus around this shared vision.

For example Tony Blair was a strong leader and had a clear vision of the kind of country he wanted Britain to be.

"I wanted us to be a nation proud of being today a land of many cultures and faiths, breaking new ground against prejudice of any sort, paying more attention to merit than class, and being at ease with an open society and global economy (compare John Major... "a national at ease with itself). We would reform our public services to make them consonant with the world of 2005 not 1945." (A Journey, p xvii)

The reason this matters so much is that one of the key objectives of the public service is to help the government achieve its goals.

In his address to the Sydney Institute on 18 April this year, your Prime Minister explains his goal is a strong and prosperous economy, *not* as an end itself but for a "safe and secure Australia."

This gives a clear message about what the Australian public service needs to deliver.

But it is not the *only* goal: Australian Public Service Commissioner Stephen Sedgwick made it clear he expects all public servants to strive to improve the quality of the service *and* leave it better able to fulfil its main function.

Once leaders have defined the future they need to engage with their staff and other groups to sort out how best to make the vision become a reality.

This is where many leaders go wrong. They want to give their staff a detailed blueprint of how to get from here to the Promised Land.

Staff will feel no ownership of such plans. They will comply rather than implement enthusiastically.

Once the future is clear, and you have engaged widely and developed a great plan, the final leadership challenge is to deliver it.

How often have we heard that the public sector can't deliver: projects overrunning on cost or time, policies not producing the expected benefits. There are many possible reasons for this which I can explain later. Now I want to focus on what leaders need to do to ensure successful delivery. Nelson Mandela summed it up nicely:

"Vision without action is merely a dream. Action without vision is merely passing time. Vision with action can change the world."

To deliver successfully you need first to realise that this almost certainly isn't your job. You need to build a team with the various skills needed to deliver the policy or project.

Let me explain this with a recent example, namely the London Olympics.

To be honest few of us expected to win the competition to host the Games.

The Treasury was confident that our normal inability to lobby successfully would ensure

we lost.

The team laid out a strong vision of an inclusive Games with a strong legacy.

It worked.

We then engaged across all the political parties- there was an election between winning and staging the games so we needed everyone onside-and developed a plan.

The delivery of a building project with a definite end date is a nightmare.

There is a tendency to be blackmailed at the end as everyone knows you have to be ready for the opening night.

So we planned to have it all done a year in advance, and then use the extra time for testing.

The actual delivery was entrusted to experts who had delivered such projects before.

They came from the private sector and were very expensive, but worth every penny.

In my experience the failure to pay enough to get in the best talent has been a common cause of failure.

People with great commercial skills gravitate to the commercial sector not the public one. So if you need great deliverers find people that have done it before successfully.

Great leaders do this and delegate successfully. Poor leaders want to do everything themselves and micro-manage projects. But you need to ensure that everyone knows you care deeply about delivery. After all this is your vision.

So you need to devote some time to reinforcing the message that you care deeply about the success of the project.

Tony Blair, ably directed by Michael Barber, would hold "stocktakes" on all his favourite projects.

The system soon realized he cared about these projects so they had better care as well *and* deliver them on time.

You can't use the PM all the time but you need to make sure everyone knows the leader cares and expects success.

The Olympics project was delivered on time, our global reputation was enhanced and we created a legacy of some increased physical activity and significant extra volunteering.

The public cared most about the medal table. (The clever Australian jibe that we only ever got medals for "sitting down" sports was a wonderful motivator.)

The "Future-Engage-Deliver" model was created by my former coach Steve Radcliffe. We rolled it out across the whole Civil Service and it is still used now.

It is, like all good ideas, blindingly obvious and simple and that's why it appealed to me.

I used to add that really good leaders did one more thing: when they left things got better. (This is what Jim Collins refers to as level 5 leaders.)

The idea is that you develop your staff so well that they outperform you. It is really hard to think of exemplars from any walk of life.

At a personal level I have witnessed a debilitating deterioration in relations between Ministers and Civil Servants in the UK since I left.

That keeps me firmly out of level 5 territory.

The capability reviews that your federal government - and the Irish and the IMF- have so warmly embraced have dried up in the UK.

The other important aspect of leadership is to care not just about what gets delivered but also how it is done.

First, great leaders have to be prepared to say No, Minister. Culling the first-born might reduce the need for nursery places but it's wrong.

If a Minister wants to announce that a flagship project will be delivered to an impossible timetable the best solution is stop the promise before it is made.

The leaders of the public service need to care about how all the staff operate.

We need to get the most out of every taxpayer's hard earned pound or dollar. That is why values are so important.

In New South Wales, I know the Public Service Commission has been focused on values and ethics across the public service, emphasising integrity, trust, service and accountability.

In the UK we have a real problem about trust and engagement in politics.

Russell Brand is gaining a lot of support for an essentially anti- politics platform.

Membership of political parties is in long term decline and trust in politicians to tell the truth remains stuck below 20% while, in the Civil Service, the figure has doubled (to 53%)over the last thirty years.

In the Australian public service, the same focus on values has given birth to ICARE. I love mnemonics so I CARE attracts me.

(The UK Treasury used RESPECT for its values but no one could ever remember them all.)

We share *Impartiality*, which is generally well understood, if becoming a little harder to enforce in the age of twitter and blogs. Your *Ethical*' is very similar to our 'integrity'.

We add honesty and objectivity to impartiality and integrity. You add *Committed to service*, *Respectful* and *Accountable*.

I can see why you need Respectful but I don't think we need it. Our definition of integrity is treating all as equals. I

But I do think we should steal your accountability: we have it but should make clearer as an important aspect of the job.

I would like to add committed to improving the wellbeing of the whole nation, to show our goal and that we are respectful of all groups in our society.

So what needs to change to make the civil service fit for the twenty first century?

First, we need effective government delivering excellent value for money. Government needs to be trusted to deliver fairly and efficiently.

Second, all governments will need to exploit the opportunities created by new technology.

Third, the public sector needs good people, led and managed well, with the right incentive structures.

This is a huge weakness in the UK civil service, where too much of the remuneration is

paid after retirement and, at the top end, the pay is way below the market level.

Fourth, and partly to overcome this problem, the public sector needs to be seen as the ultimate meritocracy.

And finally it needs to have staff who are engaged and love their work, and are prepared to operate with agility and flexibility.

My mantra was that we needed the 4 Ps: pride, passion, pace and professionalism.

In the UK, we need to be ready for an era of coalition or minority governments.

There is a trend decline in the percentage of votes going to the two main parties.

The next election could see the SNP and UKIP having more seats, making coalition building more complex.

And of course, second time around, the dynamics of forming a coalition are more complex. The past will be a very imperfect guide to the future.

The main lessons from the coalition forming exercise for the civil service were:

- 1) We can respond to unprecedented events and did put together structures that ensured the coalition delivered effective government for a full 5-year term.
- 2) Next time we will have the luxury of more time to agree a coalition programme and politicians should not be scared to use that time.
- 3) Be prepared for all possible outcomes- next time could be much more complex.
- 4) Be ready for questions about legitimacy as the main parties are getting increasingly fewer votes.□

The new government will need to continue cutting the deficit so all we have learned about that process will be invaluable.

I think last time we probably rushed the strategic work on defence and security.

And I would move to a five year plan not a three year one now we have 5 year parliaments.

Their first big challenge will be sorting out how to handle the consequences flowing from the Scottish referendum.

You are embarking on a big debate about reform of the Federation.

We have to sort out the West Lothian question and more generally there is a strong desire, and need in my view, to devolve more power to cities/ city regions.

The civil service learned to deliver better for less in the last parliament and will need to go further on innovation, digital delivery and applying the latest behavioural insights across all services.

This means attracting more geeks, more innovators and disrupters, more psychologists...people who would normally not think of joining the public sector.

We also need more commercial brains who understand about commissioning.

Indeed our needs are similar, but not identical, to those outlined in the Dickinson and Sullivan report from the School of Government at Melbourne University (October 2014, *Imagining the twenty first century public service workforce*).

There is an urgent need to sort out a sensible remuneration policy.

At lower grades the remuneration is still far too heavily weighted towards pensions rather than pay. At the more senior level we have a similar bias but we also *underpay* dramatically.

Eventually this will create problems, as the more commercially skilled people are lured away to the private sector.

Are we developing the leaders that can carry all this out?

The jury is out on that.

We have made some strides in attracting more diverse talent.

But we haven't really been teaching leadership long enough to have a pipeline of great leaders coming through.

Unfortunately we are also finding it hard to attract great leaders from other sectors.

Most of them want to run the show and be directly accountable for the big decisions.

The solution is for Ministers to decide what it is they want to control and then set up bodies with sufficient autonomy to attract and build great leaders. That is the main challenge for future Ministers.

This brings me to my final point.

UK Ministers spend a lot of time, too much in my view, talking about public service reform.

The public doesn't care about this. They just want better government and better services.

That requires us to make our system more democratic, reform the House of Lords, attract people into politics who have the right skills and improve the quality and accountability of Special Advisers,

Like you, we need to align better spending and revenue at each level of government, and much more.

This can be achieved if Ministers and public servants work together on changes for both of them to deliver better outcomes for our countries.

Unfortunately no UK political party is pursuing this agenda...

...so change is highly unlikely in the next few years.

Incremental changes are much more likely unless a crisis forces a more radical approach.

I am not holding my breath!