



House of Commons
Education Committee

The Administration of the Department for Education

Oral Evidence

Wednesday 14 September 2011

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Rothschild, Theodore Agnew, Non-Executive
Director, Jubilee Managing Agency LTD, Dame
Sue John DBE, Headteacher, Lampton School,
Hounslow, John Nash, Non-Executive Partner,
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Oral evidence

Taken before the Education Committee on Wednesday 14 September 2011

Members present

Mr Graham Stuart (Chair)

Neil Carmichael
Nic Dakin
Bill Esterson
Pat Glass
Damian Hinds

Charlotte Leslie
Ian Mearns
Tessa Munt
Lisa Nandy
Craig Whittaker

Examination of Witnesses

Witnesses: **Anthony Salz**, Executive Vice-Chairman, Rothschild, **Theodore Agnew**, Non-Executive Director, Jubilee Managing Agency LTD, **Dame Sue John DBE**, Headteacher, Lampton School, Hounslow, **John Nash**, Non-Executive Partner, Sovereign Capital, gave evidence.

Q1 Chair: Good morning. Thank you very much for attending this morning's session of the Education Committee looking at the administration of the Department for Education. We tend to be quite informal here. I hope, despite the grandness of the people before us, you would be happy for us to use first names; please indicate if that makes you uncomfortable. Since the election there has been a major change in the way that the Boards of Departments are set up, and you are the living embodiment of that as you are now a substantial and powerful part of the governance of the Department for Education.

Can I start with you, Anthony, as the Lead NED, as I think you are irreverently called, and invite you to say what you hoped to achieve by becoming a Non-Executive in the Department, and perhaps what you and your colleagues have found most surprising since taking up the role?

Anthony Salz: Thank you for inviting us. As the Lead Non-Executive Board member—making a slightly legalistic point about the use of the word Director, which I will come back to—we will all participate in some way. The idea is that I may answer generally and identify for you who takes particular interest in a particular subject.

What do we want to achieve? I suppose behind that question there is inevitably a point for us because each of us comes to this with an interest in education and in making a difference to the people whom we see as those who primarily benefit from this i.e. the young people. In that context, we hope that, by bringing a range of experience to the Board, we will broadly help the Department improve its standard of implementation of policy; policy always being set by Ministers and not really a matter for us. I think, not least because we are not paid, having decided to waive such fees to which we would otherwise be entitled, we are here because we think we can make a difference to the ultimate aims of the Department.

Surprise: I suppose there are some positives on the surprise side as well as perhaps caricatures of a Civil Service Department. On the positives I would say very much that we are impressed, or I am impressed—the

others can speak for themselves—about the amount of change the Department has had to cope with in a relatively short period of time: new policies from a new Government and quite a lot of focus on achieving momentum around the principal policies of the new Government, academies in particular. Therefore, there has been a lot of change. At the same time there are, as you well know, cuts to budgets of various sorts and at the same time, therefore, there is an attempt to manage a requirement for administration cuts. The coping with change has been good. That is not to say that there is not more to be learnt from the experiences of starting off with these new polices. Also the Department Heads and the people in the Department seem to be of very high quality, and have been good at dealing with us. I think as we develop a familiarity with them, hopefully we will build trust and they will find it easier to be open about the issues that we should be getting stuck into.

Q2 Chair: When did you first actively take up your post?

Anthony Salz: Formally in December. I think the first formal Board meeting that we attended was probably in January. We attended one or two meetings before then; it is slightly different for each of us. We have Board meetings about once every six weeks.

Q3 Chair: What were the most obvious areas in need of improvement?

Anthony Salz: We are in the process of looking at various things. Theodore and John in particular have been looking at budgeting and that follows a set pattern. We are also looking at efficiencies in implementing programmes of various sorts, against the background of needing to make administration cuts. I think there is room for efficiency and room for different ways of working. Then there are a whole load of topics that come up in the ordinary course of business that we look at where I think we can make a difference. For example, the estates policy, the use of premises. That is both a people thing and a cost thing, and a question of the inefficiency of being in lots of places. There will be a range of issues like that where

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I think we can make a difference from our business background.

Q4 Chair: So how accurate and useful was the information held by the Department on its property holdings, and how fit for purpose were policies to ensure that property holdings were utilised to deliver best value for money?

Anthony Salz: The question about the available information: we were provided with a paper on the use of premises and I think the exercise has helped officials understand how the premises are used. The Secretary of State has been keen himself to be more efficient about the use of premises. I think we will end up operating from fewer sites.

Q5 Chair: If there is ample room for improvement by operating from fewer sites and being more efficient, how big an improvement is that? In other words, how poor was it before? I am specifically talking about the property. As we know, Departments often have large property holdings and spend a lot of money on premises. If they do not use them properly that costs serious amounts of money that is entirely withdrawn from the frontline, which is our priority to improve standards of education and care for children. Did you want to come in on this, John?

John Nash: The fact that they have made substantial rationalisations in the property estate, and are making them, must imply that they were not as efficient as they could have been. They are now consolidating down to mainly four areas; they have probably done a pretty good job now on consolidation.

Q6 Chair: Can you give us some idea of the extent of that?

Theodore Agnew: The headline figure is that the family of the DfE and its associated arm's-length bodies would have reduced the headcount collectively by 1,700 since March 2010. That will probably go further. With that comes a rationalisation of property. We have set up the Board of performance committee that has a number of key statistics that we look at. One of those is the cost of employees in the different sites. So we are now able to see very clearly which sites are more cost effective. There is an ongoing review of how those sites are best used.

Anthony Salz: My answer to the question would be that to some extent we do not know. We are not in a position of being able to tell you at the moment. There are clearly a number of issues that arise in trying to rationalise properties, and the cost of getting rid of properties, because they are not always an asset in that sense. There is obviously the possibility of leases which need to be disposed of and the cost of putting people in different places. It is that sort of combination of issues that we are trying to work through and help them work through.

Chair: I am just trying to get some idea. The combination you typically get is when there is money flowing and you sign up at the high times to big property and buildings, and then you flog them off or get out of leases at the worst times. So you accentuate the damage of poor decision-making because of the cycle. There is not much you can do to avoid it;

keeping property on, waiting for the good times to come back is equally wasteful, but it makes it look very expensive. I am trying to get some sense of how big an issue that was in this Department, but perhaps you have given us all you can on that.

Q7 Craig Whittaker: Theodore, I wonder if can just come back to your point about the reduction of 1,700 in the headcount. Are you saying, therefore, that the property portfolio was managed well up until that point and the reason for realignment is because of the headcount reduction, or are you saying that it could have been better prior to that anyway?

Theodore Agnew: No, I think, to be fair, there was focus on the property estate before our involvement. There had been a push to move non-essential or non-political-facing activities to the provinces such as Runcorn and Coventry. That has been the direction of travel for several years. Our challenge now is that, with a smaller number of employees across the Department's family, we will need to go on rationalising that property. As Graham says, we have to manage that against leases and the ability perhaps to sell freeholds and so on. It has been a journey that we have simply picked up upon.

Q8 Lisa Nandy: I have got three questions about the appointment of Board members, which we are all very interested in. As I understand it, you are appointed in part to bring a level of challenge and independent scrutiny to the work of the Department, which I very much welcome. Mr Agnew, as a substantial donor to the Conservative Party, do you feel that that was relevant to your appointment and do you think that that in any way compromises your ability to provide that level of independence?

Theodore Agnew: It was all disclosed. The donations were a matter of public record. When I was interviewed by the Permanent Secretary, I raised that with him and he made a note of it. It has always been on the table for all the people involved in the selection process.

Q9 Lisa Nandy: Do you not feel that it gives you a level of closeness that is difficult in your role?

Theodore Agnew: I think it might be an issue if I was going to get some financial benefit from being involved in the Department, but as I receive no financial benefit I do not think it is an issue.

Q10 Lisa Nandy: I see that you are also a Trustee of the New Schools Network, which last year was awarded a £500,000 grant without any procurement exercise being carried out. I wondered if you were involved in any way in the decision to award that money.

Theodore Agnew: No, I did not join the Board until December and I think that grant was made in the summer of last year.

Q11 Lisa Nandy: This is addressed to all of the members of the Committee: could you explain to us all how the appointment process works? Are you initially approached or do you apply? How does the

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interview process work? And who makes the final decision?

Dame Sue John DBE: I was approached by and had a meeting with the Permanent Secretary. I think I was approached because of my experience, not just as a headteacher but as someone at a school that has gone from “inadequate” through to “outstanding” at this moment in time; it is always a moment in time. Also, I worked in City Challenge as a Director of the London Leadership Strategy, working with 50 headteachers across London on school-to-school work. I have also been a member of the Headteachers’ Reference Group, which was set up to look at the implication and potential impact of policy on schools for headteachers and teachers.

Q12 Lisa Nandy: After you had been approached, did you go through an interview process with the Permanent Secretary?

Dame Sue John DBE: Yes, I had what I would call a meeting with the Permanent Secretary about what I could offer.

Q13 Lisa Nandy: Are you then appointed by the Secretary of State? Is that how it works?

Dame Sue John DBE: Yes, I think so

Theodore Agnew: Yes, we are.

Q14 Ian Mearns: I am more interested in the way in which the Board functions. I think Anthony has already said that that Board meeting is six-weekly.

Anthony Salz: Roughly. We did not meet in August.

Q15 Ian Mearns: In terms of the balance of the Board, I am assuming that, apart from yourselves, Ministers and senior civil servants would attend. How do you think the balance of the Board works? Do all six Ministers attend or is it different people at different meetings?

Anthony Salz: Generally all six attend.

Dame Sue John DBE: They all attend.

Q16 Tessa Munt: So six Ministers with five senior Civil servants?

Theodore Agnew: Yes.

Dame Sue John DBE: Yes.

Anthony Salz: And a few others. It is quite a big group and it has been chaired by the Secretary of State. In honesty, I think the challenge for us as a Board is to build a sense of what we are trying to achieve together. Clearly, our role is that we are Non-Executive Board Members and we are accountable to the Board and to the Secretary of State as Chair of that Board. I think what is more difficult is to persuade Ministers, in truth, who are very busy people, that the Board is useful to them. That is a challenge that we undertake together over time, to build a sense that we make a difference to their portfolios. I am a novice at this game, but my impression is that Ministers have particular portfolios and have not been used to operating in a Board context as a common group of people responsible for the vision of the Department as a whole. We are trying to build that more corporate sense of how Boards operate into a Department. I do not think we will ever quite get to the point of being

like a corporate Board because we are not responsible for policy; we are responsible for the implementation of that policy.

Q17 Ian Mearns: Are you saying that it does not operate as a Board in a large company would, for instance?

Anthony Salz: I think we are moving closer to it, but I do not expect us to get entirely there because the structure and responsibilities are different.

Q18 Ian Mearns: In your role as Non-Executive Directors do you have any function in setting the agenda, or are you asked to suggest issues to be discussed on the agenda? Who minutes the meetings and are those minutes made public?

Anthony Salz: Agendas, yes. As the Lead Non-Executive Board member I regard it as my responsibility to support the Secretary of State in setting the business of the Board meetings. Obviously the committees I chair—and I chair a number of committees—I do that more clearly. I cannot remember what the second part of your question was.

Ian Mearns: You can suggest items for the agenda. Do Departmental officials take the minutes?

Anthony Salz: Yes.

Ian Mearns: Are the minutes on the public record?

Anthony Salz: I actually do not know the answer to that, but there are minutes of the Board meeting.

Ian Mearns: If you do not know the answer, will you find out and let us know?

Anthony Salz: Yes¹.

Q19 Bill Esterson: Can you give us an example of where you have disagreed with the actions of the Board, or where you have challenged or changed what has been happening?

Anthony Salz: There are a number of items that we would bring to the Board. I think people issues are something that we—I and the others from business—are particularly interested in trying to understand as new to the Board; what sort of processes the Department has for selecting people for jobs, training people, making their skills more appropriate to implementation perhaps than to policy. That is one of the debates that we have had at the Board.

We have been very interested in trying to understand the extent to which we should establish performance indicators of success to measure whether we are making progress in our aims and objectives. We have had quite a good conversation about the appropriateness of various measures, trying to look at outcomes and indicators of success rather than

¹ The Department publishes summary minutes of Board meetings on its website, these can be found at: <http://www.education.gov.uk/aboutdfe/departmentalinformation/transparency/a0059076/senior-management-meetings-summaries-of-meetings-from-january-2009>

Full minutes of Board meetings are not published due to: (a) the nature of topics discussed at that level, which contain sensitive information about future policies, progress and updates on implementation plans, commercially sensitive material and personal details; (b) the need to preserve the candidness of discussion in a free and frank environment; and (c) the need to avoid any disruptive effect on the workings of the Department.

activity. I think we have been quite useful at progressing that discussion. As part of that, I think we are quite interested to see how the policy around academies actually delivers results. That will be an ongoing interest of ours in trying to check that we have not just achieved great success in numbers of academies, but also that that improves the outcomes for our children.

Q20 Bill Esterson: You are saying it is too early to talk about it.

Anthony Salz: We do not have the necessary information. We are there to challenge and advise rather than to say, "This decision is wrong and the decision should be as follows". That is for the Permanent Secretary and Secretary of State with their respective accountabilities.

Dame Sue John DBE: We can raise questions. It is more questioning, isn't it, than challenging the Secretary of State? For instance, we could ask whether there is sufficient funding to support the school-to-school work that he likes to see happening in terms of national leaders of education, local leaders of education, and moving knowledge across the system. Someone would pose that question and then it is for the Secretary of State to go and reflect on whether there is sufficient funding to make sure that that can actually occur, as well as the academy agenda. I think we feel confident enough to raise those questions in the Board; it seems relevant.

Q21 Chair: You do not have any specific financial expertise among you, do you? That seems quite unusual.

Theodore Agnew: I created a business that today employs 20,000 people.

Bill Esterson: Disagree with him!

Chair: But none of you are accountants.

John Nash: I would beg to disagree. I think we have considerable financial expertise between us.

Chair: Excellent.

Dame Sue John DBE: Some more than others.

John Nash: To answer your earlier question, I do not think it is our job to disagree on policy. Where there may have been disagreements, we may have encouraged them at times on the pace of decision-making. Where there clearly are disagreements within the Department or between Ministers and civil servants on particular issues, we have encouraged them to resolve them and move on.

Q22 Chair: Anthony talked about the challenge of persuading Ministers out of their silos and into this corporate decision-making, but equally you are a bit in a sandwich, aren't you? It is rather odd that there is your Board and then there is a Board beneath that is entirely of officials. If you looked at *Yes Minister* they would regard you as a sort of short-term intrusion with a new Government, and they might be interrupted in getting on with running the Department for a while as you interfere, but over time they would hope that you would quietly go away and they could just carry on running the Department without the irritating tendency. How do you influence them? How do you help influence the running of the Department?

John Nash: I think it is important that the Board is not just repetitive as far as the officials or the Ministers are concerned, because otherwise it is just very boring for them. We have tried to make the Board more dynamic, so it discusses, as a Board of a company would, the issues of the day and all the major issues that the Department is facing. It encourages people—Ministers and officials—to come to the Board and air their concerns so we can have a real debate rather than just a reporting session. I think that is very important. I think we have made quite a bit of progress. I think when they started, these Boards were quite sterile and we have made quite a lot of progress in that regard, but I think there is more we can do.

Q23 Neil Carmichael: Sorry I am a bit late; this question could easily have been asked already. How do you assess the relationship the Department has with other Departments in Whitehall, be it BIS or the Treasury?

Anthony Salz: One of my particular interests personally—I am not sure how this fits in with my governance responsibilities—which derives from some work I did looking at youth crime, is the problems of implementation of policies across Departments. In the families and young people area, and the disadvantaged area, that is a particular issue for this Department and there are a lot of other Departments involved in implementing that area of Government policy. Personally, I think there is quite a bit of work to be done in trying to make that joint working effective. As the Lead Non-Executive Board member I also get the opportunity to meet the other people like myself in other Departments. That is one of the agenda items that we are seeking to pursue, and I am seeking to pursue, both in a risk sense of not getting the policies implemented and also in a cost and efficiency sense, because maybe as an outsider who is perhaps insufficiently well informed, I just feel that is an area of considerable inefficiency where, as a collection of people, we have failed to deliver what we ought to deliver.

Q24 Ian Mearns: You are all new Board members and you have come from varying backgrounds. What was the induction process like when you joined the Board? Was there an induction process? How were you introduced? Was it common or did you all do something different?

Dame Sue John DBE: Quite intensive, actually because clearly the Department is huge. They set up a lot of meetings with different officials who led on different aspects of the governance work on policy and education. Some of those we did as a group, and some in twos. There was quite a lot of induction. Even so, we are still getting to grips with an understanding of the whole realm of the Department.

Q25 Lisa Nandy: Does your remit cover the wider children's agenda that the Department is responsible for?

Dame Sue John DBE: Yes.

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Q26 Lisa Nandy: Did you have meetings with the other officials from there as well?

Dame Sue John DBE: Yes, and with Cafcass and all those various parts of the Department.

Q27 Ian Mearns: In your executive role you have talked about looking for efficiencies in the Department. I am sure that you have seen the National Audit Office summary of work. I am sure you know that if you do not feel that the Department is self-aware enough you could ask the Cabinet Office to undertake a full external capability review assessment. Do you think that is necessary in the Department, given some of the findings in this report about how staff feel that they are not involved in change, and they do not have a clear understanding of what the Department's objectives are and that sort of thing? Given those sort of findings, do you think that it necessary just yet or do you think it is work in progress?

John Nash: The Department is going through a capability review to work out how it can more efficiently organise itself going forward. That is very much work in progress. They have certainly taken on board all those comments.

Q28 Chair: What role do you have, can I ask, if you feel that senior figures in the Department are not delivering and are not capable of delivering the change? What are the rules and what would be the realities of your recommending change?

Anthony Salz: Can I just come back to that question? I hope I will not fail to do that. One of the first things we did on arriving in the Department was to have an awayday. It was not very far away, it was somewhere in the Department—

Tessa Munt: Saves some money.

Dame Sue John DBE: It was on a Sunday, actually.

Anthony Salz: It was to talk about the Department's vision, and what its values, aims and objectives should be. A process of communication of the outcome of that session has just gone across the Department and it is against that background that we are having discussions about what is the most efficient way of delivering those objectives of the Department. That will continue over the coming months in the context of the administrative savings that we are required to deliver.

I think it is a largely an iterative process, in response to you, Graham, and we have not come to a crunch where we think things should happen and they do not. I see our role as mainly challenging the real facing-up to some of these issues. We are not necessarily able to make the final decisions on how many people you need to deliver this particular programme, but we can encourage a real focus on what numbers of people are needed to deliver a programme. We can try and encourage the comparison against such benchmarks as we can find to be appropriate. Some are benchmarks against other Departments, which we would say are not necessarily ideal benchmarks for the most efficient organisation. So we will try to find other benchmarks for those sorts of things. Subject to the point that annually we will report in the annual report of the Department how we feel governance is going, I do not

think we expect to have lots of crunches. We expect together, as a Board would in a company, to develop a broadly acceptable plan.

Q29 Ian Mearns: There are some significant challenges in this report, in terms of staff morale in the Department. Statistics like 41% feel that change is managed well in the Department, and only 23% support the statement that when changes are made in the Department they are usually for the better. There are some significant challenges in that report for Board members in terms of taking the Department with you.

Anthony Salz: That is the good news. We have here a benchmark against which we can set some degree of progress for the role that we will perform. I am not disagreeing that there is not some challenge here. I think understanding these figures requires a bit more work. I am told, for example, that the response rate amongst staff in the Department for Education is higher than it is in many other Departments, which itself shows a degree of engagement with what is going on. I regard this as a very useful benchmark from which we can aim to show progress to you in subsequent Committee meetings.

John Nash: Ian, I think that report is based on surveys done about a year ago; I think it was September or even after that.

Ian Mearns: Yes, it is 2010 or something.

John Nash: Since then obviously the Department has had a huge pace of delivery: 1,000 new academies, 24 free schools, etc. That has made the Department very busy, and by dint of the fact it has got some excellent people, it has delivered a lot. I think it has realised that it will have to reorganise itself going forward to keep that pace of delivery up. It has thrown up a lot of these issues, which they are seriously examining, and we are hopeful that this will result in perhaps quite a different structure in some areas going forward.

Q30 Chair: In answer to the question on senior officials, if you do not feel that they are able to deliver, what are the rules and the realities of your influencing the removal of someone from office, and indeed, what role do you play in selecting?

John Nash: We have the nuclear option ultimately to recommend the removal of the Permanent Secretary, but that is rather extreme. The reality is that, if we feel that people are not performing, we can speak to the Permanent Secretary or the Ministers involved.

Q31 Chair: When you describe it as “rather extreme” does that mean that it is a meaningless thing then, and it is not the sort of thing you can imagine using short of something so cataclysmic that you would not need to do it anyway?

John Nash: I do not think it is meaningless.

Q32 Chair: It sounds like it. You said it was so extreme. You are on a Board, your Chief Executive is not performing quite as well as you would like. You consider it, you do not think there is room for improvement, you remove them. I think in an outside body they would not see that as “so extreme”; they

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would see that as being a fundamental part of what they do in their job. Is that not fair?

Dame Sue John DBE: I think you would have to be very clear with the evidence that you had to make that judgment.

John Nash: I think we wouldn't shirk from it if we thought it was appropriate.

Chair: Fair enough.

Q33 Nic Dakin: Coming back to the balance of skills and diversity on the Board. A good governing body of a school or a college would be expected to have a range of skills and diversity to represent its community. We have already heard that there are loads of financial skills. Taking a look at the Board, are there things you would raise about diversity or skill mix?

Anthony Salz: I think we start with four Non-Executives, and to get a fuller skill or diversity mix we would probably need a greater number of Non-Executives, which I think gives rise to different problems, i.e. that of the number of people at Board meetings etc. You could identify shortcomings in diversity, because a full diversity list or a full skills list would go well beyond four people. When I was asked, as I was as the Lead, whether we needed more Board members, I thought that probably for the time being we did not.

I take a slight different point of view about our financial skills. I think our financial skills are not as good as they could be in the auditing/forensic/internal audit area, as opposed to the commercial financial skills that we have. In fact, on my list of skills, I probably would—we may do this through the audit committee—enhance that sort of audit experience. On diversity, you can take whatever view you want. We have got gender diversity.

Dame Sue John DBE: On diversity, there is also ethnic diversity and, clearly, we are all white people. I think that is also, in the society and community in which we live, something that perhaps should have some consideration. I was pleased, and I think Anthony particularly felt, that there should be somebody from the teaching profession, although I know it is clearly much broader—the Department for Education—than just schools. I think it is good that on the Board I am able to give something back about how things are feeling in schools, not that I represent schools in a sense, because I am Board member in my own right, as you would be on the governing body. But I can see what you are saying there.

Q34 Nic Dakin: Lord Jones famously said that there were a lot of decent people in the Civil Service but it was vastly overmanned. You have already talked about reducing the headcount. Are there specific areas of the Department that you consider to be over or under-resourced?

Anthony Salz: Specific areas? I think this is a learning process for us. I think we expect greater efficiencies and therefore reduced headcount to meet our administrative targets. I think the Department has been very focused on delivering policy in the short term and getting some momentum behind academies, for example. A new initiative on free schools requires

learning new approaches. I think a lot will be learnt from that to make those processes more efficient, momentum having been achieved to some extent. I think there will be variations in resource. I think it is also true that left to us with our backgrounds, but for the fact that there is a freeze on new appointments, there are skills gaps that one would like to have filled and there will be limitations on our ability to do that. We had a meeting with the nominations and governance committee yesterday, where we were looking at the skills balance in the Department. We are going to do more work on that in the time to come to see how we make sure that we have the right skills across the Department, including in areas like financial management.

John Nash: I think the answer to your question is essentially yes, but that is all part of the capability review that we referred to earlier. I am sure as a result of that there will be some changes in the resource levels in different areas.

Q35 Nic Dakin: A couple of points that Sue made earlier about the need to challenge to ensure that, because of the emphasis on academies and free schools, some of the bread-and-butter needs of all schools and all young people are not overlooked, and see where you are on that. Also, my feeling, and talking in the Department and in the world out there, is that we are likely to get a lot more academies. Are we ready to resource that bump, and what happens to those resources afterwards? How do we look after people who are getting on with their day jobs at the moment? How do we deal with that lump that is coming through? How do we deal with the aftermath? Where are you on that?

Theodore Agnew: There was a major reorganisation in the Department shortly before we joined the Board where more emphasis was moved to the academy programme, and quite a lot of extra resource was put into that. Even in the last week a further reallocation of resource has been made to focus on underperforming schools and academies. It is a dynamic picture, but we are certainly not complacent. There is a very strong agenda that is being pushed by the Secretary of State for reform and improvement in education, and the resources in the Department are being put into those areas.

Q36 Chair: At whose expense? When we went round, we found the academies and free schools packed out; there were 10 people for every eight desks. You go to the safeguarding floor and the computers are not even on and there are a lot of empty desks. If there are tight resources—and we are also told by DG when we were there last week, that the rate of adoption of academy status had far exceeded the most optimistic expectation, so it is really sucking resource over at a time of constraint—is it your job, not just to support the Secretary of State in delivering his vision, but actually to speak for the unfashionable parts that might be left behind? Will you not be found wanting, if it turns out that areas that are currently not being pushed so hard by Ministers are in fact put in a dangerous state? What is your assessment of those risks?

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Theodore Agnew: I mentioned earlier that one of the first things we did was create the performance committee, which is a sub-committee of the Board on which some of us sit. The whole point of that is to monitor performance across the whole Department. We use a simple “red, amber, green” mechanism. That covers all the areas, including safeguarding and all the rest. The ones that have the higher or the nearer-to-red rating are the ones that get the attention at that level, and if necessary can be escalated. Whilst the momentum has been behind the academy programme, we are very conscious that we are there for the whole of the Department’s activities.

Q37 Chair: What is your assessment of that? It is inevitable that constrained resources and the unexpected demand from the most popular area for Ministers—are you telling us that has been well managed? What we want to know is: are there high risks being taken in other areas? If so what are they? And what can we do, as the Committee whereby the Department is accountable to Parliament, to keep an eye on it, because it will not just be you—if it goes horribly wrong—who will be responsible? We will also be part of that if we have not found a way of identifying it and highlighting concerns.

Dame Sue John DBE: My understanding is that quite a lot of the personnel who have moved into the academies have come from the School Improvement Division, hence my question about the School Improvement Division. The Secretary of State is responding to that particular challenge. Also, a lot of the centralised school improvement services, National Strategies and so on, have been closed down. You are moving within that division as well. I think it is felt that we would need to raise things like safeguarding, which is really important in terms of children’s safety, at the Board and look into it. That would be our responsibility.

Q38 Craig Whittaker: On the same topic of resources, one of the questions that we asked when we went on our visit was about the base cost of staff having dramatically risen over the last few years. I think the average cost now is about £53,500; do not quote me to the penny. When we asked the question, and I suppose tongue in cheek we got a bit of a reply that was, “Oh, that is because we no longer have typing pools or filing clerks”. Is that an area that you are looking at? Anthony mentioned benchmarking, and the reply came back that, benchmarked against DWP, for example, we were incredibly cheap. I just think that is a really poor way of looking at it. I know, John, you were particularly involved in the CSR process, and were an embodiment of that. Is that an area that you are looking at?

John Nash: Definitely. Although I have to say, I think in some areas we think they would benefit from fewer, more highly paid people. In those areas, obviously, average pay will go up.

Q39 Lisa Nandy: I just wanted to come back on this point that Nic and Graham raised about the impact on other areas because of the emphasis on academies and free schools. We recently visited the Department and

spoke to staff there. I wondered, firstly, do you have any contact with staff in your role, and have you done an assessment of the impact on morale in areas, particularly safeguarding, children’s centres, and looked-after children? Obviously it is highly specialised work and my feeling, walking around the Department, was that there was real concern amongst the staff there about their future and the future status of the work that they were doing.

John Nash: As Theodore says, this is all covered by the performance committee, so we look at that on regular basis. Certainly a number of us on this Board are very concerned about looked-after children and so it is definitely not something we are going to let slip off the agenda at all.

Lisa Nandy: Do you meet with staff as part of your role?

John Nash: Yes.

Theodore Agnew: The other thing, if I could just add to that, is that we have changed the focus of the Board meetings to encourage the Directors General to bring their top two or three issues to the meeting and give them a chance to raise these issues. That has given them the opportunity to raise the issues.

Lisa Nandy: Have they raised this particular issue with you?

Theodore Agnew: No, there has not been a specific concern about a draining of resource from what you might call the “less fashionable” areas. In fact the Director General responsible for that is the most senior of all the Directors General, and he is very supportive of what is happening. He has assured us that he has the resource that he needs. Now I am not going to mortgage our credibility and say that everything is perfect, but I believe the situation is being managed and we would see any serious trends through our performance management committee.

Q40 Tessa Munt: I just want to pick up on a couple of things you have said already. First, I want to pick up Lisa’s point about you talking to the staff. If we are in a situation where nearly 60% of the staff do not feel it is safe to challenge the way things are done in the Department, how do you feel you are going to be able to communicate clearly and effectively with those staff who may feel that there is a problem?

John Nash: There is a process going on, under this capability review, where people are being asked to do just that, to speak quite openly about the strengths and weaknesses of the Department, and they are doing that. The issue of course will be, having had those conversations and considered the alternative ways of doing things, whether the Department steps up to make changes or not.

Tessa Munt: The changes they might make are to the staff it strikes me.

John Nash: And the structures.

Tessa Munt: Yes, but if people do not feel safe, that suggests to me that people feel that they might be removed if they challenge. That would be my interpretation of that particular performance indicator.

John Nash: That gives the impression that there is a culture of fear in the Department; it is certainly not like that at all.

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Tessa Munt: I am glad you are comfortable because I read this, and I have done quite a lot of personnel work in the past: “I think it is safe to challenge the way things are done in the Department”—if you have 60% of people thinking it is not safe, and if we are talking about reduced numbers of people in areas, I as a manager would probably imagine that I could very easily identify those people who are challenging, however much confidentiality one might assume around that process of speaking.

Dame Sue John DBE: We have also been interviewed as part of the capability review about our particular views. I think if those issues are there, then clearly it is felt that a cultural shift is required in the Department because that should not be the case. You need to have motivated people who feel confident, and, I suppose, to challenge if it is necessary, then I think we would have a responsibility in working with people to make sure that we can help with that cultural change.

Anthony Salz: I think it is an interesting number. I mean it is actually slightly above the number for Government as a whole. That is not to say that it is a good number at all. We would really like to see that number improve over time, and being part of helping that improve would be a good thing for us to do.

Q41 Tessa Munt: I was not entirely clear from what you were saying, and I did not go on the visit to the Department because I had another commitment—you have indicated that you have a traffic light system: what areas are red at the moment?

Theodore Agnew: From memory, I do not think any are red.

Dame Sue John DBE: Amber/red.

Theodore Agnew: Though there are some amber/reds, but I do not think there are any reds.

Q42 Tessa Munt: Could you share with us what is amber?

Theodore Agnew: I am afraid, off the top of my head, I cannot.

Tessa Munt: Might you do that with the Clerk at some later point?

John Nash: I think these are operational issues that probably should be addressed to the Permanent Secretary. We obviously have to work with these people on a daily basis and frankly we do not want to drop them in it. I think if you have got these points and if you address them to the Permanent Secretary as the Accounting Officer, I am sure he can answer where appropriate.

Tessa Munt: I understand exactly what you saying. I would still ask.

Q43 Charlotte Leslie: To a large extent the scrutiny you undertake and the conclusions you reach from that scrutiny depends on the information you receive. How happy are you with the information that you receive? How easy is real information to access, and not perhaps information that it maybe within people’s interest to provide? How well supported do you feel by the Department in that respect?

John Nash: We have gone through a bit of a learning process on this. I think it is fair to say initially that

there were instances where we asked a question, then six weeks later a very carefully prepared answer came back. We very quickly let them know that this really was not going to work. I think there has been quite a change now and we ask for information without it being specifically prepared. We generally get it pretty quickly. We are very well supported and I think we are moving to a much more dynamic process than when we started.

Q44 Charlotte Leslie: Do you have access-all-areas or are there any areas that you find it difficult to penetrate?

Theodore Agnew: I have never had any request for information turned down. I think they have been very open.

Q45 Charlotte Leslie: Anthony, have you found that that is the experience of Non-Executive members across Departments, or do you think the Department for Education is doing particularly well on this front and you do feel well supported?

Anthony Salz: It is difficult to answer that question with authority. I think that it is not dissimilar from any Board, whether it is a corporate Board, a charity Board or whatever. You have to build up trust about what you are there for and how you are going to behave and use the information, or get people more relaxed to give you information. As John said, I think the Department has got better. I think to some extent that is because the Secretary of State has given a pretty clear indication that he wants this to work. Therefore the messages that come from the top are very crucial. I suspect the commitment to these changes of governance is different in different Departments.

Q46 Damian Hinds: I do not know if you have standard reporting, things you look at each month, but if you do, who decides what is on it? Is it you or is it some standard Departmental reporting? For you as Non-Executives, what are the most important operational and financial KPIs that you would be tracking?

Anthony Salz: I think we have the ability to set reporting, subject obviously to a concern that we do not create more work than is valuable for the exercise as a whole. We have talked about the 19—perhaps we have not talked about the number, but there is a series of objectives that go across each Directorate, including the administration side. For each of these we will have KPIs, in one form or another, and we will look for, insofar as we can design them—and we have not designed them all—outcomes rather than levels of activity.

Q47 Damian Hinds: Of those—it is presumably quite a long list—which is page one in the headline section for you, both in terms of the operation of the Department and also the ultimate operation of the education system and the outcomes for children?

John Nash: The Department clearly has a set of priorities, but we tend to focus on those that are amber/red.

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Q48 Damian Hinds: If we are going by number of mentions in the current discussion, I would say that the number of academies opened was probably a pretty prominent KPI in the Department and with yourselves. In most organisations, most types of business, there are some performance indicators that you consider catch-all things, and if there is something wrong with that, you might drill down and look a bit further. If you have got, and I think you said you have got 19 areas, you mentioned that within that there were going to be a number of performance indicators, which is far too many to manage at any one time. You must have a focus on a sub-set. I am just wondering what you regard as the most important indicators that you are looking at any one time.

John Nash: Academies open, pace of free schools, National Curriculum rewrite, reduction in bureaucracy.

Damian Hinds: Forgive me, but reduction in bureaucracy is difficult to measure in performance indicators, isn't it?

John Nash: No.

Anthony Salz: We are doing it, or seeking to do it.

Damian Hinds: That is fascinating. How are you doing that?

Anthony Salz: Some of it will have to come through teacher feedback, which is the bit we have not got to. What we can do is measure the amount of paper coming out from the Department on the assumption that people read the piece of paper that comes to them, which may be a false assumption. We are trying to measure the extent to which teacher time is capable of going more into teaching and less into reading directives from Government. That is not straightforward. Some of these measurement systems will take time to develop and some of them will require feedback.

Q49 Damian Hinds: Just to summarise: I know it is probably not a perfect hierarchy, but is it fair to say that the most prominent, most important performance indicators that people are looking at any one time are the number of academies opened, free school

progress, and I think you mentioned something to do with the National Curriculum?

Dame Sue John DBE: The National Curriculum review is quite crucial and that is something that has got to be looked at very closely.

Damian Hinds: What is the indicator on that?

Dame Sue John DBE: There is a critical path for reviewing the curriculum with the expert panel advisory group, and then obviously consultation with the profession, and having enough time to implement that particular curriculum.

Damian Hinds: So it is progress versus the time plan?

Dame Sue John DBE: Yes, it is progress—it is very, very important because clearly if we do not get that right the outcomes for young people could be affected and they could be disadvantaged if teachers do not have the time to do that properly. It is one that we are looking at very closely.

Q50 Damian Hinds: The bureaucracy measure is literally about the number of pages per teacher per year or something.

Anthony Salz: That is one measure on the amount of regulation. What we would like to find measures for, and it is not easy, is teacher time being used in teaching rather than in administration or bureaucracy; it is more difficult to get to that.

Q51 Chair: Thank you all very much for coming and giving evidence to us today. Please stay in touch. We would like to hear from you as well how we can better hold the Department to account to Parliament. The reason for visiting the Department last week and asking you to come before us today is so that we do not just scrutinise policy making, but actually look at the way that is implemented and have a better understanding of the risks in the system. I hope we can work together collectively as lay people to ensure that we have the best system of child safety and education for this country. Thank you very much indeed.

Anthony Salz: Thank you.

Dame Sue John DBE: Thank you.

Examination of Witnesses

Witnesses: **Sir Michael Barber**, Chief Education Adviser, Pearson, and **Zoe Gruhn**, Institute for Government, gave evidence.

Q52 Chair: Good morning and thank you very much for joining us today. I am glad you were both able to listen to the testimony of the NEDs who are the directors in the Department. Sir Michael, you are pretty much the architect of the previous setup in Government. Can you give us your reflections on what the coalition Government has done to the governance of our Government Departments and how you think that could be improved?

Sir Michael Barber: Sure, and I will focus on education. I think the first thing I want to say is that when a new Government comes in after a period in opposition, there is a lot of learning to do all round. The Ministers have to learn how to be Ministers, the Departmental officials have to learn in-depth—they

have read the agenda before the Government was elected but they have to work out exactly what that means. They have to work out the people as people. They have to begin to design the systems. They have to understand and build a new set of relationships. I remember that very well from 1997. I think, on the whole, in the Department for Education—I do not know enough about some of the other Departments—that the learning process has been done really rather well. If you look at the progress that they have made in just over a year I would say that is quite impressive. They have got the White Paper out, they have done a special education needs review, they have got polices that you just heard about on academies and free schools. There has been a huge pace of change and

some of it is actually beginning to impact in the schools, so I would say overall they did that learning really rather well. Obviously there were some ups and downs, but they have made progress probably more impressively than other parts of Whitehall.

The other big change that I think you implied in your question was this shift away from the PSA regime that I was the part-architect of, although many others would claim credit. If you put it in a clear, non-jargon way, basically what the delivery unit did with PSAs was to say, “We are going to set some goals”—or they were set by the Prime Minister and the Cabinet—“These are the goals; they are going to be public. Now we are going to have plans to try and achieve those goals”. There is a lot of debate about the targets which we can go into. As I understand the new approach, and obviously I am looking at it from the outside, people have said, “We are going to have plans, there are Departmental business plans with a set of actions, input indicators, and impact indicators”. Basically you have gone from setting targets and then building a plan to try and achieve them, to writing some plans and then seeing how far we get using transparency. Both are perfectly plausible approaches to changing the world.

I do not know how that new system will work. In the end, Governments, regardless of their background and philosophy, need to tell people, “We are going to try and achieve this”. Sometimes that gets called a target and sometimes it does not get called a target, but in effect it is a goal or an objective that the Government has set. We will see how that works through, but overall I have been quite impressed by the way the Coalition Government has gone about getting on with things in the Department for Education. I have been impressed by the energy of the Secretary of State; I have been impressed by the way the Department responded to that. I think the new governance arrangements, as we have just heard, are beginning to work their way through. To me the questions about induction and training, which I think Ian was asking, are really important. If I were looking at this from outside, in addition to the general training for NEDs, I would want to get the Secretary of State, Permanent Secretary and the Lead NED from each Department working together as a team. I think that triangle is going to be crucial. In fact I would ask Zoe to organise a programme at the Institute for Government to train those people together, not each separately.

Q53 Chair: Zoe, perhaps you can give us your reflections. It seems that the Non-Executives and the Secretary of State share a common set of values. Could you reflect on whether you think there is enough of a check within the governance system to pick up those things which I described earlier as “unfashionable”, to make sure that we have a balanced approach? Surely part of their role must be to say to the Secretary of State sometimes, “Actually you need to stop doing that and do more of this”. What are your thoughts?

Zoe Gruhn: Obviously the purposes of the new-style Boards are very much about wanting to have better transparency, better balance as result of the Higgs Report that goes back to 2003. From the Institute’s

point of view we actually have held and hosted a number of events particularly for the Lead Non-Executive Directors, with John Browne, deliberately to work alongside to see how that process is actually working. It is not for us to comment on it in terms of individual Departments and we are not in the place of actually evaluating it. What we have been very interested in is making the comparisons with the previous Boards, in relation to the new style Boards that have been put in place in the last year. I think having that representation of Non-Executive Directors who come from a mixture of a business background, and the subject of the Department they are working in—in this case an understanding of education—is a real bonus because they will bring an added perspective.

The challenge, which is what we have heard from four of them already, is actually how you function, with the large Board that you have—because of course the Board is now completely mixed. You have got Ministerial representations as well as some of the DGs, though not necessarily all of the DGs. I do not know whether that is the case for education, but certainly with some of the Departments they are not all there, so you have some real challenges about how that all works. I totally agree with what Michael is saying there about looking at that triumvirate, because it is a very important triumvirate in terms of having a greater understanding of the Department. The focus is a lot to do with the knowledge that you need, so obviously financial skills, and understanding of the Department itself. There is also a point about how the Board works in terms of its style. We have found from our research that the softer skills really matter—the softer skills, which can be defined as leadership, the emotional intelligence that is required, how decisions are being made, judgment. Those aspects are really important in terms of a Board functioning well.

Q54 Chair: What about the specific aspect of my “unfashionable areas”? It is typical that the one practitioner among the Non-Executives is from education, and we previously criticised Ofsted for having insufficiently senior people in the organisation from social care. The change of name, the composition of the Non-Executives—what is your assessment of the risks that the other parts of the Department’s responsibilities lack focus, especially if the key Board is also driven very much by the Secretary of State who has clear priorities?

Zoe Gruhn: I will answer more generally about Boards, and Michael knows much more about the Department itself. I think it is really important, and it was mentioned by some of the Non-Executives earlier, that you have got proper mechanisms in place where you do not have full representation on the Board in particular areas. It is important that you have processes and mechanisms in place, and that the communication and the auditing, and the financial management and resources etc are being monitored and included in the decision making. I think that probably there is still learning to be done along the way in terms of how that could work, and I am speaking across Whitehall. I think in some Departments, it is working better than in others.

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Sir Michael Barber: I think the line of questioning that you started on is very important, because just looking back on the eight years I spent in the Department for Education and/or Number 10, very often the things that blow you off course come from exactly the kind of areas that you are talking about. If I were in the Secretary of State's or the Minister's shoes, I would want to know that I had a risk management process. I would want to know that officials, who were in what you are calling the unfashionable areas, were willing to raise a flag early if something was going wrong. I thought the description the NEDs gave of a risk management process with a colour scheme, which I think I probably invented, sounded sensible. I thought the idea that the DGs were being invited to raise their top three concerns at Board meetings was very important. Tom Jeffery, who would be the DG responsible for that, I think would, from my personal knowledge of him, be more than happy to raise it even if it was not necessarily fashionable or welcome at that moment. I think that process is fundamentally important to the success of the Government and the Department. I thought there was a reasonably good account coming through from what I heard.

Q55 Lisa Nandy: I wanted to ask you about your understanding of the appointment process for Board members and whether you think it provides sufficient transparency. I think you might have been here in the earlier session when I asked Mr Agnew about the fact that he is a substantial donor to the Conservative Party and is also on the Board of the New Schools Network, which recently received significant funds from the Department without any procurement exercise. I wondered, firstly, what your understanding is of how they are appointed and the transparency involved in that and, secondly, whether you think that the process reflects a conflict of interest.

Sir Michael Barber: I do not actually know exactly what happened in the appointment process in this case. First, I do not think being a funder of a political party, regardless of which party it is, should prevent you from doing public service. The important thing is the transparency. It does not matter which party you are talking about. I think that does need to be declared and open and then people such as yourselves can interpret that in the full knowledge that that is the case, and that would apply regardless of which party somebody was funding. Secondly, my guess is, in this case, in order to get the scheme off the ground with John Browne's leadership, there was understandably a great deal of urgency. One would hope, as these people were replaced over time, that there would be lots of invitations for people to join. People know what the role is. In this case, there was an understandable urgency to get the system working, and, as I heard Dame Sue John's account, she had been approached. She is obviously an outstanding headteacher, who has obviously made a contribution well beyond her school. She is clearly someone her peers would find credible.

Q56 Lisa Nandy: Would there be a case for having a more open process of appointing Board members?

You seem to be suggesting that, because it was a new Government coming in, you essentially go to whom you know, and that, when you have been in Government for some time, you can move to more open recruitment.

Sir Michael Barber: Not so much new Government, although that it is partly it, it is the fact that you have a new process and they obviously got John Browne on board, somebody highly credible with a very wide range of potential stakeholders in the business and other areas. I think that was a good choice. There were interviews; I do not actually know how all of that worked. You would hope that, over time, assuming as I would hope, that the roles become established, you would have a very open process, and you would be inviting people. There is a lot of transparency around general public appointments and I imagine that these will be looked at in the same way in future.

Q57 Lisa Nandy: I suppose it is difficult from the outside to know exactly how that happened, and I am sure that the Committee can do some more work in looking into that. The other concern is that, from the outside, does it not convey the impression that you can buy influence in Government Departments?

Sir Michael Barber: I go back to my previous answer on that, and I saw this from inside the Government as well. If somebody is barred from public service because they sit on a charitable, not-for-profit organisation, or they fund a political party, I think that is a bad thing. The absolutely crucial bit is transparency, and then you and others can make the judgements as you see fit on the basis of full information. I do not think that it does imply, in your words, "the ability to buy influence".

Q58 Chair: I would have a different concern, which is that, when you come in, and people are new as part of a new project, you get outstanding, high quality people, prepared to come in, waive their fee, and then do far more work and far more hours than they ever expected in a very large and challenging situation. A few years on, forget about worrying about buying influence, but what we get are people of an insufficiently high calibre replacing the ones who come in when it is new, fresh and exciting. Is this sustainable? Can we get people? If they accept the fee it is £15,000 a year to take on this weight of responsibility, and many of them waive it. Is it sustainable that we will have high quality people providing this kind of challenge?

Zoe Gruhn: Going back to the bit of the process, one thing I would like to say is that Cabinet Office did an exercise which involved looking at the criteria for the Non-Executive Directors coming in, and there was a certain amount of objectivity, and there was a process of interviewing. A process was going on there. The important thing, when you are looking the criteria, is making sure that for each Departmental Board you have got the right mix of individuals in terms of the skills, knowledge and abilities that they bring. Obviously it is not about bringing in your old friends or someone who has connections in some way. It is about bringing in people whose judgment is trusted and proven. I think, particularly in the way that

Michael has described it, the speed at which this was set up it was really important to get people who, a) are totally committed to the agenda and what it is trying to achieve as a Department, and b) have certain skills to bring. I think that is really important in making sure that they continue and endure over time as factors that are important in running Boards.

Chair: That is my question: do you think it is sustainable? Or do you think, were this Government to get another term, that the quality of people involved would be sustained? They are not being remunerated and they are putting in a vast amount of time—how long are people going to be prepared to do that? I suppose we should have asked the previous panel.

Sir Michael Barber: My own view on that is that it is an amazing, remarkable, and wonderful thing about this country that a lot of people are willing to make public contributions. They do not do it for the remuneration; they do it because they want to make a difference. I think the acid test will be whether the NEDs around Whitehall really feel that they are making a difference. If they are, I am sure there will be other people who want to step forward and do that. If they feel it is a tokenistic gesture, they are on Boards but nothing much happens, or there is a question about the quality of information they are getting, then they aren't. That is what is really going to make the difference. I think people in this country constantly step forward for public service if they can make a difference.

Q59 Bill Esterson: I am sure that is true, but you mentioned a fee of £15,000. Now there is a group of people who can afford to do these things for nothing because they are independently wealthy. There is another group of people in this country who are equally capable, and have an equal contribution to make, who cannot afford to do it for nothing. One of the worries that was growing for me with the last panel—unfortunately we ran out of time or I would have pressed this point—with four people, the time they have available, given that presumably they have to live somehow, it is going to be difficult for them to give adequate scrutiny to the roles that they have with or without remuneration actually, so there was a wider issue there. This issue around self-selection is a concern for me, and whether there would be sufficient challenge or objective scrutiny if there is only a very small pool that you can select from. You have touched on this; do you agree that the way to recruit is to have a properly advertised process and a much more thorough process of interview and selection?

Zoe Gruhn: Obviously transparency is really important, and I take your point about making sure you get that diversity in terms of, for example, individuals' economic wealth. As I said before, the important thing is that you are clear about the criteria that you are looking for, and also having checks and balances in place to ensure that, as the Board functions, you are getting the proper representation for that particular Department. Simply advertising does not necessarily broaden the remit. A lot of access and conversations were being had by various headhunters, for example, in the recruitment of the Non-Executive Directors. They were not paid; they

were simply seeking their advice about who are the best people around to help the set up of this. I think that is what matters: getting the Boards to function quickly. Over time I think there is an opportunity to evaluate, 1) that initial process, recognising that it happened really quickly, and I am sure there are ways that you could improve that, and 2) making sure that you have got that wider representation of people in terms of the criteria for skills, knowledge and capabilities.

Q60 Craig Whittaker: Zoe, do you feel that the recommendations that were made in the Institute for Government's February 2010 report, *Shaping Up*, are being implemented?

Zoe Gruhn: Some of it is. Certainly in terms of the first one that is about creating strategy boards; that has obviously gone ahead. Issues of concern are always around ensuring their strategic clarity, that there is commercial sense, that you are looking at succession planning and talented people, and also that it is results-focused and you have got good management information. That is actually what is really important in terms of Boards functioning properly.

Craig Whittaker: Did you say that is happening?

Zoe Gruhn: That is an aspiration; it needs to happen. It is something that these new-style Boards are definitely working on. Once again, it has only been going for a year, and it is going to take time to do that. Finance Directors: it has not necessarily happened on all of them, but we wanted to ensure that they are given proper weight and recognition on the Board, and I think that is really important. We had at the time asked for both NEDs to be on management and strategy Boards, and to a large extent that is beginning to happen now. There is also a clear line to the Cabinet Office; John Browne obviously fulfils that. Anthony Salz mentioned the Lead Non-Executive meetings where they share information. That could pick up the point that Neil Carmichael was making earlier about ensuring that better cross-cutting discussions on issues take place. That needs to happen. Ministerial involvement in NED appointments: yes, that has been happening. That has been part of the process. As you know, it is an appointment by the Secretary of State. Clear NED role in performance appraisals: I am not sure to what extent that is happening enough, and I think that could take place much more. A stronger induction of NEDs: I think there has been a lot of work that has actually taken place on the induction NEDs, but I still think there is more work to do in that process. As Sue mentioned earlier, as one of the NEDs, particularly for education, which is a huge area, and there are so many different areas, how can you bring people up to speed quickly with that? How do you make sure that the induction endures over time? It is not simply your first three months and then you are expected to just perform.

We also recommended more powerful Board secretaries, and we still think that is an area that could be looked at. That it means making sure that you have got people there, and I cannot speak for each Department, but generally they need to have ample authority and clout to enforce certain action points. I

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think that is really important. It is not necessarily grade focus; it is just making sure you have got the right quality of people there. The performance management of Board members—that should happen, and also evaluation. We need much more in the way of external independent evaluation, but it is too early yet. I would say that is a couple of years down the line yet, to do that properly, to see how it is functioning. I think also for the Secretaries of State, their performance in chairing Boards is mixed, that is some of the feedback we are getting. I think some are naturals with it. It is in terms of what they have done before; they can easily go into that role.

Q61 Chair: Is the Secretary of State for Education a natural?

Zoe Gruhn: No comment. I think he is very comfortable in the role.

Chair: I will take that as a yes.

Zoe Gruhn: I think that even if it is done privately it is really helpful for people to have a top-up in terms of how well you are chairing those Boards. How effective are you being? Also the constant ongoing learning top-up is needed for Boards—more work could be done on that as well.

Craig Whittaker: So on the whole?

Zoe Gruhn: Overall, from the *Shaping Up* Report, I think we have done reasonably well with the Institute's—

Craig Whittaker: Evolving well?

Zoe Gruhn: Yes, reasonably well, but still more to do.

Q62 Craig Whittaker: Are you aware of any international evidence?

Zoe Gruhn: There is none. It is interesting that you have asked that. As far as the UK is concerned, and perhaps Michael will give a good view on this as well, there is not any direct comparison of other public sector Boards quite like the way we have got it set up with the Whitehall Boards

Craig Whittaker: Is that good or bad?

Zoe Gruhn: I am not there to evaluate. I think it is interesting.

Craig Whittaker: Is it an innovation?

Zoe Gruhn: Exactly. Is the UK going to be leading the way? At the IfG we are often in contact with colleagues from across the world in different institutions, and it is an area that is up for discussion.

Sir Michael Barber: I agree with what Zoe said. I think it is an innovation. I have been in public often, hopefully in a positive way, quite critical of the Civil Service and the way it operates. When I am out in the rest of the world, people are actually very positive about British civil servants and governance. Britain is seen as a place where the rest of the world looks for innovations for of this kind. The nearest comparisons are actually Boards of non-departmental public bodies. The Australian Curriculum, Assessment and Reporting Authority (ACARA) has a Board with a chair and vice-chair, and a Boardroom and a Chief Executive. You can point to those kinds of organisations, but Departmental Boards like this, I do not know of in any other parts of the world.

Q63 Craig Whittaker: What do you both consider the merits and demerits of political involvement in running Departments?

Zoe Gruhn: Do you actually mean by that question the ministerial involvement?

Craig Whittaker: The political process, full stop.

Zoe Gruhn: The Boards are there, and as you know, they are not meant to be involved in the political aspects. They are there to look at implementation and delivery. At the moment it is still early stages in terms of getting the management information good enough so that they can make useful decisions around that. The role of Ministers, literally in their roles, the point that was made earlier is, how can we make the Board interesting enough for all the Ministers to attend because their schedules are quite busy? You will get some who are very keen and interested in participating in the Board, and some who are less so. I think that is a real challenge about what is the role of the Minister on those Boards, because of course they have their own very detailed briefs, and they should have something to offer. It is actually a question of how you create incentives to ensure that they are there and see it as part of their role to do it. It is effectively that a Department is running a business and if you have a role on that Board, you are involved in the running of the business. In terms of political agenda, I do not see that as being the role and function of the Board; it should not be. That is down to the individual politician.

Q64 Craig Whittaker: Is the involvement of Ministers on the Board a good thing or a bad thing?

Zoe Gruhn: I am not going to comment on whether it is a good thing or a bad thing. I think that it just needs to be clearer. There needs to be greater clarity of the roles on the Board, in the same way that when these Boards were initially set up it was not entirely clear whether the NEDs themselves were supervisory or advisory, and actually it is probably more advisory. Because of the amount of times that they actually meet up as a Board, it is probably very sensible, but advisory in a very strong sense in that they have got a lot of experienced knowledge to bring. From the Ministers' point of view, they have really got to understand what their role is. From the Institute's point of view, it is an area that we would very much like to research in relation to how it can be effective as far as the Boards are concerned.

Q65 Chair: Do you have any reflections on—it is hard to do it from the outside and it has not been going that long—but I picked up that the Board consists of the Secretary of State coming and issuing orders. I would be interested to know, if we got access to the minutes, just how many words are spoken by Ministers other than the Secretary of State. Any insights into that, Michael?

Sir Michael Barber: I do not know. I do not have any evidence of how the current process is working. In answer to Craig Whittaker's question, the first thing I would say about getting a policy agenda through, the most important thing is the quality of the relationships between the Ministers and the top civil servants; particularly between the Secretary of State, the

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Permanent Secretary and the Directors General. If you get that right it makes an enormous difference. The second thing is, regardless of the Board, the Secretary of State needs to build the Ministers into a real team to drive this. If having political involvement on the Board helps bring about those two things I would have thought that was a positive. Certainly from my recollection back in the Department for Education when I was working for David Blunkett, we would quite regularly—I am going from memory, but I think twice a year—have Ministers and Board awaydays. We were lucky enough to go to places like Derby and not just sit in the Department. We never went to Gateshead, but we would have been delighted to have gone.

Ian Mearns: You would have been more that welcome, Michael.

Sir Michael Barber: I do remember the North of England Conference there. I think Ministers and Board awaydays were exactly doing this thing. We had two Non-Executive Directors who came to those things. This is not unusual and I think there is some sort of rather shallow commentary about politicians driving the Board and political drive. I do not think it is like that. I think it is about getting the relationship right. Obviously, if the Secretary of State comes along, and I do not know if this is happening in any Departments, and simply issues orders, that is not going to build the relationships in the right way. The last thing I would say is all Ministers really need to learn about implementation. Some of them have experience of it in the past, some have been in local Government, but for lots of them this is new. What I always say to Ministers that I meet around the world is that getting the policy right is difficult, but that is only 10% of the challenge; implementation is 90% of the challenge. I would focus the collective Board discussion with the NEDs, with the Ministers, and with the civil servants, on improving the collective capacity to implement.

Q66 Neil Carmichael: I think Sir Michael's use of the word implementation is really important, especially in the Department for Education which has, in the past, really been an oracle of policy rather than a doer of things. Especially with the new agenda for academies, intervention by the Department, the changing relationship with the Local Authorities and so forth. What I was wondering was simply this: is the Executive Board thinking in terms of how that is actually going to unfold and what kind of equipment and advice does it need to make some quite important strategic considerations?

Sir Michael Barber: Zoe may want to comment, but let's take an example because I think this is an important theme. As I said in my opening remarks, I think the Department for Education, the current Ministerial team and the current Government have done a pretty impressive job in the just over a year that they have been in office. To take a challenge that was mentioned I think by Dame Sue John, in the previous session. There is a National Curriculum review in progress. One stated part of that described in the White Paper is that in maths and English we should benchmark the standards we set for children in

England against the best in the world. So when we say somebody is good at maths, they would be good at maths in Singapore, Japan and Ontario as well as here. That is a very, very important part of preparing for globalisation and so on. If the review comes out and sets new standards, there will be a significant change in what maths teachers have to teach, what English teachers have to teach. One question that I think would be a really good debate to have in a newly designed Board is: what do you need to do between January 2012, when the National Curriculum review is published, and September 2013, when it is implemented, to prepare every maths teacher in the country to teach maths in the changed way that will be required by the new standards? That is an open question at the moment; I do not know what the answer is. They have got time to answer it but there is a risk in any Government, I do not just mean this one, that you think when we have published the National Curriculum review we have done the job. Actually that is only the beginning—that is the 10%. The 90% is making sure every maths teacher in the country knows how they have to change what they do to implement the new standards.

Q67 Charlotte Leslie: I am going to ask about how you think the Board's performance itself should be scrutinised and evaluated. Before I ask that, which I already have, I sort of detected from what you said before an interesting cycle that could emerge in that, in terms of information and support given to the NEDs, the good Departments will keep high-calibre people because they will provide good information and will actually have the traction to do something. The Departments that most need turning round will be the sort of opaque, stodgy ones that provide carefully written answers after six weeks, do not provide the information, do not attract the high flyers because they have got better things to do than wait six weeks for an answer, and the calibre of the NED begins to fall, and the calibre of applicants and people available for that. Do you see that as a realistic danger, and if you are evaluating the performance of the Boards themselves in that context, does there need to be an evaluation of the way the Department is supporting those Boards in the job they have to do?

Sir Michael Barber: I think that there is a lot of experience in the business sector of reviewing Board performance. Just to give you an example, I was on the National Endowment for Science, Technology and the Arts (NESTA) Board for four years, and on that Board we had an expert in how corporate Boards worked. She organised the process every year when each of us was interviewed. We gave that feedback. We debated our own performance, with her facilitation, and how we could improve it. Then we had a specific debate about the chair of the Board in his absence—and he was generally doing a very good job—but how we could help him improve and what messages we wanted to give him. I think that kind of process, which happens in top corporate organisations should happen here. I think that would actually be very helpful.

Secondly, I do think as part of that process the way in which the Boards are supported by the Department is

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important. It is important for the reasons that all of you have been implying, that the NEDs and the Board collectively get the right information. It is equally important, particularly at a time when you are reducing staff, that you do not create a bureaucratic engine that drives lots of information through the Board and it becomes yet another thing that civil servants have to prepare answers for. You have got to get the balance of that right, but I do think that should be part of it.

On the wider issue that your raise about where the best people will go, I mentioned earlier the triangle of the Secretary of State, the Lead NED and the Permanent Secretary and them learning together. On that, I think the Cabinet Secretary, John Browne as the Lead-Lead NED, and the Prime Minister actually need, maybe once a year, to look at how this is working in different Departments and make some decisions: capability reviews, and there are other process where you could get into that.

Zoe Gruhn: What I would like to add to that is, it goes back to the point that Michael was making earlier about the quality of the relationships, and that triumvirate of the three groups are really, really important. If you get that right, that will actually drive the quality of the performance of the Board and how that Department is functioning. I do not think enough time is being spent on that at the moment. I think it is about doing business on the Boards, going through the agenda, but not actually giving the time that is needed in that particular group.

The other one was within our recommendations as well, both in terms of our *All Aboard?* paper, and more recently in *Shaping Up*, where we talked about Board facilitations being so important. At the moment we are introducing 360 degree feedback at the Institute from the basis of the work that we have done on Ministerial effectiveness and looking at how Ministers work in their own Departments and across Departments. I think that is something that you could be doing for the Boards as well. The most important thing is having proper stakeholder analysis as part of that. Obviously in the private sector you have the shareholders and you have certain figures that you are meeting, whereas in the public sector it is much broader in some ways. Therefore consulting with different groups where you can actually see the performance and delivery of that Department, is actually very important. In a sense that, if you are looking at those areas, that will help address as you are describing the discrepancies that take place between the Boards and the Departments.

Q68 Nic Dakin: Does the closing of arm's-length bodies like Becta and QCDA actually represent a move of greater centralisation against the localism thrust that is properly part of this Government's agenda?

Sir Michael Barber: Arm's-length bodies were part of a national agenda, so in a sense of whether it was local or not, I think is neutral. It does bring more responsibilities into the Department. I would say, looking back, that it was necessary to have a sort out, and a resolution, and a reduction, particularly given the current financial constraints, but also because I

think they had accumulated rather higgledy-piggledy over about a 20 year period and some kind of rationalisation was important. I think that has been done with impressive speed. It does undoubtedly bring some things to the Department. We were mentioning the National Curriculum review a moment ago, that is being done from within the Department. The first National Curriculum was done by a thing called the National Curriculum Council at arm's length. The reason Kenneth Baker set that up that way was that, as the various National Curriculum reports came out, he had some degree of deniability of what they were saying. The NCC, as I remember it back then, was an extremely consultative body. Doing it from the Department you can still be consultative, but when it comes from the Department it carries a degree of political risk. There is a degree of centralisation at the national level, but I do not think it affects the localism agenda in the sense implied in your question.

Q69 Nic Dakin: Do you think the new corporate governance arrangements are going to make a positive impact on financial and personnel management in the Department?

Zoe Gruhn: One hopes that it does. That is the intention, but it does go back to making sure that you have got the right skill sets to be able to do that. I think that is something that Anthony Salz mentioned, that there needed to be more ability around the auditing. The financial scrutiny aspect clearly is an issue in education. I think, more generally, it is really important that the whole HR area, and particularly looking at the talent management and succession planning, is seen as an important part of the Board's agenda and of the corporate governance arrangements.

Q70 Damian Hinds: Sir Michael, you have lots of experience at looking at international comparators and the British education system, through the McKinsey reports and other ways. We spent some time asking the previous witnesses what was top of their list of measures to look at. From your experience of looking at the best and most improving school systems of the world, and more broadly children's systems, what should they be looking at?

Sir Michael Barber: The most important thing that they should be looking at is the outcomes that students are achieving at different ages and stages. The quality of information on performance at different levels in the system is absolutely vital. There is a kind of revolution going on in the quality of data that systems are getting. If you look at the quality of data in Singapore, or Hong Kong, or I mentioned ACARA, the Australian Curriculum, Assessment and Reporting Authority, which was set up two or three years ago, or indeed in President Obama's "Race to the Top" competition, where the states are developing individual pupil level databases that will connect that data to teacher data, there is a revolution going on. The most important thing is to know what is happening to student performance.

Q71 Damian Hinds: Do you think the analytical capability is there? Do the NEDs, for example, have enough analytical resource support to be able to do

that? Presumably they are not going to do the spreadsheet themselves.

Sir Michael Barber: I do not know the specific answer about what the NEDs are receiving on that, but the Department certainly has very significant analytical capability and some pretty good data systems. By the way, I would think more about what data the Board needs collectively, rather than individual separate members of the Board. Otherwise you are going to generate a lot of different reports. That would be the most important thing. Then I think in the answer on the National Curriculum, Dame Sue John talked about a critical path. They need these sort of critical indicators on the way to improving student performance that they need to track. They are introducing, as you have seen from our reports, globally benchmarked standards in English and maths. That will be an absolutely critical thing. I think that may well turn out to be the most significant thing this Government does during this Parliamentary term. Picking out a few things like that would be important. Then the other thing, going back to implementation, is to know at any given moment whether your implementation is working. That means being very much in touch with the frontline. How does the Department get data from the frontline? Sue John will be very much in touch but it needs something more systematic than that. How do they know month by month, quarter by quarter? Sometimes that gets dismissed as being centralist and top-down. It is not at all. Any business will tell you they have to know what the customer is thinking, they have got to know what the frontline staff are thinking, and they have to know fast, soon enough to adjust if something is not going as well as it should.

Q72 Damian Hinds: I wanted to come on to that because you mentioned earlier about policy being 10% of the challenge, and implementation being 90%, which is not unique to Government Departments or the education system. How do you bring in that sort of operational change management, whatever the different key elements are? How do you bring that into an organisation which fundamentally is run by the Civil Service?

Sir Michael Barber: I think there has been a trend over the last 15 or more years to bring more people into the Civil Service from outside and from business backgrounds, and I think that is important. I think, as one of the NEDs said, the goal over time, particularly in a period of reduction in Civil Service numbers and overall expenditure on so-called bureaucracy, the trend ought to be towards fewer and better people. Some of the salary issues that have been raised are actually a potential barrier to that, so I think that needs looking at. I think that there are two or three things that you can do to improve the operational capacity. One is bring people in. The second is to train and develop the people who are already there. There has been quite a lot of focus, not least because of the focus on delivery in the Blair administration, on developing delivery skills among top civil servants. Zoe and the IfG have been part of that. Thirdly, you need to make sure that the next generation of civil servants coming through are people who have that kind of operational

capability. One of the indicators any business organisation would look at, and the Civil Service should and I think does is, are we still attracting the best and the brightest from our top universities to come into the Civil Service? The moment that starts dipping, we have got a problem.

Zoe Gruhn: To reinforce what Michael said as far as that is concerned, within the Institute we are actually looking at all aspects, not only evaluation of organisational change of some Departments and the processes that are taking place there. It is something that we have been evaluating over time. Also we are looking at the whole area to do with the transforming Civil Service, and it picks up the point that Michael has just made about bringing in people with business backgrounds. The issue for the Civil Service has always been about how you retain them. That is a challenge about the proper integration of those people so that they are fully utilised and valued. The other issue is about the next generation. With the cost reductions that have been going on, and some it being people reduction, how do you make sure that the Civil Service is still very attractive to people so that they want to come in and develop? How as a Civil Service are you responsible for insuring that you are sustaining their training and development over time? I think that that is a tricky one, particularly when you have the private sector out there which is also seen as a very attractive option for them. The incentivisation issue is a very critical one, a sort of non-monetary reward issue which I know the Civil Service has grappled with for some time, but it is something that definitely needs to be addressed. It is something that we at the Institute are looking at now.

Q73 Pat Glass: You said that it was really important if we are going to drive forward change and improvement that Government, or whoever is leading this change, knows what is happening at the frontline. How is that going to happen? National Strategies have gone. SIPs are going. Local Authority School Improvement Services are disappearing even as we sit here. How will a headteacher, who is struggling, be able to pick up the phone and talk to someone else who has the ability, or approach someone and just talk over the issues? They generally have the answers, but they need to talk over the issues. How is Government going to be able to drive forward this change when there appears to be Government and then the individual headteacher? Where is the connection?

Sir Michael Barber: I think there are different ways of getting information from the frontline. Before I come to your specific last point, which is clearly important, you can do surveys, you can find out what people are thinking. You can look at the rate of complaints. One of the indicators I used to use was, was I just getting the normal set of whinges from the frontline or was there a sudden spike? Then I would have 10 headteachers around the country whom I knew I could trust, and I would ring them up and say, "What are we getting wrong?" and then you can adjust it. There are some quite informal ways you can do it as well. Then you need to be out there. If you are a Minister or a civil servant, you need to be out in schools or whichever part of the education or care

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system you are responsible for, really learning and listening. Not just going out and making speeches, but listening, visiting staff rooms, people—that is important.

I think you are raising an important question about where, between a small but very significant central Government Department and 23,000 schools, the intervening tier is. Here the international comparisons do suggest you need something is a system of that scale. I think that is a question the Government is clearly beginning to think about. Whether chains of schools, networks of schools, clusters of schools, are going to be that thing alongside the local Government with its very specific responsibilities and the new agenda, that remains to be seen. I do think that is important. I cannot see a system, in fact I do not know of a system around the world where there is a Government Department and 23,000 schools and nothing in between. If you take Victoria, Australia, they do not have any political tier between the Government and the schools, but there are 1,600 schools—

Pat Glass: No, I am thinking of a professional tier.

Sir Michael Barber: Yes, but they do have a regional office. There will need to be something, and it may well be that change in the networks of schools and headteachers who take responsibility beyond their own school become a much bigger part of that in the future than they have been in past, alongside the local Government role with its specific responsibilities.

Q74 Pat Glass: It is easy in a sense to get information about data, but it is that interchange of ideas that headteachers rely on that does not appear to be there at the moment. Just very quickly, you mentioned the operational capacity of civil servants. I met a friend last Monday, and he is a retiring Regional Director for London, and he is taking round his replacement who is a very talented civil servant, but about 24, and he has never worked in a school. This is a guy who is a very experienced secondary head, ex-Director of Education, and he sitting with headteachers and introducing. He said that they are very polite but they are just really stunned by this—that this is going to be their connection with the Department. There is clearly a gap at the moment and presumably the Secretary of State is thinking long and hard on it.

Sir Michael Barber: You will need to ask the Secretary of State about that. Clearly in a time of staff reductions there are going to be very significant changes, and there are some risks associated with the pace of that. The Government makes an important point about the need to control public expenditure, about the need to reduce public expenditure on non-frontline jobs. They will need, in order to implement their very ambitious agenda, a significant capacity at Departmental level, somewhere at an intermediate tier, and in the schools. They will undoubtedly need that to implement the things they have set.

Q75 Chair: That is in order to do what?

Sir Michael Barber: In order to achieve their objectives in improving student performance,

implementing the National Curriculum review, and dealing with underperforming academies as and when that occurs.

Q76 Chair: We have had a much a greater number of schools applying to be academies than had been expected. If we get a similar rush from primaries, the numbers will be very large. There is no tier to cope. Could you not get a perfect storm of collapsing problems in a number of areas, and a discrediting of the whole Government policy on autonomy because there was not sufficient ability there to intervene and support, without which schools may struggle.

Sir Michael Barber: I would not want to use the somewhat dramatic language you used in the question. I happened to be in the audience in the National College of School Leadership Conference in June, where Michael Gove made a speech about exactly this thing. I thought it was a well thought through set of propositions. Clearly if you talk to, and I am sure you do, heads of academies, they are worried that a small number of failing academies will undermine the brand. They need to be built into part of the thinking about this because they are the solution as well as the challenge. Exactly how the Michael Gove policy proposition is implemented in practice will be the acid test, and that is the point I am making here. The Government have a very ambitious agenda at the same time as it is reducing its administrative capacity through arm's-length bodies and the pressure on public expenditure. It needs to make sure it retains the capacity to implement that kind of well thought through—

Chair: How urgent is that? I suppose what I was trying to get to with my dramatic language was how urgent it was because it would be a great shame if, as the policies are rolled out and there is a general raising of standards, the brand was discredited because this capacity had not been established soon enough.

Sir Michael Barber: I think they are absolutely onto the agenda, and the quality of implementation will be the key factor. That was why I was suggesting the Board should debate that, and then you go back to the questions that we discussed before about the quality of information. What you see in Government is, if you find out that something has gone wrong after the event you have a crisis; if you have the right risk management processes you find out something is going wrong before it has gone wrong and you make a minor adjustment, and nobody ever gets in a state about it, and your policy continues. A couple of big crises can really blow something off-course. It is urgent, but I think they are on the case. The acid test will be, as it is implemented does it work? And are they able to adjust as it is implemented?

Q77 Neil Carmichael: I think what we are really talking about here is the changing relationship between the Department and the Local Authorities. Obviously the local authorities are not going to be doing that for the academies, and the more academies that we have, obviously the less work the Local Authorities will have. That direct chain, as you say, is too long at the moment. If all 24,000 schools become academies then clearly there is going to be a

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substantial change. That was what I was really asking before—about what the Executive Board might do.

I have another question though. Ministerial memoirs are littered with stories about the point you made about the relationship between the Minister, the Permanent Secretary and others. Richard Crossman is famous for that at the old Ministry of Housing and Local Government, but there are hundreds of other examples. I think you are absolutely right about that. It begs the question about the recruitment of Permanent Secretaries and matters like that, and perhaps drawing them from completely different areas and the kind of experience that they have. I was just wondering if you would comment on that.

The other question that has been circulating around this room is actually the role of the Secretary of State and the Ministers. We have heard comments about the Secretary of State coming in and telling the Board what to do, and Ministers telling them what to do. Again, you are absolutely right, the relationship between the Secretary of State and junior Ministers is absolutely essential and it has to be a team operation. I am certainly of the view that Ministers of State and others should be effectively trusted to get on with the job, but within the Department. I was just wondering whether the Department for Education is allowing that to happen but still retaining the Ministerial team approach that I think is so important.

Chair: Who would like to pick up that smörgåsbord?

Sir Michael Barber: Your first question about the appointment of Permanent Secretaries ranges well outside the areas of either this particular session or indeed your Committee, but I am happy to answer. I think what you see in David Bell is a good example. Where we have Permanent Secretaries who have come from outside the Civil Service—David was a Chief Education Officer in Newcastle, he was a Chief Executive in Bedfordshire, and then he was at Ofsted. I think encouraging career paths like that is important, so that some people have had varied careers in public service, not just the Civil Service. Obviously some people are going to go right the way through on the Civil Service track. I think bringing people from completely outside the public service straight into a Permanent Secretary role is possible and it can be desirable. My own experience of this is that it is easier for people to come in at a Director General level and then be promoted. Ian Watmore would be an example of that. He has got a very successful business background. He comes in at Director General level and then becomes a highly competent Permanent Secretary. I think it is sometimes difficult to go straight into that role, a lot of the hidden parts of the role are quite difficult to get right—the relationships with other Permanent Secretaries, with Downing Street, with the Cabinet Secretary. It is easier if you have some experience at DG level, although I would not rule it out at all.

Then I think in a way it is up to the Secretary of State to be clear about how he/she wants to build his or her team. The Secretary of State can make the time for a regular team meeting. They can make sure that they give clear remits to their Ministers of State and Parliamentary Under-secretaries. They can make sure that they, as David Blunkett would say, can come and

have a cup of tea if they have got a problem they want to share. I think the way you operate as a team is actually important. It conveys a much clearer message to the Civil Service generally and it enables incidentally, the junior Ministers to learn how to be Secretaries of State of the future as well. I think there is a whole lot of argument for building people as a team. It is probably even more important—though I have no experience of this—in a coalition Government, to get that working properly. I think that is a job for the Secretary of State just to insist that they want to do that.

One of the things when you get into those roles is you are so busy, particularly if you look at this Department's agenda. It is a huge agenda. You get very little time where as a Secretary of State you can learn from other Secretaries of State, "How are you doing that? What time do you give to your team?" I think periodically a Cabinet awayday or whatever it may be, where you actually debate some of that stuff would actually be a very valuable learning experience for them as well. Maybe the IfG could host something.

Q78 Tessa Munt: I only wanted to have another look at the Departmental performance measurement, and I wondered what your perception was of what public understanding was of what has been in the way of public service agreements and Departmental strategic objectives, how those are understood by the public? Then maybe to look at whether the structural reform plans are any better understood. Do they need to be understood?

Sir Michael Barber: As you will discover as MPs, a lot of the public a lot of the time are not following politics that closely. We might wish that they were, but they are not. The average member of the public probably would not know what a public service agreement was if it hit them around the head, but they would know, they would have some idea that in the Blair years there were a lot of targets and some people did not like them and some people did, and that public servants rather complained about the bureaucracy. They would have some broad idea about that. As I was saying in my opening remarks, I actually think it is not as big a shift as it might appear. The shift is from setting a target and then saying, "Right, how do we plan to achieve it?" to writing a plan and saying, "What impact will that have on the outcomes?"

Either way, as a Government you have to have some way of communicating to the public what you would have achieved if you were successful. The present Government, understandably given the politics and the reaction against the sort of things that I was responsible for, does not like targets. It does set aspirations, rightly, all the time, because that is what you have got to do. A year and a bit ago I remember hearing the Prime Minister say he wanted Britain to be a top five destination for tourism. Now that is a good aspiration. I would have called that a target, but it does not need to be called a target, but it is a serious aspiration. There is a target on immigration; there is a target for the banks to lend to small business. All perfectly worthy things, but in the end as a Government you have got to say to the public, "We are trying to do this, see if we achieve it". That is

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what success will look like for us. I think that either the current approach or the previous approach are perfectly valid ways of doing that.

Rudy Giuliani, when he was mayor of New York, used the current approach. He did not set targets, but he set a plan and then he published data and used that to drive performance. It worked. Both strategies can work. They are conceptually different but they are both trying to do the same thing. They are trying to say to the public, "We are trying to do this, and we will show you something with the outcomes".

Zoe Gruhn: To emphasise that, I think there is a tendency to get too concerned with the language, when actually at the end of the day what you are trying to do is look at to what extent this leads to the results against the Board's objectives. Is it actually delivering what the plan is saying it is going to deliver? From the taxpayers' point of view that is what they would want to know. I just think that that is a really important message to be getting through. The challenge is making sure that the plans are clear for people and that they are being properly integrated within the objectives. I think that is something that is still new, and it is part of that process of getting it up and running for the Boards to work effectively on that.

Q79 Tessa Munt: I think you are right about the language, but there are a lot of different customers in all of this. There are the pupils, students, and there are also the parents who are probably the most concerned taxpayers.

Zoe Gruhn: Yes.

Q80 Tessa Munt: Is it getting better? Is it going to get more understandable?

Sir Michael Barber: In the end people are going to go on basic things. We are in a period of financial constraint, of economic trauma, and people want to see they get a return on the investment they make through their taxes. So they need some evidence that, "I paid my taxes and what did I get?" That was actually the origin of PSA targets. Now what they will need to see through the transparency measures and the impact indicators that are in the business plans, is that those are moving in the right direction, otherwise there is going to be a degree of frustration. You are politicians so you are better at the language of this than me, but getting the language to communicate this to the public is really important because—I am not at all making a party political point here—it is really important that the political system is able to communicate to people that, "You pay your taxes, and this political system delivers some outcomes of real value to you".

Q81 Tessa Munt: I am particularly interested in one little thing that you sort of touched on earlier. If we change from just looking at results and measurement by results, which referred a little bit to looking at measuring progression, there have been suggestions from various quarters that the Department might not very easily be able to manage or extract that data in terms of what happens in secondary schools if we measure students' progress in steps and only measure that, which would be my preference, rather than just

saying, "Okay, fine, these are the exam results". What is your sense of the Department's ability to be able to change its measurement capacity?

Chair: A huge subject, the whole accountability in secondary schools of the system.

Tessa Munt: Yes, thank you.

Sir Michael Barber: The Department, last time I looked, which is not that long ago, should have the capacity to measure value added or progress: a big decision, and so far I am glad that this is taking place. It is very important to hold on to externally set and marked tests at age 11 because otherwise you cannot do that. It is really important for the quality of the data system. This myth grew up that somehow our primary school pupils were the most tested in the world; it is completely untrue. They do—I think science is going away—test English and maths, so two tests in an entire primary education that are externally set and marked. It seems really important to me because once you lose that individual pupil level data you cannot do what you are saying. That will be vital, and then they can measure value added and progress. I think that is important. I do not think it is the only thing that is important. I think the objective overall outcomes of the system are important. We need to know that our system is comparing well to the rest of the world. At the moment we are plateauing and a lot of the rest of the world is moving past us—I am not talking about the last year, but in the last few years. We do need to know the objective outcomes as well as progress. As I say, getting the data from the system in the first place is the key part of it. If they get the data the Department certainly has the capacity to do that. While I am on this, I would connect that to the Ofsted inspection data—into one thing—so that you can say, "These schools are making progress, and this is how they do it". Then you can share that information around the system.

Q82 Chair: I think we need to bring this to a close. I do want to ask one last question. The Department is accountable to Parliament through this Committee. Do you have any thoughts on how we could be more effective in holding the Department to account? It is a very different system, but if you compare us to the US our control over budgetary matters, for instance, of the Department is slight to non-existent compared to that exercised by committees in the United States. Do you have any thoughts on how Select Committees, particularly in education, could be made more effective in holding the Department to account?

Zoe Gruhn: I would give a general response in terms of each Select Committee and these new Boards that you have now got: this particular session that you have had today is really important and I think it is something that should be done on a fairly regular basis. Looking at the plans that you have got in place for your particular Department and actually bringing in the Non-Executive Directors so that you are getting a real sense of how things are working I think is hugely valuable. Of course, Lord Browne would be reporting to PAC; it is the same principle in terms of that whole process being in place. This is the first time that this has happened, and I think it is laudable. It is a very positive thing that it has happened, and I think

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it should be seen as custom and practice, as the way that you do things. That will enable you to get on top of how well your individual Departments are doing. What needs to be looked at is going back to those plans, and to what extent are the particular measures in place that you are wanting to measure; in the way that Tessa Munt was just describing, trying to get there is looking at the level of progression. So what kind of data do you need and what would be relevant to be brought to this Committee to help you feel that there is progress and it is being informed? The other issue, which is something more generally, is about how you address the cross-cutting Departmental issues. I think it is something that does need to be looked at.

Sir Michael Barber: I think I certainly would not use the US as a model for the way to operate, given what we have all seen in the last few weeks. Just thinking off the top of my head, if I were in your shoes, first of all I would pick a couple of things I was going to really focus on consistently through the remainder of the Parliament. Obviously that would be a matter for you; the overall performance of the system and how that benchmarks internationally would seem important to me as an issue, but obviously that would be a choice for you. Another rising theme around the world, which is definitely relevant here, is education for employment: the connection between school and work and all of that area, which is a huge issue in the current economy around the world. I have just come back from the US where there is 9.1% unemployment, but still many employers who cannot find people to

do skilled jobs because the kids coming out of the schools have not got the skills. That is an issue everywhere. That would be an issue of importance to me. So pick a couple of themes like that. Then on other things, try and get ahead of the curve, so investigate areas that might be a challenge a year or two ahead. In a way you are kind of tilling the soil in anticipation of where the agenda will move. You will sometimes get that right, and sometimes get it wrong, but I think that is worth doing. Then the other thing, and I think today represents it well, is that the nature of the questioning between a Committee and its witness is important. It is different when you are an outside expert, but if you are a Minister or a top official, and the sense is that they are just trying to catch you out, actually you do not get a very high quality of debate unless you can turn it around. I thought it was very laudable.

If you had been in the Committee in different economic times I would urge you to go and talk to the Ministry of Education in Ontario and other places, but that might be a challenge for you. I think getting sources of evidence and then having a genuine dialogue with your witnesses, rather than trying to simply catch them out, would be an important way of getting the information that you want and making a real contribution.

Chair: Thank you both very much indeed. That has been a very illuminating session.

Zoe Gruhn: Thank you.

Sir Michael Barber: Thank you.

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