



Cabinet Office

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Our Ref: MP615907

The Rt Hon Jeremy Hunt MP  
House of Commons  
London  
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6 October 2014

Dear Jeremy,

Thank you for your email of 28 March on behalf of your constituent Mr Peter Webb of Romilly Cottage, 139 Binscombe, Godalming Surrey, GU7 3QL regarding the Public Administration Select Committee's (PASC) calls for a Parliamentary Commission on Civil Service Reform, and his concerns on financial control. I apologise for the delay in responding which was due to an administrative error.

I have now read and considered Mr Webb's letter of 21 March, in which he expressed his view that the Civil Service Reform Plan had been 'overtaken' by calls for a Parliamentary Commission on the future of the Civil Service and asked when such a commission would commence. I would also like to thank Mr Webb for providing a copy of his paper *Who Will Mend Government?* which has been read and noted.

The Government is not persuaded by the arguments for a commission as this would not be an effective way of bringing about the urgent change which we all want to see. I share the Prime Minister's view – as expressed to the Liaison Committee – that to interrupt the reform programme we have embarked upon with energy and purpose, in favour of a huge investigation of the Civil Service would serve only to delay the much needed change.

Therefore, our priority remains to implement the *Civil Service Reform Plan*, which focuses on the strategic challenges facing the Civil Service, drawing upon successive external reviews and extensive discussion across every level of the service.

Change is a dynamic process and since the publication of our Reform Plan in July 2012 we have provided honest assessments of our progress, including where the pace of change has not been fast enough. As we have delivered on the original actions, we

have also mapped out next steps: for example, we are building on the success of GOV.UK and in 2014/15 we will focus on our future digital and technology strategy. We want to move much faster to a position where all major public facing services are designed to be digital by default, with digital take-up increasing and transaction costs falling as a result.

Where necessary we have even raised the bar on our original commitments: in 2012 we committed to expand the sharing of expert services between departments to create a stronger corporate centre. However, in 2013 *The Civil Service Reform Plan: One Year On Report* concluded that an even greater integration of corporate and expert services across Government was needed to meet the challenges of modern Government.

As a result, a major programme led from Cabinet Office and HMT was tasked with building stronger Functional Leadership for central government. We now have clear operating models for all eight of our named cross-government professional services (Legal, Communications, IT, Commercial, Finance, Internal Audit, HR and Property).

Greater integration of specialist functions across departments, alongside stronger professional leadership of those functions, will make the Civil Service more resilient and the business of government more efficient. For instance, the Crown Commercial Service, established in April, brings our commercial capacity into one organisation. By 2013/14 £5.4bn commercial savings had already been achieved against a 2009/10 baseline.

I am confident that we have begun our journey towards a Civil Service for the 21<sup>st</sup> century, but I am far from complacent about the challenges we face. In some areas, as outlined above, change is already evident. In others, such as leadership and culture change, we know we have only just started. Much remains to be done, for example taking urgent action to fill critical skills gaps, especially in commercial and contract management and tackling the cultural issues that still hold the Civil Service back from providing the best service it can.

In recognition of the scale of the challenge, the Prime Minister announced in July the creation of a new full-time post of Chief Executive of the Civil Service who was the Major Project Authority, John Manzoni has now been appointed and has the skills and experience required to work with the Cabinet Secretary and Head of the Civil Service to make a reality of the Government's ambitious efficiency and reform programme.

In his paper, *Who Will Mend Government?*, Mr Webb also raised questions about the about new Director General for Spending and Finance, HMT's annual publication *Managing Public Money* and the basis for applying financial controls across Government.

*The Financial Management Review*, published in December 2013, set out the senior structures for government finance. This review was based on engagement with the private sector, professional bodies, international institutions and international governments to learn which examples of best practice would suit the UK government finance system and align with the Accounting Officer framework. The review set out the responsibilities for the new Director General for Spending and Finance. These can be found at: <https://www.gov.uk/government/publications/review-of-financial-management-in-government>.

The main principles for dealing with resources in UK public sector organisations are set out in *Managing Public Money*. They require those handling public resources to work to high standards of probity and are clear on the need for the public sector to work in harmony with Parliament. Although document is aimed at central government bodies and is not directly relevant to local authorities, it provides good examples of best practice and these same principles should generally apply in all parts of the UK public sector, with adjustments for context.

Finally, HM Treasury also publishes the *Whole of Government Accounts* (WGA), with the most recent (fourth) edition covering 2012/13. WGA brings together the accounts of over 3,800 UK public sector bodies to produce the largest, most comprehensive, accounts-based picture of any public sector in the world.

The WGA is based on International Financial Reporting Standards as amended for the public sector context, a process that is overseen by the independent Financial Reporting Advisory Board, and is subject to independent audit by the NAO. The WGA is a major step forward in accountability and fiscal transparency and the Government places great importance on the role it plays in the management of the public finances. In particular, the WGA provides transparency around the liabilities that will affect the long-term sustainability of the public finances; this plays a central part in the work of the Office of Budget Responsibility.

I do hope Mr Webb will be satisfied that I have addressed the points he raised.



**FRANCIS MAUDE**