



**CIVILSERVICE**

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**Capability Reviews**

**Department for Communities and Local  
Government  
Capability Action Plan**

# Foreword

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## **FOREWORD by Sir Bob Kerslake**

PERMANENT SECRETARY, Department of Communities and Local Government

We are proud that DCLG has consistently delivered all that has been asked of us, despite reducing resources. Some of our delivery highlights include:

- Supporting communities with ambitions for economic growth by creating the **Growing Places Fund**
- Steering the **Localism Act** through Parliament on time and without defeat
- **Achieving our current required Admin savings** for the entire spending review period through our Departmental restructure, closure of the Government Office network and other Arms Length Body reforms - all done to time and to budget

Our growing reputation as a Department has given us an increasingly central role in helping deliver the Coalition Government's priorities. For example:

- Launching a radical new **Housing Strategy** to reignite the housing market and get the nation building again
- Establishing the **Troubled Families** programme to incentivise local authorities and other partners to take action to turn around the lives of troubled families in their area.

And we are increasingly recognised as a central, influencing Department, working with others to drive localism and create the conditions for successful places:

- Securing the successful passage through Parliament of the **Localism Act**, which will shift power from central government back into the hands of individuals, communities and councils.
- Leading the **Local Government Resource Review** which will support this by giving first councils, and then local communities and people, more financial autonomy.

We strive continuously to be a better Department. We have many strengths – and these are reflected in this self assessment. But we know there is more to do. This capability review self assessment is part of a long term cycle of improvement, using evidence from previous capability reviews as well as staff & partners' views. It builds from the context of what has gone before, and focuses on areas that have been highlighted as major challenges.

# Foreword

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This is a time of unprecedented change and challenge for DCLG:

- We have the lead role in driving the localist approach, ensuring a fundamental shift of power and funding to localities;
- We have undergone a very significant headcount reduction which has directly impacted almost all of our staff;
- Previous Capability Reviews and staff surveys consistently highlighted areas in which the Department needed to affirm its strength to staff, Ministers and partners.

Early in 2011 the new senior leadership team decided to focus on four priority areas to meet this challenge. Feedback from staff and from partners confirms that we have made good early progress, but also tells us that there are some things that we still don't do well enough. In particular, our results from last year's civil service people survey make it clear that improving levels of staff engagement must be an absolute priority for the year ahead.

A handwritten signature in black ink, appearing to read 'Rob Keen'.

**March 2012**

# Foreword

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## **Foreword by Diana Brightmore-Armour**

Non-Executive Director, and Chair of DCLG's Nominations and Governance Committee

"I'm very pleased to see the Capability Action Plan reflects the thorough assessment that has been undertaken, incorporating interviews with a wide range of partners, which provided positive feedback about DCLG's more collaborative style and decentralised approach, in line with the Government's objectives.

As Sir Bob mentions in the foreword, good progress has been made, in particular DCLG is increasingly seen as an influencing department and has delivered the majority of the Structural Reform Plan actions, achieving the second highest ratio in Whitehall. DCLG has also been recognised for successfully managing a restructure at Executive level and strengthening governance through a new team of non executive directors.

The survey results however, show that some improvements are required, particularly regarding staff engagement, leadership and learning and development. The Non Executive Board Members have completed an in depth review of the results, and challenged the ratings, to ensure that a clear picture of performance is presented and the weaker areas are identified and addressed. An improvement plan will be published at the end of the financial year which will be reviewed at the next Nominations and Governance Committee in May, together with a review of the current commercial practices including procurement. The Non Executive Board Members will then continue to monitor progress to ensure that DCLG remains focused towards becoming a top performing department".

A handwritten signature in black ink that reads "Diana Brightmore-Armour". The signature is fluid and cursive.

**March 2012**

# 1. Challenges for the Department

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# 1. Challenges for the Department

The Department for Communities and Local Government (DCLG) is driving the Coalition Government's "Localism" agenda. To do this the Department must develop and fulfil a radically new role as an influencing Department, working across Whitehall and with local government and its partners to bring about a fundamental shift in power away from Westminster to councils, communities and homes across the nation. At the same time, DCLG retains its core policy responsibility for local government, communities, regeneration, housing, planning, building and the environment and fire.

Set alongside this, the need to tackle the deficit that this administration had inherited and our changing role mean that DCLG's Spending Review Settlement was amongst the largest reductions proportionately across Whitehall. As a result, in 2011 the Department undertook a restructuring process to achieve a reduction of around 34% to our pay costs. This has affected staff morale, and DCLG's 2011 staff survey results confirm that levels of staff engagement in the Department have fallen behind those of other departments.

#### **Four external factors are driving change across the public sector:**

- The Coalition's ambition of a smaller, more enabling State;
- A fundamental shift of power and funding to individuals, local communities and neighbourhoods, and local councils;
- The move to a smaller, more strategic Whitehall;
- The 2010 Spending Review and action to tackle the fiscal deficit.

Within this, DCLG is playing a leading role across government to **drive the transfer of power and funding away from Whitehall to people and communities** and create – through our core policy responsibilities - the conditions which energise and empower individuals, communities and businesses to build successful neighbourhoods. **DCLG has made good early progress in driving localism**, defining and establishing our new influencing role and making significant gains in policy development and delivery. The Department's challenge now is to **broker a new understanding of the relative roles of central and local government** in a localist world, and to use our influence to encourage all partners to fulfil these roles.

At the same time, **DCLG's operating environment is changing significantly**. The Department's resource DEL will be reduced by 33% in real terms by 2014/15. A further £1.6bn is to be devolved to local government. Capital spending will be reduced by 74%. The number of ALBs will be reduced by two thirds. The Government Office Network closed at the end of March 2011, directly affecting over 2,000 people employed in the nine regional offices. Overall DCLG estimated in 2010 that it would need to achieve a 34% saving in the Department's pay costs, which could equate to a reduction of 40% in the Department's workforce, and launched a restructuring process that concluded in October 2011.

Reflecting the Department's new role and the capability we need, DCLG is changing fundamentally. Our early focus was in four areas:

# 1. Challenges for the Department

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- **Strong and Visible Leadership:** ensuring that the Department is equipped for the new world; ensuring that all our people understand how their work is changing & how it helps to drive localism and create the conditions for successful places.
- **Powerful at Influencing:** bringing about a major shift in the way we work with partners across Whitehall, in our relationship with local government and in the way we now focus on influencing rather than direct funding, management or delivery. This has had a major impact on our internal and external delivery systems, requires new ways of working and demands new skills.
- **Being Excellent at Growing our people:** building new skills to reflect our new policy priorities and address identified capability challenges, and ensuring that we can develop our people when there is more limited funding for learning & development and more limited opportunities for promotion within DCLG.
- **Getting the Basics Right:** enabling DCLG to deliver more for less, to be more effective and efficient and to make best use of scarce resources.




The aim is to be a smaller and stronger Department – better able to provide effective leadership across government on its key agendas.




DCLG's 2012-13 business plan will set out the core purpose of the Department, what we are responsible for delivering, and with what resources.





## 2. Assessment of Capability

DCLG has built a reputation as a Department which delivers what it is committed to delivering. We have a clear strategy which is understood by our partners across the delivery chain, and we have made good progress in fulfilling a new and very different role as an influencing Department. We are seen as increasingly outward looking, open and collaborative. This demonstrates significant progress in two of the areas we prioritised following our 2008 Capability Review: “achieving excellence in policy and delivery”; and “maximising our impact with stakeholders”. Looking forward, we will continue to build our capability to influence others to achieve better outcomes for places and communities, ensuring that the localist approach defines the way our staff work.

DCLG’s leadership focus in 2011 was on ensuring a fair, transparent and rapid restructuring process and to support its people through the process whilst also embedding a new role for the Department. This was an unsettling time for our staff which was reflected in the Department’s 2011 staff survey results. Longer term trends in our survey results demonstrate that the Department must continue to focus on building levels of engagement in DCLG, strengthening our leadership and developing our people.

Leadership		Assessment
L1	Set Direction	 Amber/Green
L2	Ignite passion, pace and drive	 Amber/Red
L3	Develop people	 Amber/Red

Strategy		Assessment
S1	Set strategy and focus on outcomes	 Amber/Red
S2	Base choices on evidence and customer insight	 Amber/Green
S3	Collaborate and build common purpose	 Amber/Green

Delivery		Assessment
D1	Innovate and improve delivery	 Amber/Green
D2	Plan, resource and prioritise	 Amber/Green
D3	Develop, clear roles, responsibilities and delivery models	 Amber/Green
D4	Manage performance and value for money	 Amber/Green



## 3. Capability Action Plan: Findings

### Leadership

**DCLG has successfully established a new, smaller senior leadership team and Board structure which is providing clear, strategic leadership for the Department and across Whitehall in key areas of the Coalition Government's policy agenda.**

- DCLG has successfully managed a **restructure at Executive Team level**, giving greater clarity and focus to Director General roles. The Executive Team have worked effectively together to lead the Department through a very substantial change programme.
- DCLG has also welcomed a new team of Non-Executive Directors, and has strengthened their role in shaping the Department's direction, benefiting from their insight, advice and challenge both through formal structures and informal involvement in departmental business.
- DCLG has also established new, **clear and strengthened governance** at Board and Executive Team levels, supported by a series of Board Committees and Executive Team sub-committees.
- Feedback from DCLG Ministers and from partner organisations consistently recognises the **strength of the Department's senior team**, and in particular the leadership of Sir Bob Kerslake. Partners welcome our more open and collaborative approach.
- DCLG takes pride in the appointment of Sir Bob Kerslake as Head of the Civil Service, but recognises the **potential impact on the Department of Sir Bob's dual role**. To mitigate this impact Sir Bob has asked David Prout and Sue Higgins, DCLG's two current substantive Director Generals, to formally deputise for him in determined roles and situations. For example, Sue Higgins has formally delegated authority to act as the Department's Accounting Officer. DCLG currently has a small Executive Team which continues to meet weekly to discuss and take decisions on the most critical business issues. Increasingly, the Executive Team's People and Finance sub-committees, each Chaired by a Director General and comprising members of the wider senior leadership team, are empowered to take all but the most critical decisions which are referred to the Executive Team.
- Sir Bob also meets the Director Team on a weekly basis in order to ensure he is briefed on current and emerging issues and can take timely action to ensure these are addressed.
- The senior leadership team has set out the **core purpose** for DCLG, and what this means for the way the Department works. But staff survey results confirm that a challenge remains to articulate this in a way that is meaningful to staff so that they are clear about what success looks like and understand their role in bringing it about.
- Feedback from interviewees also questions the extent to which this core purpose is applied consistently in the way the Department works, and whether it is susceptible to emerging priorities.

**DCLG recognised in establishing its four priorities for change in 2011 the importance of strengthening leadership in the Department and developing its people. The Department must continue to prioritise these areas to address continuing challenges highlighted by successive staff surveys.**

- DCLG's main leadership focus in 2011 was on achieving a **major restructuring process** in a timely, fair and well managed way, led by the Executive Team which also operated as the Change Programme Board. Feedback reflects that despite the scale and sensitivity of the process staff in general felt it was carried out **fairly, transparently and in an organised way**.
- Also in 2011 DCLG identified "Strong and Visible Leadership" and "Excellent at Growing our people" (which map onto the "Ignite Passion, Pace and Drive" and "Develop Our People" elements of the

### 3. Capability Action Plan: Findings

Capability Model) as two of the four areas for immediate action to strengthen the Department. As examples:

- DCLG has taken a series of steps to develop a stronger and more cohesive **leadership team**, through regular sessions with the whole Senior Civil Service cadre, and by ensuring that colleagues at Grade 6&7 levels have increasing opportunities to operate as part of our leadership team.
- Also, in the current reporting year all Senior Civil Service objectives have been moderated to ensure that our **leadership expectations** are clearly and consistently set out.
- In November 2011 the Department launched “**Development Month**” to promote the importance of development; during that month all staff should have held a conversation with their line manager to identify their development needs, and agreed a plan to meet them.
- The Department has continued to focus on **strengthening performance management**, for example by rolling out peer reviews of performance management in each Directorate.
- In each directorate all line managers have met at least once to discuss how leaders can support each other to **strengthen people management** in their area.
- The Department has introduced a new **Exceptional Performance Scheme** to recognise and reward people who have exceeded normal expectations for their role or grade, giving all staff the opportunity to nominate individuals or teams.
- The Department has made some gains, reflected in our recent staff survey results:
  - Our focus on strengthening line and performance management is reflected in positive and stable responses under the theme of “My Line Manager”.
  - An increasing number of staff believe that the Executive Team has a clear vision for the future of the Department.
- But the **survey results also clearly show that DCLG has fallen behind other departments in a number of areas**. Our results in three areas - Leadership and Managing Change, Organisational Objectives and Purpose and Learning and Development were particularly disappointing, as was the Department’s Engagement Index. While 2011 was a challenging year, seeing significant change to our policy agenda and a restructuring exercise which directly affected almost all of our staff, our results reflect a continuing trend over three years.
- **Our challenge for 2012 is to focus our leadership attention on making significant and lasting progress in reversing this trend by:**
  - **Engaging staff** consistently and meaningfully to build pride in DCLG;
  - Working with staff to develop an articulation of the Department’s **core purpose**; which binds everyone in the Department to a shared agenda;
  - Continuing to build a stronger and more **cohesive leadership team**;
  - Ensuring that our people have access to meaningful **learning and development** opportunities and take responsibility for their development, and are supported to do so by quality feedback from their manager.

The Department will take soundings at regular intervals between annual Civil Service People Surveys so that it can be assured that staff perceptions confirm that progress is being made in these areas.

## 3. Capability Action Plan: Findings

### Strategy

**DCLG has built a reputation at the centre of Government as a Department which is well led and managed. The Department's core strategic purpose is clearly articulated, and a series of documents sets out how all of its work contributes to these objectives. The Department could, though, articulate more clearly for staff and partners the outcomes it is seeking to achieve.**

- DCLG's business plan clearly sets out the Department's **leading role within government** for setting the agenda for decentralisation and localism and its role in delivering economic growth and the Big Society.
- The Department has **completed all but four of its Structural Reform Plan** actions that were due for completion by the end of January 2012, the second highest ratio across Whitehall. DCLG's Operational Plan, which covers all of the work done by the Department, is reviewed regularly within the business and by DCLG's Executive Team to ensure that resources are deployed to our top strategic priorities.
- This rigorous approach to resource planning and management has enabled DCLG to flex resources to meet key delivery objectives, for example prioritising work with colleagues across Whitehall to ensure that their policies and delivery models supported the **Localism Act's** strategic direction, enabling the Bill to pass through Parliament on time and without defeat at any of the critical stages.
- There is a consistent view from interviews with partners that **DCLG has a clearly expressed strategic direction** which reflects the Coalition Government's localist agenda. Partners also reflected that **this strategy was well understood and articulated** by senior members of staff, although there was some inconsistency at other grades.
- Staff and partners also say that while DCLG's core strategic purpose is clearly articulated it does not express the intended **impact of the Department's work** and the **outcomes the Department is seeking to achieve** through its work. Greater clarity about intended outcomes would unite staff behind a shared understanding of what the Department is for, help partners be clearer about its strategic priorities and enable the Department to better measure its successes.
- Ministers and some partners also commented that while staff are dedicated and committed to their roles, **the ethos of localism doesn't yet define the way that all DCLG staff work**. Non-Executive Directors questioned whether the Department is sufficiently **focused on influencing outcomes** rather than on delivering tasks.

**DCLG is becoming a more outward looking Department, connecting to localities and taking account of the views and experiences of citizens, communities, businesses and local government as it develops and implements policies. But still has a distance to travel.**

- DCLG's political leadership has established a **radically new role, purpose and strategy** for the Department, which shapes all we do and the way we influence our partners.
- To fulfil this role **DCLG has introduced new mechanisms** to strengthen the Department's influencing role. The "localities" model is now in operation; DCLG Directors are establishing networks of colleagues to add value in our relationships with key Whitehall departments; and all Senior Civil Service colleagues now have a "localities" objective.
- To further develop influencing capability within the Department, DCLG has run a series of interactive **Influencing Skills Workshops** which draw on the perspectives of leading influencers in the private, local government, think-tank and other sectors.

### 3. Capability Action Plan: Findings

- The Department is **engaging early and effectively with external partners** and other Whitehall Departments in policy design and development:
  - The **National Planning Policy** Framework, co-created with colleagues across Whitehall and other experts consolidates policy spread across more than 1,000 pages of guidance into a single clear statement of national policy.
  - DCLG's work in developing and setting up **community budgets** crossed Departmental boundaries and involved local partners in design.
  - DCLG worked with BIS to support local partners to establish **Local Enterprise Partnerships** (LEPs). DCLG is now working with other departments to ensure that Government collectively is doing all it can to ensure that Local Enterprise Partnerships and **Enterprise Zones** succeed.
  - DCLG's role as an influential and collaborative partner was recognised with a **National Compact Award** for its guidance setting out the way local authorities should work with voluntary and community groups and small businesses.
- Feedback from partners welcomes DCLG's approach. There is **support amongst local authorities for DCLG's "localities" model**. Partners from all sectors reflect that DCLG's engagement with them is earlier, more collaborative and more meaningful. Many interviewees comment on DCLG's **willingness to engage and to listen**.
- Some interviewees **question the extent to which customer insight genuinely drives policy development** and whether DCLG staff recognise who their ultimate customers are and understand their needs. Some also suggest that DCLG could do more to gain feedback from partners.
- Colleagues from other Departments welcome DCLG's increasingly collaborative approach. Some commented that on occasions colleagues take a Departmental rather than a cross-government view, and all **recognised that our Departments need to understand each other better** to continue strengthening cross-Whitehall working.
- Despite good progress there is still a distance to travel before DCLG can fully fulfil its ambition to be powerful at influencing. This will partly be achieved by **bedding in and developing mechanisms** already in place, but will also **require substantial strengthening of the Department's influencing capability at all grades**.

#### **DCLG continues to generate evidence and analysis to help Ministers make finely balanced judgement calls in sensitive policy areas, to shape policy across Whitehall and to inform policy development and improved operational delivery:**

- DCLG led analytical work across Whitehall on **decentralisation**, building a shared understanding with other Departments, and produced well received outputs such as the Decentralisation Guide and report to the Prime Minister in October 2010.
- Analysis of the **impacts of the recession and of public spending cuts** ensured that DCLG could fulfil its "place" responsibility, applying our expertise about studying local places to support other departments in their response to these issues.
- The Department's in-house analysis and modelling, based on customer insight, enabled Ministers to adopt a cost effective **weekly collections support fund**. It also provided the basis for advice first to Ministers and then to partners to help design the **New Homes Bonus** policy.

## 3. Capability Action Plan: Findings

### Delivery

**DCLG has rigorous systems in place to plan, manage and assure effective delivery and best use of resources.**

- The Department has achieved some clear delivery successes and continues to be one of the highest performers across Whitehall against **Structural Reform Plan delivery**.
- Two **Board Committees, whose membership is entirely non-executive** to ensure independent advice, assess and assure the Department's overall risk management framework and provide governance of the Department's Senior Civil Service performance and reward.
- Three **Executive Team sub-committees**, focusing on Finance, People and Performance provide clear governance, oversight and assurance of delivery; DCLG's **Performance Team** drives a strong performance culture and strives for excellence across the organisation and delivery system.
- The Department generates high-quality, timely and well-understood **performance information**, supported by analytical capability, which allows DCLG to track and manage performance and risk across the delivery system. Clear systems are in place to prompt action when DCLG is not on track to meet any of its key delivery objectives.
- The Department is embedding a relatively new process and tools to plan and manage performance. It will be an increasing **challenge to ensure effective delivery as the Department's workforce continues to reduce** at a time when DCLG is increasingly playing a central role in delivering key cross-Government priorities.

**DCLG is developing very different relationships with its delivery partners, including its Arms Length Bodies, and a different model which is built on influencing and facilitating rather than direct funding, commissioning or direct sponsorship.**

- DCLG has **clarified responsibilities with its ALBs** for resource management and corporate governance.
- The Department's approach is to **put people in the driving seat of regeneration**, incentivising and supporting growth through the New Homes Bonus, Community Infrastructure Levy and local business rate retention, local enterprise partnerships and Enterprise Zones and public sector land disposal.
- The Department is working with the Mayor of London and East London boroughs to make sure the **Olympics legacy** lifts East London from being one of the poorest parts of the country to one that shares fully in the capital's growth and prosperity, and is also ensuring that its delivery bodies are ready to provide the necessary services during Games-time.
- As an example of the DCLG's more collaborative approach, our work through a Partnership Group to develop the new **Fire and Rescue National Framework** has given fire and rescue authorities more scope to configure their services in a way that makes sense locally whilst meeting the wider needs of national resilience.
- Partners mostly report that **DCLG's new delivery model is clear and well understood** both within the Department and across the delivery chain. Partners welcome the approach. They also recognise that DCLG staff are bought into the new model and are committed to making it work. One said that it is clear that **"we are in this together"**.
- Some interviewees, in particular from local authorities, questioned how successfully DCLG is influencing across Whitehall. Colleagues from other Departments recognised that DCLG is developing into a new role - but some commented that there is a risk of DCLG being seen by other

### 3. Capability Action Plan: Findings

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Departments to represent the interests of local government. **DCLG needs to continue to develop, clarify and embed its role as an influencing department, and build its capability to fulfil this role effectively.**

- DCLG is still in the early stages of building this fundamentally different approach. More remains to be done before DCLG can be assured that its approach will deliver the intended benefits. In particular, DCLG will **continue to develop its understanding of how it can influence partners in the delivery chain** to stimulate further community and individual action.

**DCLG has developed innovative approaches to policy-making and delivery, both internally and across Whitehall, but needs to do more to embed innovation, continuous improvement and customer insight more fully into the way the Department operates.**

- Since 2010 DCLG has hosted a regular programme of “**Policy Picnics**”, in which high profile external speakers highlight new, exciting and challenging ideas and ways of working. Sessions are open to all staff, and often around 30% of attendees are from other departments. Building from this successful model DCLG has also launched an **Economic Insights seminar series**. The Department’s **Insight Programme** gives staff the opportunity to learn from businesses and social enterprises through ‘go and see’ visits and job shadowing. The Department’s **Housing and Localism Challenge events** are examples of other innovative ways in which our teams have tested their assumptions and widened out their thinking in developing policy.
- DCLG led the National School of Government ‘**Breakthrough Solutions**’ project on scaling up innovation across the public sector; The Government’s **Housing Strategy** was informed by “Blue Sky” workshops with a wide range of interest groups, generating fresh ideas; working with local areas DCLG helped remove blockages to developing **Community Budgets**.
- Non-Executive Directors, having contributed to a review of the Department’s **commercial capability**, have questioned the extent to which DCLG staff have the **capability to drive innovation and achieve results through partners**.
- Ministers have questioned whether DCLG staff use techniques such as “nudge” to ensure that the **citizen view** drives the Department’s work and its influence across Whitehall.
- There remains a challenge for DCLG’s leaders to **empower and incentivise innovation**, ensuring that colleagues learn from successful innovation and that innovation is explicitly linked to the Department’s core business.

### 3. Capability Action Plan: Next steps

These are the next steps that DCLG will take to address the issues identified in this review. While they are an important element of the programme of work to build DCLG's capability they will not, alone, address challenges highlighted by our staff survey results. This broader programme of work is summarised in an improvement plan - published internally alongside this document - setting out the Department's priorities and principles for the next phase of change. This in turn is underpinned by a more detailed delivery plan setting out key workstreams, activities and accountabilities. The Department's Executive Team will provide assurance of progress and will take individual and collective accountability for the actions set out in each document.

Area for development	Milestone	Model Element	Date
<b>Leadership</b>			
<p>1. <b>Articulate a clear, compelling core purpose for DCLG</b> which drives our business</p>	<p>Building on staff feedback, develop and communicate a clear and engaging statement of DCLG's core purpose. Ensuring this enables staff to be clear how their work contributes to this purpose and establishes a clear line of sight from individual objectives to the success of the department. <b>Action: all leaders and their staff</b></p>	<p>Set Direction; Ignite Passion, pace and drive</p>	<p>May 2012</p>
<p>2. <b>Strong and visible leadership;</b> continuing to strengthen our leaders and our leadership team</p>	<p>Strengthen the sense of common purpose and collective leadership in the Senior Civil Service and Team Leader cadre, improving the staff's experience of leadership in the Department. This will be achieved by running regular meetings of the wider leadership team, addressing the broader leadership challenges of creating a high performing Department and creating personal ownership of the changes required. This will supplement the regular business related meetings that are already part of the departmental management practice. <b>Action: Leadership team</b></p>	<p>Ignite passion pace and drive</p>	<p>Monthly/quarterly from January 2012</p>
<p>3. <b>Staff engagement;</b> building pride and motivation in DCLG</p>	<p>Address the concerns highlighted in DCLG's staff survey results and from Capability review self assessment sessions by adopting an open, collaborative and staff-led approach to resolving these issues. Publish (internally) a plan setting out how DCLG leadership will respond to these concerns and build the engagement of staff at all levels in making the necessary changes. <b>Action: all staff</b></p>	<p>Ignite passion pace and drive</p>	<p>April 2012 and ongoing</p>

### 3. Capability Action Plan: Next steps

<p>4. Ensure staff access meaningful <b>Learning &amp; development opportunities</b>, and continue to <b>strengthen performance management</b></p>	<ul style="list-style-type: none"> <li>Respond rapidly to concerns raised in DCLG's staff survey through a series of activities to increase and promote Learning &amp; Development opportunities within the Department and through Civil Service Learning.</li> <li>Agree a People Strategy, incorporating a revised Learning &amp; Development strategy setting out the Department's longer term approach to people management &amp; development.</li> <li>Support all managers to conduct effective performance management and development discussions, modernising and improving, where necessary, the effectiveness of our people management policies and procedures to create a strong performance culture</li> </ul> <p><b>Action: People, Capability &amp; Change function, and all managers and their staff</b></p>	<p>Develop people</p>	<p>From December 2011</p> <p>April 2012</p> <p>April 2012</p>
<b>Strategy</b>			
<p>5. <b>Align strategy and vision</b> so all resources are targeted at DCLG's top priorities and we can demonstrate impact</p>	<ul style="list-style-type: none"> <li>Provide greater clarity about the departments priorities beyond the commitments of the Structural Reform Plan. Develop and publish performance indicators which demonstrate progress and the wider impact of the delivery in Places and communities.</li> <li>Ensure that departmental processes consistently allocate resources are to the key priorities.</li> </ul> <p><b>Action: Performance Team</b></p>	<p>Set strategy and focus on outcomes</p>	<p>April 2012</p>



### 3. Capability Action Plan: Next steps

<p><b>6. Become increasingly Powerful at Influencing;</b> and strengthen understanding of how DCLG can <b>influence partners in the delivery system</b></p>	<ul style="list-style-type: none"> <li>• Prioritise and identify a small number of critical cross-Whitehall issues where the department’s policy interests should play an important role. Work closely with the other government departments, and using evidence from local areas, to ensure our departmental priorities are understood and taken into account.</li> <li>• Use the localities function and the learning from “Influencing Skills” sessions to help all staff increase their skills in effective influencing.</li> <li>• Proactively identify opportunities, priorities, policies and people to influence. Continue to focus briefing and advice to Ministers and colleagues to ensure we focus our efforts to impact the most critical areas of our policy agenda.</li> </ul> <p><b>Action: DCLG Localities function</b></p>	<p>Set strategy and focus on outcomes</p> <p>Collaborate and build common purpose</p> <p>Develop clear roles, responsibilities &amp; delivery models</p>	<p>Ongoing</p>
<p><b>7. Use DCLG’s unique position to draw more customer insight into our policies</b></p>	<ul style="list-style-type: none"> <li>• Use our information to bring together key people in local government, the Department and other parts of Whitehall to develop our thinking on the design or delivery of policies.</li> <li>• Update the Department’s research and evidence strategy to identify and fill gaps in evidence</li> <li>• Develop stronger relationships with think tanks and academia, sharing findings across the organisation</li> </ul> <p><b>Action: Localities and Analysis functions</b></p>	<p>Set strategy and focus on outcomes</p> <p>Base choices on evidence &amp; customer insight</p>	<p>Ongoing</p>

**Delivery**

### 3. Capability Action Plan: Next steps

<p><b>8. Develop innovative approaches</b> to policy making and delivery</p>	<p>Develop a model in which staff form networks to share lessons learnt to achieve continuous improvement and innovative ways of working that make a real difference. Support the development of networks by:</p> <ul style="list-style-type: none"> <li>• providing the tools needed by networks to collaborate effectively;</li> <li>• stimulating the creation of new networks that support innovative and radical thinking; and</li> <li>• creating a culture where staff are aware of the networks, are proud to be part of them and use them regularly to achieve performance excellence</li> </ul> <p>Use our feedback from localities relationships to review and continuously improve the effectiveness of our policy development and delivery.</p> <p><b>Analysis and Innovation function</b></p>	<p>Innovate and improve delivery</p>	<p>Ongoing</p>
<p><b>9. Balancing resources with priorities</b> to ensure DCLG achieves maximum value for money</p>	<p>Conclude our review of flexible and productive deployment in the Department, and adopt any recommendations which improve deployment of resources to our highest priorities.</p> <p><b>Action: Performance Team</b></p>	<p>Plan, resource &amp; prioritise; Manage performance &amp; value for money</p>	<p>March 2012</p>

#### Approach to capability management

DCLG’s overall ambition for change and capability building is to ensure that we strive continuously to become a better department. Reflecting on Capability Reviews, staff surveys and further feedback from staff and partners, DCLG focused attention in 2011 on a small number of priority areas. The areas we prioritised reflect the Department’s new role and the capability we need to build to ensure we can play it, and the areas where we need to improve.

DCLG published an Action Plan setting out the series of actions the Department would deliver in 2011 to help achieve this ambition. In February 2012 the Department published an update setting out what had been achieved so far. Alongside this, DCLG is engaging with staff to build a clear and shared understanding of how the Department should respond to findings from successive staff surveys and from this Capability Review self assessment. This engagement will continue as an underpinning principle of change and capability building in DCLG. A plan setting out priorities and principles for the next phase of change was published to staff in May 2012.

# Annex A: The model of capability



# Annex A: The model of capability

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## L1: Set direction

- Do you have and communicate a clear, compelling and coherent vision for the future of the organisation?
- Does the Board work effectively in a corporate culture of teamwork, including working across internal boundaries and making effective use of non-executive directors?
- Does the Board take tough decisions, see them through and show commitment to continuous improvement of delivery outcomes?
- Does the Board lead and manage change effectively, addressing and overcoming resistance when it occurs?

## L2: Ignite passion, pace and drive

- Do you create and sustain a unifying culture and set of values and behaviours which promote energy, enthusiasm and pride in the organisation and its vision?
- Are the leadership visible, outward looking role models communicating effectively and inspiring the respect, trust, loyalty and confidence of staff and partners?
- Do you display integrity, confidence and self-awareness in your engagement with staff and partners, actively encouraging, listening to and acting on feedback?
- Do you display passion about achieving ambitious results for customers, focussing on impact and outcomes, celebrating achievement and challenging the organisation to improve?

## L3: Develop people

- Do you have people with the right skills and leadership across the organisation to deliver your vision and strategy? Do you demonstrate commitment to diversity and equality?
- Do you manage individuals' performance transparently and consistently, rewarding good performance and tackling poor performance? Are individuals' performance objectives aligned with those of the organisation?
- Do you identify and nurture leadership and management talent in individuals and teams to get the best from everyone? How do you plan effectively for succession in key posts?
- Do you plan to fill key capability gaps in the organisation and in the delivery system?

# Annex A: The model of capability

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## S1: Set strategy and focus on outcomes

- Do you have a clear, coherent and achievable strategy with a single, overarching set of challenging outcomes, aims, objectives and success measures?
- Is your strategy clear what success looks like and focused on improving the overall quality of life for customers and benefiting the nation?
- Do you keep the strategy up to date, seizing opportunities when circumstances change?
- How do you work with your political leadership to develop strategy and ensure appropriate trade offs between priority outcomes?

## S2: Base choices on evidence and customer insight

- Are your policies and programmes customer focused and developed with customer involvement and insight from the earliest stages? Do you understand and respond to your customers' needs and opinions?
- Do you ensure that your vision and strategy are informed by sound use of timely evidence and analysis?
- Do you identify future trends, plan for them and choose among the range of options available?
- Do you evaluate and measure outcomes and ensure that lessons learned are fed back through the strategy process?

## S3: Collaborate and build common purpose

- Do you work with others in government and beyond to develop strategy and policy collectively to address cross-cutting issues?
- Do you involve partners and stakeholders from the earliest stages of policy development and learn from their experience?
- Do you ensure your department's strategies and policies are consistent with those of other departments?
- Do you develop and generate common ownership of the strategy with your political leadership, the board, the organisation, delivery partners and customers?

# Annex A: The model of capability

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## D1: Innovate and improve delivery

- Do you have the structures, people capacity and enabling systems required to support appropriate innovation and manage it effectively?
- Do leaders empower and incentivise the organisation and its partners to innovate and learn from each other, and the front line, to improve delivery?
- Is innovation explicitly linked to core business, underpinned by a coherent innovation strategy and an effective approach towards risk management?
- Do you evaluate the success and added value of innovation, using the results to make resource prioritisation decisions and inform future innovation?

## D2: Plan, resource and prioritise

- Do your business planning processes effectively prioritise and sequence deliverables to focus on delivery of your strategic outcomes, and do you make tough decisions on trade offs between priority outcomes when appropriate?
- Are your delivery plans robust, consistent and aligned with the strategy? Taken together will they effectively deliver all of your strategic outcomes?
- Do you maintain effective control of the organisation's resources? Do your delivery plans include key drivers of cost, with financial implications clearly considered and suitable levels of financial flexibility within the organisation?
- Are your delivery plans and programmes effectively managed and regularly reviewed?





## D3: Develop clear roles, responsibilities and delivery models

- Do you have clear and well understood delivery models which will deliver your strategic outcomes across boundaries?
- Do you identify and agree roles, responsibilities and accountabilities for delivery within those models including among arm's length bodies? Are these well understood and supported by appropriate rewards, incentives and governance arrangements?
- Do you engage, align and enthuse partners in other departments and across the delivery model to work together to deliver? Is there shared commitment among them to remove obstacles to effective joint working?
- Do you ensure the effectiveness and efficiency of your delivery agents?

## D4: Manage performance and value for money

- Are you delivering on the priorities set out in your strategy and business plans?
- Does the need to ensure efficiency and value for money underpin everything that you do?
- Do you drive performance and strive for excellence across the organisation and delivery system in pursuit of your strategic outcomes?
- Do you have high-quality, timely and well-understood performance information, supported by analytical capability, which allows you to track and manage performance and risk across the delivery system?
- Do you take action when you are not meeting (or are not on track to meet) all of your key delivery objectives?

## Annex B: Assessment Criteria

 <b>Green</b>	<ul style="list-style-type: none"> <li>• Outstanding capability for future delivery in line with the model of capability.</li> <li>• Clear approach to monitoring and sustaining future capability with supporting evidence and metrics.</li> <li>• Evidence of learning and benchmarking against peers and other comparators which confirms progress towards world class.</li> </ul>
 <b>Amber/ Green</b>	<ul style="list-style-type: none"> <li>• Has identified capability gaps, is already making improvements in capability for current and future delivery and is well placed to do so.</li> <li>• Is expected to improve further in the short term through practical actions that are planned or already underway and has clear metrics to support progress.</li> </ul>
 <b>Amber/ Red</b>	<ul style="list-style-type: none"> <li>• Has weaknesses in capability for current and future delivery and/or has not identified all weaknesses and has no clear mechanism for doing so.</li> <li>• More action is required to close current capability gaps and deliver improvement over the medium term.</li> </ul>
 <b>Red</b>	<ul style="list-style-type: none"> <li>• Significant weaknesses in capability for current and future delivery that require urgent action.</li> <li>• Not well placed to address weaknesses in the short or medium term and needs additional action and support to secure effective delivery.</li> </ul>

# Annex C: Sources of feedback

## **DCLG staff**

- Open sessions, Head Office and other sites
- Team discussions
- Cohorts, grade groups and staff networks

## **DCLG Ministers:**

- Eric Pickles
- Andrew Stunnell
- Bob Neill
- Baroness Hanham

## **Non-Executive Directors**

- Diana Brightmore-Armour
- Sara Weller
- Stephen Hay

## **Other Departments**

- DEFRA
- DfE
- DWP
- BIS
- MoJ
- HMT

## **Local Authorities**

- London Borough of Croydon
- Basingstoke & Dean
- Cambridgeshire County Council
- Collated views from conversations with another 6 local authorities

## **Other partner organisations**

- Chief Fire Officers Association
- Local Government Association
- National Council for Voluntary Organisations
- Royal Town Planning Institute
- National Housing Federation
- Homes & Communities Agency



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