

THE PALE YELLOW AMOEBA: A PEER REVIEW OF THE DEPARTMENT FOR CULTURE, MEDIA AND SPORT

1. Introduction

1.1 We were appointed to undertake a Peer Review of the Department for Culture, Media and Sport (DCMS) with the following terms of reference.

To examine:

1. its application of the arm's-length relationship, how the sponsorship arrangements between DCMS and its non-departmental public bodies (NDPBs) work in practice, whether they are helping to deliver its objectives, and the ways in which they can be improved;
2. the ability of the Department and its structures, in pursuing its objectives to secure active collaboration with other Departments or public bodies or sectors; and
3. whether the Department's business planning arrangements are helping it to meet its objectives, and ways in which they can be improved.

The Review was the first in a series to be carried out in various Departments as part of the Modernising Government agenda.

1.2 The Review team was led by Nick Montagu, Chairman of Inland Revenue, and the other members were:

- John Elvidge, Head of the Scottish Executive Education Department;
- Graham Devlin, an independent arts consultant and a member of the Quality, Standards and Efficiency Team (QUEST)'s advisory panel and formerly Acting Secretary General of the Arts Council;
- Sue Charteris, independent consultant, adviser to the Department of the Environment, Transport and the Regions (DETR) and Associate Fellow at Warwick University Business School;
- Reuben Singh, a young entrepreneur who runs a dozen companies ranging from property and investment to e-business;
- Gillian Ashmore, Principal, Mulberry Consulting, currently working for the Centre for Management and Policy Studies;
- Ian Pretty, Head of Projects, Centre for Management and Policy Studies; and
- Sarah Anderson, a member of the European Fast Stream Development Programme at the Department for Education and Employment.

1.3 We carried out the Review in the week beginning 8 May 2000. During it, we saw over 130 people, including DCMS Ministers, Special Advisers and officials, people from the NDPBs sponsored by DCMS, and officials and advisers from other

Government Departments. The Review included visits to meet partners in the North West and the West Midlands. Wherever we went, people received us with great openness and were generous in sharing their experience and ideas. A review of this kind depends critically on this, and our conclusions, therefore, largely represent a crystallising of thoughts and ideas already around in DCMS and among its stakeholders. We should like to record our thanks for the help which we received from them.

2. Context

By Whitehall standards, DCMS is a very small Department, consisting of 400 or so staff and a running cost budget of £26 million. It does, however, have a very significant range of responsibilities, covering broadcasting, media and other creative industries, arts, sport, museums and galleries, libraries, the built heritage, tourism, the Millennium celebrations and the National Lottery; and it sponsors over fifty NDPBs and other bodies, ranging from historic direct service-providing institutions such as the British Museum and the National Gallery to major grant givers, such as the Arts Council, public corporations, like the BBC, Lottery distributors and a range of other smaller bodies and advisory committees. In all, it administers an annual budget of over £1 billion (which excludes the £1.5 billion or so granted each year by the Lottery distributors).

3. Diagnosis

3.1 DCMS is a Department with a lot going for it. It is recognised as a good Department by people elsewhere in Government who have regular dealings with it, and by many of its stakeholders.

The subjects with which it deals are of high public interest and cut across normal party political lines. It is headed by a Secretary of State who is expert and experienced in the subject, and we found a great deal of talent and commitment among the staff.

3.2 In addition to these strengths, the Department has a number of recent successes to its name – the Lottery, the way in which it has organised its relationships with the regions outside London, and with other Government Departments, efforts to streamline relationships with NDPBs and to open up appointments to them, the handling of discussions on digital broadcasting and the BBC licence fee, and the way in which it has handled its restructuring are examples. We found a genuine desire for constant improvement, and a willingness to innovate, as well as a high interest among its own staff in their work. Above all, perhaps, people showed that they were aware of and shared the vision of what the Department was there to do and should be doing promulgated by its Secretary of State.

3.3 We were particularly struck by the evidence from two other Government Departments – the Department of Trade and Industry (DTI) and the Department for Education and Employment (DfEE) - of the success DCMS has had in working co-operatively with them to achieve the goals of each. This has required determination, careful negotiation and good planning. Given what we found, we do not think the Department needs many lessons in how to work collaboratively with others. It has the expertise in-house, but it may need to be consciously spread.

3.4 This adds up to a Department which should be secure and confident, without being over-comfortable, punching above its

weight in Whitehall, and willing to extend the risk-taking which is already evident in some parts of its decision-making. DCMS is, perhaps, over-conscious of its smallness and relative newness compared with other Government Departments. It need not worry about these: it is a Department with a strong identity, and its size means that it is well positioned to enable people to know and work with each other across boundaries.

3.5 But we did not find the Department as confident in itself as it should be. With a degree of contrivance, we identified the weaknesses which are holding it back from realising its full (and considerable) potential under the following headings:

Distractions

Culture

Management

Strategy

Distractions

3.6 There is a danger of the pressure of routine or pseudo-urgent work (such as responding on Ministers' behalf to events that have attracted a lot of public interest) squeezing out work is really important – for example, on strategic or cross-cutting objectives. Even where DCMS may see itself as not wholly in control (e.g. because it is meeting the requirements of central Departments), we felt that it should recognise and tackle this. Examples of distractions were:

the handling of correspondence where, in particular, the insistence of two Ministers on replying personally to letters

addressed to them and on officials treating these replies as a priority seems unduly burdensome, as do the arrangements for dealing with campaigns and letters requiring essentially the same reply;

unnecessary briefing at a level of detail not required by individual Ministers;

the time still spent (despite continuing efforts to streamline and open up the process) on the 700 or so appointments to NDPBs for which the Department is responsible;

the collection (either internally or from NDPBs) of statistics which are unnecessary, either because they serve no useful purpose, or because they essentially duplicate others obtained in a slightly different form;

over-management of the NDPBs, without yielding obvious added value in terms of DCMS getting what it wants from them.

3.7 We recognise that, in common with other Departments, DCMS suffers from a shortage of resources, and that this may bear particularly keenly on a small Department. On present resourcing levels we felt that it was important for the Department to identify where, by saving work, they could create more headroom for what is truly important.

Culture

3.8. We have already remarked on the lack of confidence in itself which the Department appears to feel. This is apparent from the very top down, with individuals underestimating the weight which they potentially carry in and across Government, and we felt that they should be more ready to assert themselves. In general the Department, which, for reasons identified earlier, has no shortage of professed allies, assumes that it is weaker than it really is. It is time for it to flex its muscles; and the reformulation of policies at the heart of the Government's agenda will provide it with a good opportunity to do so.

3.9 We also detected a certain inflexibility in the Department's culture. Although there is no shortage of people with the ability to think creatively and to innovate, there is an apparent difficulty in breaking out of the daily routine and getting off the treadmill to spend time thinking. This may reflect some of the baggage of the Departments whose components made up DCMS, and of the traditional relationships which the Department has with its NDPBs.

3.10 We saw some real evidence of efforts to achieve corporate behaviour. Nevertheless, one of the most recurrent themes which emerged from our interviews and workshops was the feeling that a silo mentality existed in the Department. Although the Permanent Secretary and his team have made notable strides in improving the way in which the Department is run, a "them-and-us" mentality can be seen – or is at least perceived by many people – to divide the Department and its stakeholders all the way down. Examples are: between Ministers and the Management Board; the Management Board and the rest of the Department; and between the Department and its NDPBs.

3.11 Whether or not this perception is always justified, the mere fact of its existence indicates a need for action. The Department is missing opportunities from not seeing the wider possibilities or the big picture across the range of its responsibilities. Nor (although we encountered particular examples of good practice) did it strike us as having a uniformly corporate or management culture which would encourage people to work with others across the piece, rather than concentrating on their own narrow responsibilities.

3.12 Finally in this section, we felt that DCMS was over-safe in its relationships. It needed a more sophisticated risk-assessment of each NDPB in order to determine just how “arm’s-length” it could afford to be in its dealings with it. Instead, DCMS tends – in response to Treasury opposition (which should continue to be strongly resisted) to any relaxations - to opt for the lowest common denominator by establishing a norm whereby it exerts a greater rather than lesser degree of control over its NDPBs.

Management

3.13 We found leadership present and recognised in the Department. There is strength in there being an effective dyarchy of the Secretary of State and the Permanent Secretary, with people being aware of Ministerial goals and influences to a far more intense degree than would be typical of a larger Department. There is, however, some confusion over the relationship between the Ministerial goals and the Management Board’s values; indeed, Ministers failed to recognise the “values” at all, concentrating (as most of the Department seems to do) on the Secretary of State’s four key goals.

3.14 We did not feel that the value of leadership was communicated right through the ranks or reflected in plans. The same is true of management. As expected, we encountered some strikingly good management (as well as one or two examples of its being completely inadequate), but management did not strike us as being at a premium in the Department. Individual performance plans did not contain much emphasis on management or many management objectives. Management training has largely lapsed and induction is minimal. We wondered whether this was another example of the urgent squeezing out the important: if it were, this would create a real danger of a return to the old-style mandarin mentality of management being opposed to “real work”.

3.15 Diversity is a good example of important management objectives not being mainstreamed in individual or corporate plans. In many ways DCMS is more diverse than many other Departments, but it is failing to manage or exploit that diversity. It has a high ratio of secondees, and could do more to harness their experience. We found hardly a mention of diversity objectives in individual responsibility plans; even where there were such objectives, they were broad and not couched in terms of measurable delivery.

3.16 This lack of a management focus inevitably leads to a sub-optimal use of resources. We have already remarked that these are tight, but that creates a stronger imperative to deploy them more effectively. Failure to do so, in particular, robs DCMS of thinking time, expertise and analytical capacity. The last is especially constrained by the shortage of professional research specialists and economists, and we felt that there was a strong case for reinforcement here.

3.17 Because of the breadth and number of the NDPBs for which DCMS is responsible, it has an exceptional pool of expertise and thinking capacity potentially at its disposal. We did not get the impression that it fully exploits these, although everyone was clear that the establishment of QUEST had helped appreciably. The Department needs to become more trusting and mature in its relationships with its NDPBs if, as a matter of course, it is to make full use of the talent and specialist knowledge available among their staff and trustees or Directors.

3.18 DCMS appears at present to lack an international perspective, both in Europe and beyond, and even in this country is too frequently seen as over-focused on London. More effective networking by DCMS staff with their counterparts in other Government Departments, their NDPBs and overseas administrations could help to mitigate this.

3.19 It may be that the weaknesses identified here stem from the lack of corporateness mentioned earlier. In order to make best use of its human and other resources, the Department must operate across its internal boundaries to a common strategic vision. At present, the Management Board, while operating effectively in its corporate discussions, is seen internally as a collection of individual Directorate Heads over-preoccupied with their own areas, and with inadequate knowledge of those of their colleagues. It is important that the Board identifies the corporate behaviours that it expects, both from its members and from people throughout the Department, and puts in place proper incentives to reinforce them.

Strategy

3.20 The Department's vision is based on the Secretary of State's four key themes of access, excellence, education and the creative economy. People widely share this vision, and see it as directly relevant to what they are doing. This is a huge (and relatively rare) strength, on which the Department needs to capitalise. But, while the vision is a powerful starting point, it needs anchoring by a genuinely strategic plan, so that people are clearer about how it is to be achieved. At present – although the Business Plan centres on the four themes – such a plan is not fully developed.

3.21 In the first instance the Management Board needs to identify clearly the strategic elements necessary for it to fulfil the vision. The planning process and, particularly, the Department's Public Service Agreement (PSA) provide a good vehicle for this, and a springboard for developing the means of achieving it – how to get there, once you know where "there" is.

3.22 The Board needs to articulate the resultant strategy clearly and spread it widely, so that people throughout the Department understand and share it, and recognise that there is genuine added value in helping each other to achieve it. There is also a particular premium on DCMS, as a small Department which cannot do everything itself, identifying the key levers, agents and allies that will enable it to deliver the vision.

3.23 The lack of corporateness and shared strategic vision is exemplified in the way in which the Department has approached its business planning. The whole process of planning is essentially top-down (and too hurried in the last round), so that people lower down the Department do not "own" the plans or see

them as making a difference to them. Where business plans should be a living document by which divisions work, they are at present seen as little more than a tedious exercise – though the Arts Division is a notable exception to this generalisation. We were also surprised to find that the Management Board had not discussed the final draft of the Business Plan corporately – instead they cleared it in correspondence, with individual members responding on their own parts of it.

3.24 Unless remedied, this could lead to a serious lack of collective ownership by the Department's top management of its entire business. We felt that there were already areas which were in danger of becoming poor relations.

4. Recommendations

4.1 To ensure that the peer review has added practical value we have attempted to draw together solutions to some of the Department's weaknesses. Almost all of these suggestions were mentioned in some form or another by people in the Department or its stakeholders; and all were drawn from things that they said to us.

Arm's-length Relationships with NDPBs

4.2 Management of the NDPBs is central to the Department's activities, but that relationship is often unclear and sometimes fraught. Too much detail distracts the Department from what is important and militates against a constructive partnership with the NDPBs.

4.3 The Department's NDPBs can be classified in a number of ways – by:

the source of their funding (Grant-in-Aid or Lottery);

their primary role as direct providers (the Museums, the British Library) or agencies (Arts Council of England (ACE), Sport England); or,

by their role in their sector.

4.4 The first of these distinctions results in two different sorts of funding regime, dictated by separate pieces of legislation. That having been said, it is almost universally agreed that *a single control document incorporating both funding streams would be highly desirable.*

4.5 The second classification is brought about by the explicit inconsistency between the treatment of the Arts sector (where organisations as significant as the Royal Opera House, the Royal Shakespeare Company and the Royal National Theatre are funded through the Arts Council of England (ACE)) and the Museums where institutions as small as Sir John Soane's and the Geffrye are direct clients of the Department. This inconsistency is derived from history, and it would not be productive for us to re-open the question of fundamental structural change in this review. However, we should note that the Department will need to develop a very clear remit for the Museums, Libraries and Archives Council (Re:Source) if its role is to be widely understood.

4.6 The third reflects the different natures of the various sectors and the divisions' relationships with them.

4.7 These different contexts have resulted in different relationships with sponsored bodies and varying interpretations of the application of the arm's-length principle (which is also affected by the interplay of individual personalities). However, this inconsistency could be remedied without major structural change. *Sponsor Divisions should learn from each other's practice and achieve greater consistency. To help achieve this and a more shared approach, we recommend that DCMS should set up a group at Grade A level (equivalent to Grade 7 in wider Civil Service terms) to identify common issues and a consistent approach to resolving them. They should receive appropriate training (e.g. in performance management and collaborative negotiating skills) to enable them to function effectively as a group.*

4.8 Both DCMS and its NDPBs see the norm for the relationship as involving excessive controls. The present relationships have been characterised to us as a "parent-child relationship" and "management by nagging". *The Department should move towards less onerous and more strategically focused relationships.* This requires early discussions and understanding of each other's aims rather than unilateral decisions or statements of policy. Both sides emphasised the need for less double-guessing.

4.9 At present, assessment criteria are principally focused on a large number of detailed targets which run the risk of elevating process and interim milestones above final outcomes. These may not, ultimately, be the best way of evaluating strategic outcomes.

The department should seek to work collaboratively with the NDPBs and QUEST to identify a more satisfactory set of criteria.

4.10 *The model to be aimed for is based on a hierarchy of strategies in which DCMS sets out clear strategic objectives in terms of desired outcomes for both grants in aid and the Lottery, derived from the Department's four headline themes. The NDPBs would then present their own sectoral strategies, reflecting the Department's, to the sponsor division. Each proposal should be discussed in person by the NDPB and the sponsor division. When accepted, it should be presented to a wider cross-section of the Department to provide external challenge, identify cross-recurring themes, synergies and good practice. The Grade A group recommended above should provide the core resource for this work.*

4.11 This approach would help increase cross-Departmental understanding of the objectives and practices of its NDPBs, which should, in itself, go some way to developing a sense of trust across the DCMS family. *This would be further enhanced by a positive programme designed to increase officials' expertise in their sectoral areas – by, for example:*

including a more comprehensive element of sectoral induction to the more general induction of new staff in sponsoring divisions;

inviting outside speakers in for seminars open to the whole department (as already pioneered by Arts Division);

secondments to NDPBs and third-tier bodies;

shadowing or twinning arrangements (including with regional agencies); and,

encouraging officials to get out more (again, including regional visits) and making such activity part of their Personal Responsibility Plans.

4.12 We felt that DCMS could reinforce its expertise and broaden its influence by *more active networking on both the domestic and the international scene*. This increased networking would bring with it one opportunity and one caveat. The opportunity is that it would enable the Department to develop a more active role as a conduit or broker between the NDPBs and other Government departments. The caveat is that it will be important to establish and honour courtesy protocols so that the relevant NDPB does not find itself unaware and resentful of DCMS activities.

4.13 The Funding Agreements are the key documents in the DCMS/NDPB relationship, and are generally seen as developing in the right direction. Following the 1998 Comprehensive Spending Review, these were re-cast to provide both the department and sponsored bodies with a clearer sense of what the three-year funding settlement was expected to deliver in terms of both outputs and outcomes. *However, the Funding Agreements should also be cast in such a way as to help NDPBs to shape their own Funding Agreements with sponsored organisations.*

4.14 NDPBs should report against the Funding Agreements on a regular basis against high-level milestones. *The Department should avoid getting involved on a micro management level. When*

an NDPB is under-performing, the frequency and detail of the reporting regime should be increased. Similarly, NDPBs with a consistent record of success should be subjected to a progressively looser framework of controls. This provides an incentive to perform better and demonstrates trust towards well-performing NDPBs.

4.15 At present, DCMS does not have very robust systems in place to address poor NDPB performance. Performance is largely measured against hard outcomes as set out in the Funding Agreement, but there are a large number of these and they are not consistent across the DCMS family. Outside these mechanical measures (which contribute to the widely-identified micro-management culture) there is little informed assessment of performance. The danger is that such assessments are formed on the basis of vague impressions (or, at worst, gossip). *DCMS might find it useful to instigate a 360° Peer Review process for the NDPBs - with teams made up of DCMS officials, senior officers from other NDPBs and senior representatives of third tier bodies from the NDPB's sector.* This process could consider both how the NDPB meets DCMS objectives and how it meets the needs of its 'client' organisations.

4.16 Two other mechanisms could help improve this process:

1. *Funding Agreements should concentrate targets in those areas where particular improvements are needed to address specific strategic objectives.* DCMS and NDPB research needs to be focused on these areas so that the Department and its sponsored bodies can have access to a robust set of agreed data with appropriate methodology and joint ownership. In

this way, the Department could ensure that the targets it is setting are properly grounded and so be confident of addressing issues of under-performance.

2. DCMS should aim to develop a better process of knowledge management about best practice across the whole sector, both in terms of delivering against strategic objectives and in core managerial competencies.

4.17 To determine what is necessary in terms of data gathering *the Department and the NDPBs should sit down together and review what data are really useful and are actually used.* Information requests are not currently justified by their value; or at least their value is not communicated to the NDPBs. In too many cases, broadly similar data are required for different purposes – in each case in a sufficiently different form to require extra work.

4.18 But it is not only data requirements and monitoring (see below) that need reviewing. *The nexus of targets and indicators included in Funding Agreements needs to be looked at.* It is, for example, hard to see why a given number of loans to institutions overseas should be a target in itself for the National Gallery. At present there is a risk that the struggle to produce easily measurable targets could lead to the adoption of targets which have perverse effects. *NDPBs need to be positively encouraged to present the targets they believe are meaningful but to submit to challenge on them.*

4.19 Many of the excessive burdens result from the requirements of central Departments, rather than of the DCMS. *The Department*

and NDPBs, along with the Treasury and the Cabinet Office, should review the need for detailed reporting and monitoring. DCMS has approached the Treasury with detailed reasoned propositions for reducing the burden in handling grant-in-aid, but without response. It must push again for simplification in the light of our findings. DCMS should also look again at the Lottery financial directions. While these represent a more hands-off approach than the grant-in-aid rules and have an important role in maintaining public accountability, they continue nevertheless to be seen by distributors as over-detailed and onerous. It would simplify matters for those NDPBs which are distributors of both Lottery and grants-in-aid if the control arrangements for the two streams of money were aligned to the maximum extent possible within the differing statutory provisions covering them.

4.20 *A simplified approach should also apply to appointments. At present DCMS spends an inordinate amount of time in managing its objective of increasing the diversity of appointments to NDPBs. At times this is undoubtedly necessary – for example, where an NDPB left to its own devices will simply self-perpetuate a narrowly-based governing body. There are now clear Government guidelines on issues such as diversity and spread of views and representation on boards. We recognise that the Secretary of State must operate within the guidelines set by the Commissioner for Public Appointments. Nevertheless, we recommend that where a proposed appointment falls clearly within Government guidelines there should be a presumption against intervention beyond the minimum formal requirement.*

4.21 The recent rationalisation of NDPBs has taken the relationship in the right direction; however, the new ones need time to bed down and will require more nurturing in the early stages. But this should not slip into the sort of double guessing that we are trying to eliminate.

4.22 Externally, there is confusion about the respective roles of DCMS and NDPBs. *A clear agreed statement about the roles and relationships is needed.*

4.23 DCMS and the NDPBs should draw on each other's strengths, particularly in research. The Department's research capacity needs improving but it should not duplicate the research functions of NDPBs; rather it should use them as a resource. *A small group drawn from DCMS and NDPBs, to identify information needs and how to meet them, would help; in addition to ensuring an adequate research capacity, DCMS should address the need for more specialist economic expertise in-house.*

4.24 There remains a perception in the regions that DCMS is very London focused. *The Government Office Representatives and the Regional Cultural Consortiums are a welcome initiative but will require extra resources to develop their role if they are to fulfil their potential.*

Strategic and Business Planning

4.25 We commented in our diagnosis on the apparent paradox of the Secretary of State having set strategic objectives which are widely recognised and identified with by people throughout the

Department while, at the same time, there seems to be a lack of strategy in the sense of an understanding and promulgation of how DCMS is going to attain those objectives. The requirement on Departments to produce public service agreements and service delivery agreements provides DCMS with a formal framework within which what each person does in the Department can be clearly linked to the strategic vision. This is important if there is to be genuine collective ownership and understanding of plans.

4.26 *We recommend that, in future, in contrast with the lack of time available for the last Business Planning process, at least three months should be allowed.* This will give time for Divisions and branches within them to work out for themselves what their key objectives for the coming year should be, and to relate them directly to one or more of the Secretary of State's strategic objectives. Divisional plans can then build into a Departmental plan genuinely owned by the Management Board.

4.27 The process described in the last paragraph would help give planning a more solid foundation. It should continue to be linked explicitly to the Secretary of State's vision as exemplified in his four objectives. This gives people a clearer understanding of what the Secretary of State's vision means and will help them see what would be needed to get the Department there. We also suggest that *the Department should devote some thought to where it wants to be in ten years' time, again relating this to strategic objectives.* This would give a firmer shape to planning, and provide a further guide to priorities in allocating resources on which pressure is unlikely to ease appreciably. *A conference with key NDPB and*

other stakeholder representatives, together with relevant academics, could help DCMS to formulate its thoughts on this.

4.28 If planning and resource allocation in DCMS are to be firmly and rationally grounded, the Management Board needs to take a stronger role in directing them. In particular, although it is clearly right at the early stage of planning for individual Directors to be involved in that capacity and to make their own case for resource allocation, it is equally important that they should be able to stand back and take a corporate view at the point where plans come to the Management Board for formal approval. Because in the last round the Business Plan was cleared in correspondence, members of the Board tended to respond as Divisional Heads, rather than corporately. *We recommend that, in future, the Management Board should devote a meeting to clearance of the Business Plan and to agreeing on strategic priorities for the coming years.*

4.29 At a level of greater detail, plans can only be properly underpinned if there is a direct relationship between them at all levels – Departmental, Divisional, branch and individual. We did not always find a clear enough link, in talking to some individuals and in looking at some performance agreements (personal responsibility plans). *Everyone in the Department, even those doing statutory casework, should be able directly to relate her or his individual plan to the wider objectives and aims of the Department.* Equally, those aims need to be reflected in individual plans: at the moment, there are some significant areas where they are not. Corporate behaviour is one, and diversity is another.

4.30 Corporate behaviour is as difficult to define as it is critical to reinforce and reward. The Management Board is collectively charged with delivering Ministers' vision, and we have commented elsewhere on how the Department is engaged in a number of cross-cutting initiatives to make this work.

4.31 The Board has adopted a matrix management model to ensure the oversight of cross-cutting themes; this is working better on some projects than others. *We consider that it would be timely for the Board to set aside time to take stock of their own strategic management arrangements, to reflect critically on what else it needs to do to reinforce corporate behaviours.*

4.32 In addition to the practical steps described below we would expect to see *the performance management system for members of the Board and management teams place at least as much emphasis on delivering against corporate targets as it does against departmentally specific objectives.* This would send a powerful message to the organisation as a whole. By way of illustration, we include in annex C a list of the kind of behaviours which might be specified in individual plans and reported on at the end of the year.

4.33 A similar consideration applies to diversity. While, in line with the Civil Service Management Board recommendations, DCMS signs up to achieving greater diversity, this features in very few of the individual responsibility plans that we saw. Even where there was such an objective, it was expressed in general and unquantifiable terms. *If the Department is to demonstrate its seriousness about diversity, hard and measurable objectives,*

expressed in terms of outcomes, must feature in its planning at all levels from the Departmental to the individual, and we recommend that this should be done.

4.34 All the elements to enable DCMS to benefit from a robust planning process, with plans widely shared and known throughout the Department, are already in place. The recommendations outlined above, and a stronger emphasis on outcomes directly related to the Secretary of State's objectives, should help the Department get there – it is not a question of pouring in extra resources. *In getting there they may want to consider using one of the various models for diagnosis (for instance the Business Excellence one) which have been used successfully in other Departments: QUEST's work on Funding Agreements could also be a helpful example, but the most important thing is that DCMS adopts the process which suits it.*

4.35 The “values” promulgated by the Department are not really values at all, but a statement of how it goes about doing its business. The values are not widely known amongst staff, who are far more familiar with the Secretary of State's objectives, and they strike no particular chord with them. *We recommend that the Department should (possibly as part of its response to the Civil Service Management Board's work on vision and values) consider whether it is worth retaining them or whether it should come up with a fresh set which are genuinely values and reflect what people are entitled to expect from the Department – both as employer, and as public service provider.*

4.36 DCMS is about to overhaul its individual appraisal process. It is critical, if the proposals outlined above are to have maximum impact, that *appraisal should be closely aligned with business planning*, and should be designed so as to reinforce and reward both the direct attainment of business goals, and the behaviours (corporateness, the pursuit of diversity, networking, taking initiatives) that will be needed to achieve them.

4.37 But it is not enough simply to include these behaviours. People do not acquire them naturally, and need training to help them. *Management training in DCMS is a weakness, and we recommend a review of it to ensure that managers are properly trained for the challenges which they face.* A realigned programme of management training would also give the Department an invaluable opportunity to embed in what it wants and expects from its managers: corporateness, diversity, networking, taking initiatives. In particular, DCMS may like to consider the requirement on the Civil Service to provide diversity awareness training for all managers within two years as part of the wider revamped training suggested here. Unless these behaviours form part of the definition of what it is to be a manager, they risk carrying little conviction.

Strategic Capacity

4.38 We recommend three specific initiatives that would enable the DCMS to address some of the identified weaknesses; a flexible central unit, a Bank of Advisers and a flexible corporate fund.

A Flexible Central Unit

4.39 We have already outlined the weaknesses of distraction, lack of corporateness and gaps in expertise that DCMS needs to tackle. In order to enable the Management Board to delegate corporate work, to protect staff from the distractions of central initiatives, to add weight to the corporateness of the Department and to capture expertise *we recommend the creation of a small team.*

4.40 This team would absorb responsibility for dealing with central initiatives and tackle the lack of flexibility in allocating resources to respond to unplanned pressures. It would help the Department to speak with a single voice. It would also capture internal and external knowledge and achieve fresh insight to support and stimulate the Management Board's strategic thinking.

4.41 The team would pull together responses to central initiatives from its own knowledge and disseminate its response through the Department for clearance. This turns on its head the traditional model of commissioning for briefing. Because it would have an overview of the cumulative burden of central initiatives on the Department, it would be well placed to challenge the Treasury and Cabinet Office on the added value of these initiatives.

4.42 The unit member would act as the nucleus for the teams to relieve Divisions that are hit by an unexpected major task (i.e. something that was not on the planning agenda and requires a major diversion of resources.) Management Board members could lend staff resources to the teams on a fixed term basis, which

would help foster more corporate behaviour without raising wider issues of the distribution of staffing resources between Groups.

4.43 The team would put together single-voice material on issues which engage most or all of the Department's interests in the same way that the Education Unit does for education. Other Departments have cited this as the key to influencing Whitehall, and Ministers would welcome it. The team is an alternative to a proliferation of single-issue cross-cutting teams. The Education Unit has worked extremely well, but DCMS should not assume that this can be repeated for all cross-cutting issues. As with responses to central initiatives, the team would prepare the material beforehand and check it through the Department rather than commissioning inputs.

4.44 The team might also have a role in ensuring that the value of research was brought to bear on the issues facing the Department, if it is decided that a separate research capacity within DCMS is unaffordable. This role could encompass the assembly of research evidence from within the NDPBs and the co-ordination of a programme of research to be commissioned directly by the Department, either acting alone or in partnership with others.

4.45 There is no strict definition of how the team should be organised, but we recommend the following. The team should consist of two Grade As that report to the Management Board collectively. The posts should attract the brightest and the best for a short-term position of one year to 18 months. One member should be from within Government, whilst the other should represent fresh thinking from outside the Department.

Bank of Advisers and networking capacity

4.46 The DCMS is an active Department, but also a reactive one. In one sense it is a current affairs Department. It cannot have a rigid structure - least of all with its advisers.

4.47 The Department needs a bank of advisers upon whom it can call to bring it snapshot outside advice. The bank could be called in to discuss specific issues, but also be used as a bank of telephone numbers available to staff across the Department. The members should be dynamic, probably in the main from the private sector and have up to date knowledge of at least one of DCMS' main areas of interest and of related specialist subjects, such as PR, Marketing, IT, Hotel, Catering. They would not need to know the Whitehall system. We think that the bank could be created without demanding significant resources from the Department.

4.48 For the bank to be understood and fully used by the Management Board, the Department needs a linchpin: two non-executives on the Board. They must know the Whitehall system but also have extensive experience of the private sector. It would be an explicit part of their role to develop the Department's networking skills and confidence at all levels.

4.49 International networking is also underdeveloped. Partly this is a resource issue but partly a matter of confidence and culture. We recommend that staff be encouraged across the Department – not just as the responsibility of the Regions, Millennium, Tourism and International Director - to identify opportunities for exchanges and cooperation using the knowledge and resources of the NDPBs.

Creating budget flexibility: a corporate fund

4.50 Financial allocation is an integral part of the strategic planning process. As a small Department with tight resources, DCMS needs to find ways of creating “headroom” that both reinforce and reward the corporate priorities that cannot be delivered effectively within existing departmental and sectional budgets once the funds have been delegated . *The Management Board, with Ministers’ agreement, should unapologetically set aside a percentage of operational budget each year to invest in corporately agreed priorities that require a concerted approach across the Department as a whole.* We recognise that this may involve tough decisions due to the tight operational budget in DCMS but these limitations make a set aside fund even more necessary. This would make possible the creation for example, of a “shared” fund for information technology and an internal “invest to save” budget, and enable the Department to fund other opportunities that meet Ministerial objectives that will arise throughout the year. A “bidding back” process for these resources would be needed, but this would serve as a positive opportunity to reinforce the Management Board’s commitment to a corporate culture.

Staff

4.51 Some personnel and budget systems seem rather antiquated by comparison with good practice across Whitehall; for instance, DCMS continues to use non-delegated budgets. The Personnel Division is overstretched, but is not seen by staff as providing the service they want on a variety of personnel issues. *The*

Management Board needs to pay particular attention to the role and capacity of Personnel in the next planning round.

4.52 External staff are not allowed to come over on promotion or take promotion while in the Department. Whilst the promotion of external staff will always be a sensitive issue a significant number of staff felt that a relaxation of the rules would be sensible.

4.53 DCMS has a high turnover, but vacancies do not appear to be managed; important posts are not being identified or prioritised. As a result Divisions have been under severe pressure while the budget has not been fully spent. We understand that this has been addressed this year and *suggest the Department continues to attach importance to getting this right: the need to produce action plans under the “Bringing in Talent” head of the Modernising Government agenda provides a good vehicle for doing this.*

4.54 Some Divisions have no training and development budget at all and are unaware of the centralised training budget available. There is a lack of management training, and networking skills are not being encouraged. The one exception to this general complaint which we encountered was the praise given for the training available in IT.

4.55 The volume of correspondence has tended to dog the Department, with people feeling that they have no alternative to producing tailored drafting and briefing if it is to be acceptable to Ministers. *The Department needs to agree firm proposals with*

Ministers to combine a better service with less demand on staff.

Elements in these proposals might be:

reduction of the eighteen-day deadline for replying to letters. The present long deadline for all types of case encourages people not to deal quickly with anything – making the burden seem heavier. Routine correspondence should be dealt with in five working days at most, with longer deadlines only where cases are complex or require consultation. To ensure that overall performance continues to improve, the Department should track the average time taken across all types of case and target improvements in that average

poor drafts should be returned to Divisional Heads for personal action, and training of the staff involved. At present Private Offices change them, but too often the relevant officials do not pick up and act on the lessons from the changes;

Private Offices should specify exactly what briefing is required and refer back when they get poor or unnecessary material. The Secretary of State, in particular, requires only minimal briefing (e.g. on current issues and problem areas), but can get vast quantities, often inappropriate for the occasion (such as an informal lunch with an overseas colleague);

Ministers should resist the temptation to reply on matters which are an NDPB's responsibility, however politically attractive the material. Where, for example, a letter concerns the conduct of an NDPB or the content of its outputs, Private

*Offices should send out a stock acknowledgement saying that it is for the NDPB to reply and that the letter has been passed to it. (But **NB:** Private Offices must have the ability to distinguish such letters from those which genuinely raise an issue within DCMS responsibilities, and which need to be passed to Divisions);*

there should be more standard acknowledgements. Too often people prepare full (often beautifully crafted) replies to all kinds of letters – even those simply expressing the writer’s personal opinion;

where there is a write-in campaign or an immense number of letters on broadly the same subject, the Division should produce a stock letter which Private Offices can issue without further reference to them. Where the issue is more complex (television licences for pensioners would have been a good case), the Division should rapidly produce a leaflet setting out the position and the answers to frequently asked questions, which could go out from Private Offices with no more than a cover note and acknowledgement; and,

where a large number of letters are received from a particular lobby, Ministers should be readier to write a letter to that lobby’s newsletter, if there is one, to which Private Offices could refer in a stock reply.

4.56 Some of the questions over the quality of drafting imply that poor performance is not being vigorously addressed. This results in an understandable reluctance by Ministers to adopt the more

rational processes outlined above. If they are to accept the deal, they must have confidence in the quality of the service being provided by officials.

4.57 Generally we found a huge variety of approach, experience and competence across the Department. Much talent and knowledge is available within the Department, and we encountered many examples of good practice, some of which we list in annex B. *DCMS should encourage the development of a 'peer assist' culture*, with Divisions sharing good practice and inviting others from the Department to advise them, as well as exploiting the expertise of the NDPBs to inform policy development through more effective networking.

4.58 Both the Department and the NDPBs would benefit from a single information database, and *we recommend setting up a small group to decide how best to achieve this*.

Conclusion

5.1 This report reveals a Department of talent, energy and strengths. To a large extent these are being fully exercised, and DCMS' record in terms of tangible successes and reputation is already considerable. But it is true of any Department that it could do more, use its time better and achieve still greater influence. The purpose of a peer review team is, as outsiders, to draw out and give shape to the ideas which the people best qualified to express them – the Department and its key stakeholders – have for these improvements. We were lucky in both the fertility of thought and imagination that we encountered and the willingness of people to give us the benefit of it. Without

it our recommendations (which are summarised in annex A) would not merely have been inferior: we simply could not have framed them. There is, therefore, a real sense in which this is a review not only of and for, but also with and by, the Department.

5.2 The reader who has got this far and still wonders about the title deserves to have her or his persistence rewarded. Among the questions which we asked at the workshops and in some interviews were: “If DCMS were a colour/animal/shape, what would it be?” A striking number of replies made the colour pale yellow and either the animal or the shape an amoeba. The traditional psychological associations with yellow – vibrancy, creativity, vigour – are the right ones: only the pallor gives cause for concern. We believe, and hope, that our recommendations will give both teeth and a sharper outline to the Department – and that our successors will have no difficulty in entitling their report “The Bright Yellow Tiger”.

ANNEX A

SUMMARY OF RECOMMENDATIONS

Arm's-length relationship

- Align, as far as possible within the different statutory provisions, the controls for the funding streams - Grant-in Aid and Lottery
- Sponsor Divisions should learn from each other's practice and achieve greater consistency
- set up a group at Grade A level, with appropriate training, to identify common issues and a consistent approach to resolving them
- move towards less onerous and more strategically focused relationships with the NDPBs
- work collaboratively with the NDPBs and QUEST to identify a more satisfactory set of assessment criteria
- aim for a strategic relationship based on the DCMS four themes set out as clear strategic objectives with the NDPBs presenting their own sectoral strategies. Each proposal should be discussed in person by the NDPB and the sponsor division. When accepted, it should be presented to a wider cross-section of the Department to provide external challenge, identify cross-recurring themes, synergies and good practice
- design a positive programme to increase officials' expertise in their sectoral areas – by, for example:
 - including a more comprehensive element of sectoral induction to the more general induction of new staff in sponsoring divisions
 - inviting outside speakers in for seminars open to the whole

department (as already pioneered by Arts Division)
secondments to NDPBs and third-tier bodies
shadowing or twinning arrangements (including with regional agencies)
encouraging officials to get out more (again, including regional visits) and making such activity part of their Personal Responsibility Plans

- more active networking on both the domestic and the international scene
- cast the Funding Agreements to allow NDPBs to shape their own Funding Agreements with sponsored organisations.
- avoid getting involved on a micro management level. When an NDPB is under-performing, the frequency and detail of the reporting regime should be increased. Similarly, NDPBs with a consistent record of success should be subjected to a progressively looser framework of controls.
- instigate a 360° Peer Review process for the NDPBs - with teams made up of DCMS officials, senior officers from other NDPBs and senior representatives of third tier bodies from the NDPB's sector
- Funding Agreements should concentrate targets in those areas where particular improvements are needed to address specific strategic objectives
- develop a better process of knowledge management about best practice across the whole sector, both in terms of delivering against strategic objectives and in core managerial competencies
- the Department and the NDPBs should sit down together and review what data are really useful and are actually used
- the nexus of targets and indicators included in Funding Agreements needs to be looked at

- NDPBs need to be positively encouraged to present the targets they believe are meaningful but to submit to challenge on them
- the Department, and NDPBs, along with the Treasury and the Cabinet Office, should review the need for detailed reporting and monitoring
- a simplified approach should apply to appointments. Where a proposed appointment falls clearly within Government guidelines, there should be a presumption against intervention beyond the minimum formal requirement.
- a clear agreed statement about the roles and relationships is needed with agreed protocols for communication and courtesy
- a small group drawn from DCMS and NDPBs, to identify information needs and how to meet them
- in addition to ensuring an adequate research capacity, DCMS should address the need for more specialist economic expertise in-house
- the Government Office Representatives and the Regional Cultural Consortia are a welcome initiative but will require extra resources if they are to fulfil their potential

Strategic and business planning

- allow at least three months to complete the planning process
- devote some thought to where the Department wants to be in ten years' time, again relating this to strategic objectives. A conference with key NDPB and other stakeholder representatives, together with relevant academics, could help DCMS to formulate its thoughts on this.
- devote a Management Board meeting to clearance of the Business Plan and to agreeing on strategic priorities for the coming years

- everyone in the Department should be able directly to relate her or his individual plan to the wider objectives and aims of the Department.
- it would be timely for the Board to set aside time to take stock of their own strategic management arrangements, to critically reflect on what else it needs to do to reinforce corporate behaviours.
- the performance management system for members of the Board and management teams should place at least as much emphasis on delivering against corporate targets as it does against departmentally specific objectives
- if the Department is to demonstrate its seriousness about diversity, hard and measurable objectives, expressed in terms of outcomes, must feature in its planning at all levels from the Departmental to the individual
- consider using one of the various models for diagnosis which have been used successfully in other Departments
- consider whether it is worth retaining its present stated values or whether it should come up with a fresh set
- performance appraisals should be closely aligned with business planning.
- review Management training to ensure that managers are properly trained for the challenges which they face

Strategic Capacity

- create a flexible central unit
- set up a Bank of Advisers and networking capacity
- set aside a percentage of operational budget each year as a corporate fund

Staff

- the Management Board needs to pay particular attention to the role and capacity of Personnel in the next planning round
- continue to attach importance to getting the management of vacancies right: the need to produce action plans under the “Bringing in Talent” head of the Modernising Government agenda provides a good vehicle for doing this
- agree firm proposals with Ministers to combine a better service with less demand on staff

Reduce the eighteen-day deadline for replying to letters; target improvements in average response times.

Poor drafts should be returned to Divisional Heads for personal action, and training of the staff involved.

Private Offices should specify exactly what briefing is required and refer back when they get poor or unnecessary material. The Secretary of State, in particular, requires only minimal briefing.

Ministers should resist the temptation to reply on matters which are an NDPB’s responsibility. Where, for example, a letter concerns the conduct of an NDPB or the content of its outputs, Private Offices should send out a stock acknowledgement saying that it is for the NDPB to reply and that the letter has been passed to it.

There should be more standard acknowledgements.

Where there is a write-in campaign or an immense number of letters on broadly the same subject, the Division should produce a stock letter which Private Offices can issue without further reference to them. Where the issue is more complex the Division should rapidly produce a leaflet setting out the position and the answers to frequently asked

questions, which could go out from Private Offices with no more than a cover note and acknowledgement.

Where a large number of letters are received from a particular lobby, Ministers should be readier to write a letter to that lobby's newsletter, if there is one, to which Private Offices could refer in a stock reply.

- vigorously address poor performance
- encourage the development of a 'peer assist' culture
- set up a small group to decide how best to achieve a single information database

ANNEX B

EXAMPLES OF GOOD PRACTICE

We encountered many examples of good practice, Some which may be of wider interest to other Departments are:

1. Vision

The Secretary of State and the Department have succeeded in identifying, communicating and reinforcing to staff a clear vision. It is remarkable that almost all of the staff we interviewed knew and understood this vision.

2. Communication

Internal communication flows well, both up and down. The regular six monthly meetings of the whole Department and the new initiative of Heads of Unit giving presentations to the Board are some examples. Junior staff remarked that, “if I had an idea the Board would listen.”

3. External Presentation

DCMS’ publicity material – and, particularly its annual report – are excellently presented and reinforce the image that the Department is trying to create.

The Department’s reception provides an exemplary service at all ours. This is a contracted-out service whose practices and training are worthy of imitation across Government.

4. Joined up Government

The Department has used different vehicles effectively for different purposes:

- the **Education Unit** has succeeded in providing a focus both for cross-cutting work within DCMS and for managing the Department’s relationship with DfEE. The Unit was described by its customers as, “willing to take risks,” “recognising that the whole is greater than the individual” and “less constrained by dogma.” It was also praised throughout DCMS for its ability to cut across the Department and achieve results.
- the **DTI/DCMS Joint Team on Broadcasting** is a successful example of interdepartmental working which shows how careful planning, open communication

establishing each other's goals and working together to achieve them can bear fruit.

- the **Local Government team** have succeeded in bringing people together across the Department and throughout the field by good communication and clear identification of common issues.
- the **Tourism Summit** brought together people working in the many different areas impacting on tourism and engaged staff across a wide spectrum in addressing shared issues.
- The Arts Division has attracted **high calibre lunchtime speakers** to talk to people from across the Department.

8. Bottom up business planning

The **Arts Division** provides a good example of how good leadership can involve people in creating a business plan owned across all levels of the Division and how to avoid being distracted by the nuts and bolts of form filling.

9. Regional Strategy

The **Local Government Strategy, Regional Cultural Consortiums and the Government Office Representatives** show how even a Department as small as DCMS can take action to shake off its London bias and build a regional presence and networks.

ANNEX C

EXAMPLES OF CORPORATE BEHAVIOURS

Consistently welcomes and demonstrably acts on feedback from others about own performance – generically and on specific occasions

Readily makes available key resources to ease pressure in areas of high corporate importance outside own accountabilities

Attends meetings prepared but with an open mind. Is persuadable and responsive to arguments; gives information on own special areas but does not push or over-defend them at expense of wider corporate interests.

Actively seeks to identify areas where jointly or collectively achievable outcomes will add genuine value.

Takes the initiative in identifying areas of actual or potential conflict between different areas of responsibility and in taking steps to resolve them.

Never regards knowledge as power to forward narrow interests: willingly shares it with colleagues who need it to do their job or to take informed collective decisions.

Willingly works to achieve practical solutions to problems of wider importance outside own accountabilities; welcomes input from others when these problems are within own accountabilities.

Unfailingly supports publicly both colleagues and corporately agreed policies or lines of argument; takes active steps to familiarise self with the latter