Strengthening leadership in the public sector
A research study by the PIU

Contents

Executive summary

Key findings

1   Britain's public services face unprecedented challenges at the start of the 21st century. They include:

- demands to modernise public services and orient them more closely to the needs and wishes of customers;

- higher expectations on the part of the general public, who expect public services to keep up with private ones;

- increased opportunities, and requirements, for partnerships both across the public sector and with private and voluntary organisations;

- pressures to harness new technology and deliver government services electronically.

2   There is much excellent leadership in the public services today. But there is evidence to suggest that:

- the public services are not attracting or keeping the best leaders, and do not have sufficiently robust strategies for recruiting them to the posts that matter most; jobs and careers in the public services are undervalued, and top leadership jobs are, arguably, underpaid. Too few organisations seek actively to recruit the best leaders;

- there are many leadership development initiatives and new leadership colleges are being set up. But there is little evidence so far as to their effectiveness. And too little attention is paid to the growing importance of leadership across organisational boundaries, or to learning between different sectors;

- public service leaders are often unable to lead effectively because others fail to give them the freedom, the support systems or the challenges that will permit them to do so.

3   There is little shared understanding of the qualities required for effective leadership in today's public services.

- Leadership theory is riven by conflicting interpretations, in a full spectrum from those who emphasise the primary importance of personal qualities to those who say that systems are all-important.

- Leaders themselves often do not understand the reasons for their own effectiveness.

- There is a lack of the most basic information about leaders and leadership in the public sector: data on career progression, turnover, wastage rates, and systematic tracking of the career moves of individuals.

4   Magic solutions - such as wholesale import of leaders from the private sector or big increases in pay – will not address the public sector's leadership problems. To achieve sustained change requires action at every level – from leaders themselves, from those to whom they are accountable, from human

resource directors and those shaping public services at all levels of government. This action should include:

- striking a better balance between the freedom to lead and the ability to hold public service leaders to account for their performance;

- more vigorous approaches to recruitment and selection by individual public service organisations, such as schools and NHS Trusts, and better marketing of the opportunities the public sector offers; and

- more intensive development of leaders and potential leaders, drawing on best practice, and with a stronger emphasis on joining-up across sectors.

These actions can be taken forward by the Cabinet Office, using its existing forums – the Public Sector Employers Forum and the Public Sector Leadership Development Forum.

Understanding what works

5   Fundamental to improved leadership is **a clearer shared understanding of what leadership behaviours work in delivering today's public services.**

6   Parachuting in charismatic super-leaders to solve crisis situations may be necessary in some circumstances, but is not sufficient to deliver a systemic reinvigoration of public sector leadership. Leadership is a complex task – and often depends on organisational and structural change.

7   Most of the work in improving leadership has to be driven forward by departments and agencies themselves. But in the long run it will also be important **to develop a research programme to underpin work to increase the pool of public service leaders.** *We need to urgently establish how to improve the evidence base for recruitment planning in the public services. Best practice in leadership development should be shared across public sector organisations.*

Marketing jobs and careers in the public services

8   The government must **offer a better deal for public service leaders** to make the public sector more attractive. This should build on attractive careers, conditions of work and valuing expertise, but with a new emphasis on public sector values, on pay and valuing outstanding leadership**.** *A group of high-level leadership champions drawn from leaders in the field should be established to raise the profile of public service leadership and help "sell" a better deal for public service workers and leaders. The public service should articulate its core values more explicitly. Pay should be adjusted where it is shown to be a barrier to mobility. A new award scheme to recognise outstanding public leadership should be explored further.*

9   Public services require **a more mobile workforce and a wider pool of leaders.** This requires them to harness benefits from a more joined-up approach to recruitment, development and promotion across sectors by taking a much more cross-sectoral approach to recruitment to posts.

10   Within that context public organisations should pursue **more active recruitment** to attract more of the best and brightest leaders for the public services - both for graduate entrants and at higher points in career progression, including formal leadership roles. A cross-sector national fast stream programme would be very attractive. ***Work should be undertaken on strategies to recruit, develop and reward leaders to widen the pool of leaders from inside and outside public services. Specific targets for improvement should be set for 2001-2003. Recruitment approaches should be joined up across sectors, both nationally and regionally. A regional pilot to develop a cross-sectoral fast-stream should be developed.***

Development for leaders

11   Across the public sector, there is a need **for better development of leaders,** with greater emphasis on learning across sectors. Taught programmes should be used where appropriate, but combined with informal development such as mentoring within and across sectors. Secondments are an important tool for individuals' development that promote understanding between "centre" and "field" and help promote joined-up service delivery**. *A "sponsors group" should meet regularly to spread best leadership development practice across sectors. A public service secondment scheme, funded centrally and by participating organisations, should be established to help defray the cost of seconding staff.***

Freedom to lead

12   Public service leaders require **appropriate challenge** from those to whom they are accountable (politicians, non-executives and inspectorates). But they also need to be given **the space in which to lead** from politicians and central government**. *Policy-makers should more systematically take account of the effects of policies, guidance and legislation in either encouraging or constraining leadership. Departments should ensure that relations between politicians and chief executives are clarified and promote initiatives in joint training of political and administrative leaders. Inspection bodies should collectively look at leadership performance. Non-executives should be trained in best recruitment practice and in the effective holding of leaders to account for performance. The PIU should undertake scoping work on a project to examine in more detail the options for encouraging greater entrepreneurship and risk within the public sector.***

1 Introduction

The project's aims and objectives

1.1   Britain's public services today face unprecedented challenges. More is being asked of public sector leaders than ever before. There are strong demands from both the public and politicians for improved public services in the UK – for better health outcomes, higher educational standards, more effective action to tackle crime and social exclusion.

1.2   This project was set up to improve understanding in the public sector of how it can attract the leaders - and the leadership - to deliver public services for the 21st century.

Project scope

1.3   The project has not aimed to contribute to the theory of leadership. It focuses particularly on three major areas of service delivery - health, education and local government. It avoids detailed recommendations on civil service leadership (the subject of separate work as part of the Modernising Government agenda). But it has drawn lessons from across the public and private sectors, including for example the setting up and running of Executive Agencies to deliver central government services. It has explored issues relevant to public services as a whole as well as those that relate more narrowly to the public sector.

1.4   This report does not attempt to define a "one size fits all" template for modern public sector leadership. Nor does it set out a detailed list of actions needed which would "solve" the leadership problem. The complexities of the issues, the inter-relationships between leadership and other aspects of organisational performance and the extent to which different sectors have different issues to deal with do not lend themselves to such an approach. Rather the report aims to promote a more systematic approach to leadership in the public sector by signalling directions for individuals and organisations to consider.

The project method

1.5   The project has:

- reviewed available data and commissioned additional statistical research;

- taken stock of existing studies of leadership in the public and private sectors (see literature review in Annex D);

- learnt from best practice in the public and private sectors and overseas;

- met and learnt from the experience of a large number of current public service leaders, both individually and in cross-sectoral workshops. Their comments are reflected throughout the report. (A list of individuals consulted is at Annex C, and an account of the workshops at Annex E); and

- worked with an Advisory Group representing public service leaders, chaired by Estelle Morris as Sponsor Minister (details are at Annex B).

1.6   This report is part of a wider process for the improvement of leadership in public services. Many central and sectoral initiatives concerned with public leadership are already under way (see Annex F for details).

1.7   Not all of this report is equally relevant to each sector, though much is capable of wide application. The chapters that follow set out the way ahead in general terms. But it will be for individual sectors, for those close to service delivery, and for a number of cross-sectoral groups, to determine for themselves the details of implementation.

Structure of the report

1.8   This report describes the problems that it tackles, a vision of the future and the key solution areas. Accordingly, the chapters that follow are:

- Chapter Two: The challenge of better leadership
- Chapter Three: Public services and public service leadership today
- Chapter Four: An environment that promotes good leadership
- Chapter Five: Recruiting leaders
- Chapter Six: Developing leadership
- Chapter Seven: Next steps.

2   The challenge of better leadership

Summary

The public sector is under pressure to improve service delivery and cooperate more effectively. As a result there is a growing demand for leaders and leadership able to carry out these tasks, and to see through fundamental processes of change.

The public sector does not have a good diagnosis of the strengths and weaknesses of its leadership. The analysis that does exist suggests that good leadership remains too rare a quality.

If leadership is to be improved in the public sector, then two key challenges must be met:

- The operating environment must promote good leadership. The structures and culture of the public sector often work to constrain leaders and to prevent the development of true leadership. Some of the features of the public sector environment cannot and should not be changed. But others can be modified. If they are to be effective, public sector leaders need sufficient freedom to lead and to be supported and challenged by others within and beyond their organisations.

- The supply of effective leaders must be improved, both from within the sector and from outside.

2.1   The complexity of the public sector, the variety of leadership challenges within it, and the many competing views of leadership mean that hard evidence is not easy to obtain. Nonetheless, there is a consensus that across the sector the problems of leadership are growing.

Good leadership is too scarce in the public sector …

2.2   Leadership has for some time been identified as a key determinant of the success of organisations. Research suggests that creating the appropriate climate within a team can account for approximately 30% of the variation in its performance and that the leader has a critical influence on this climate. About 70% of organisational climate is influenced by the styles (or consistent patterns of behaviour) a leader deploys in relating to others within the team.

2.3   However, with some exceptions, such as the work that has looked at excellent headteachers, there is little evidence about what makes for good leaders and effective leadership. Little work has looked over time at the qualities of individual leaders, and the extent to which they are able to perform to their potential.

2.4   Evidence that does exist shows that there are many examples of excellent leadership in the public services today. Some of these are reported in the project case studies running through this report and the project workshops

summarised in Annex E. But the analysis also suggests that good leadership is still too rare.

2.5   There are many signs of a scarcity of top-level leaders within the public sector, including:

- public reports and inquiries and the work of inspectorates such as Ofsted which identify leadership shortfalls as causing failures in service delivery, and variations in the standard of service delivery;

- the small numbers of good candidates for some critical public sector leadership posts - for secondary school headteachers in urban areas, for chief executive positions in the most complex NHS trusts and for Directors of Social Services; and

- the difficulty the public sector has experienced in finding leaders able to carry through change programmes, to implement major IT systems or to promote a culture more focused on results and delivery.

2.6   There is also strong evidence that the public sector finds it hard to successfully recruit high quality top leaders from other sectors, and to secure the most able potential future leaders:

- Direct recruitment of top leaders from the private sector has proven difficult. When it has been tried, notably in the NHS in the 1980s (see Chapter 5), it has met with mixed success.

- The public service does not attract enough of the "brightest and best" young graduates. In very recent years, even the Civil Service fast stream has struggled to fill its annual quota of entrants. This is mainly an indication of difficulties in filling specialist posts, and it is unclear to what extent it will continue. However, there is good anecdotal evidence that other sectors lose out to a greater degree.

2.7   In itself, this evidence points to a worrying shortage of high quality leadership.

… and the demands on leaders are growing

2.8   As in the private sector, public organisations face new pressures to adapt, learn, innovate and keep up with the best performers. Amongst these new pressures are:

- more rapid technological and other change, creating new opportunities and threats and allowing greater integration across a range of organisational boundaries (with a public sector commitment to put all services online by 2005);

- greater organisational complexity, as new technology and organisational forms combine to promote new ways of organising service delivery; and

- increased consumer expectations of service delivery, together with a more complex array of other demanding stakeholders (see Box 2.1).

Box 2.1: Rising public expectations

> "Public services in the past tended to be something which people got, not as a right but as a favour bestowed at the discretion of the State. Along with that went a tacit understanding that the service might be a bit shabby, slow and bureaucratic. But that was the price of getting something free. The public were expected to accept that a public service would not be as good as something which you paid for. That is not how most people see it now. People expect from public services the standards which they themselves are expected to provide in their own jobs. They expect service of the kind which they would get from the private sector."
>
> *Sir Richard Wilson, Cabinet Secretary, 2000*

2.9   Some of the factors are unique to public services. These include:

- an increased demand for public sector problem solving, particularly in relation to cross-cutting issues, such as social exclusion and the environment;

- an increased pressure for seamless, personalised services, so that even where many agencies are involved, services meet the needs of the user, rather than the organisational convenience of the producers;

- far greater porousness between sectors. The delivery of many public services now involves elements of the public, private and voluntary sectors;

- greater pressures for continuous improvement, innovation and learning; and

- the challenge of coping with a more complex political and institutional architecture which includes devolved administrations, regional bodies and the European Union.

2.10   Taken together, these increased demands on organisations create a need for highly effective leadership and a requirement for new leadership skills. Alongside pressures on leaders to deliver "vertical" services more effectively (public demand for shorter waiting lists and higher school standards, for example), there is a greater demand for "horizontal" leadership within and across sectors. Leaders today are less able to manipulate the world through traditional "command and control" methods. They need to collaborate more, manage change through others and focus on customers whose problems may not be susceptible to solution by a single agency.

2.11   Above all, there is a need for leaders who are able to see the whole picture, and create a common vision with other agencies. Studies of leadership in other fields have consistently highlighted the importance of leaders being able to offer compelling narratives to their managers, staff and the public - narratives which make sense of the challenges their organisations face. These qualities are particularly important in complex areas requiring cross-agency cooperation. Findings from the project case studies and workshops suggest that many public service leaders demonstrate these qualities. However, they often lack a full understanding of why it is that their approach is proving

successful – and of the qualities that need to be recruited for and developed in their teams and in their successors.

To spread excellent leadership more widely, the public sector must overcome two key challenges

2.12   Meeting the challenge of the new pressures on the public sector will require excellent leadership to be the norm rather than the exception. If this is to be the case, then two significant challenges must be met.

The environment and structures must promote good leadership

2.13   At present, the environment within which public sector leaders operate contains important barriers to good leadership. Some of these are discussed in a wider context in the PIU report *Wiring it Up*, and the findings of this project's case studies and workshops contribute further to our understanding of them. Key structural and cultural barriers within the public sector include the following:

- The public sector has an aversion to risk. Essential leadership behaviours, such as defining and communicating radical goals and achieving them by unconventional means, contain inherent risks. This sort of risk taking tends to be discouraged, and leadership along with it.

- There is a blame culture in the public sector. The public sector tends to be intolerant of failure and can make people working in the sector overly cautious about trying new and different approaches. This reflects fears that the media and parliament are much more likely to penalise failure than to reward success. The attempt to eliminate failure can therefore hamper the development of leadership and prevent the creation of learning organisations.

- Unlike in the private sector, where the results of successful leadership are clear both for organisations (in terms of their growth) and for individuals, successful public sector leadership may provide few tangible results, with few opportunities for reward and recognition.

- There is often unclear division of labour between elected ministers or councillors and officials. Official leadership is made easier where politicians are able to set clear objectives, and to leave officials to lead and manage within those parameters.

- Leaders are not always given enough space to lead – almost by definition leadership involves making choices, rather than being solely an agent for decisions made elsewhere. Excessively tight control, and the coexistence of multiple levers of central control, can easily corrode the capacity to lead. Central government in particular should think carefully about how it defines tasks and rewards for leaders in the field.

- Leaders are not always effectively challenged. Inspection regimes and non-executive members of management boards could be more effective in

holding leaders to account and in challenging them to improve their performance.

- Leadership is undervalued in some parts of the public sector. Although it is taken very seriously in some areas – such as the Armed Forces – others have not paid sufficient attention to finding, developing and valuing leaders.

2.14 The nature of the public sector means that not all of these barriers can be removed. The fact that the public sector is responsible for spending public money means that it has to have a different attitude to risk than the private sector. The work of the public sector cannot, and should not, be detached from political accountability. A key part of effective public sector leadership lies in dealing effectively with these constraints. Nonetheless, if leadership in the public sector is to be improved, then attention must be paid to removing environmental barriers as far as possible and to developing an environment that nurtures and rewards leadership. That is the subject of the next chapter.

The public sector must create a strong supply of good leaders

2.15 Widespread high quality leadership depends critically on recruiting and developing people with the skills to lead. Several factors stand in the way. In the first place, the public sector may not be perceived as an attractive career option. In part, this may be a consequence of some of the features of the operational environment described above. Perceptions about pay, conditions of work, progression and the value placed on the work may also contribute.

2.16 However, public sector organisations have not always made the most of their undoubted attractions as employers. The fragmented public sector employment market has made development of a coherent strategy for public sector recruitment difficult. Many employers (schools, NHS trusts and local authorities) have faced related problems alone with no mechanism for producing a joined-up response.

2.17 A similar picture emerges in relation to leadership development activities. Lack of clarity about what makes leaders effective is reflected in lack of clarity about what makes leadership development programmes effective.

2.18 The two key challenges facing the public sector in creating a strong supply of effective leaders are:

- effective recruitment for leadership, whether recruiting people to take on major leadership roles, or at lower levels as future leaders; and

- developing leaders effectively, to bring out the potential of those who will take key leadership roles in future.

2.19 Tackling these two challenges is the subject of Chapters 4 and 5.

2.20 The Cabinet Office should expand and strengthen the Public Service Employer's Forum (PSEF) as an HR strategic forum to take forward recommendations of this report and to improve recruitment, retention and

development for leaders across the public service over 2001-2003. Further work is required on the funding of this work programme.

3   Public services and public service leadership today

Summary

Leadership has some important common features across all sectors, but must also be adapted to the distinctive context of public services. The public sector itself is highly diverse in character, governance and size. Its boundaries have changed in recent years and will change again, and the concept of public service extends beyond the public sector. Nonetheless, some features of the public sector clearly distinguish it from the private sector: the political context, funding arrangements and accountabilities; the lack of market competition; the pressure to collaborate horizontally; and the distinctive ethos of public services.

A vision for effective leadership needs to reflect these features. It also needs to recognise:

- personal characteristics that are not based solely around magnetism or charisma but also around the ability to motivate and bring the best out of others;

- organisational skills that recognise the complexity of modern organisations and focus on defining and communicating mission and strategy rather than issuing commands;

- the ability to work well with other organisations to define and achieve common goals.

3.1   This chapter looks at the nature of leadership in today's public services, and sets out some principles for public service leadership for tomorrow. Specifically, it looks at what kind of leaders - and leadership behaviours - are needed in the public sector in a highly networked world less amenable to "command and control" techniques.

There are a variety of leadership challenges in the public sector

3.2   Leadership tasks in the public sector are hugely varied – involving different types of role and different scales of organisation. Table 3.1 sets out some of this diversity.

Table 3.1: Relative size of organisations in education, health and local government

Organisation type	Number of organisations	Average staff (full-time equivalent)
Primary school	18,756	11
Secondary school	3,560	56
NHS Trust	373	1,811
Health authority	99	151
Single-tier local authorities	138	6,910
Two-tier local authorities	272	1,000

3.3   This variation in the size of organisations within the public service has become more relevant in the past 20 years with changes in governance arrangements. Government policy has replaced administrative hierarchies with sets of organisations with their own identity and individual sense of mission e.g. devolving management to schools, setting up NHS Trusts and creating Executive Agencies.

3.4   The level of local discretion in service delivery also varies widely. Some services are directly delivered by central government, through Executive Agencies or their equivalents - for example, most of the tax and benefits systems. NDPBs deliver a wide range of public services, operating at arm's length from government. Other services, such as education and housing, are delivered through local authorities; and others again by organisations with high operational discretion – such as the 43 local police forces, or the discrete operational units that make up the NHS.

The public services today demand a distinctive approach to leadership

3.5   This project, drawing on a wide range of evidence from workshops, case studies and research, has developed a vision of some characteristics of good leadership. Some of these characteristics arise from the distinctiveness of the public sector; others from wider principles affecting all organisations. Boxes 3.6–3.9 at the end of the chapter set out some examples of successful leadership drawn from the project case studies – and highlight some of the constraints leaders have faced in practice.

There are generic dimensions to public sector leadership …

3.6   Despite the variety of public sector organisations described above, there are some generic features of good public service leadership. These arise partly from the nature of political leadership and accountability described in Chapter 2, and partly from the public sector's distinctive culture and ethos. A further key distinguishing characteristic is that service delivery in the public sector tends to be *cooperative, not competitive*:

- Collaboration is a critical dimension of modern leadership in public services because the final objective is not the interest of the individual organisation but rather fair procedures and overall outcomes. The police cannot reduce crime, or the NHS arrange effective care for the elderly, without involving a range of other organisations.

- Some public sector bodies, such as schools, must maintain customer numbers in a quasi-market with elements of competition. But many private sector concerns, such as developing new markets, or achieving a return on capital, are not shared by public service leaders.

3.7   The nature of the challenge facing the public sector today – to deliver joined-up services through networks and loose coalitions – explains many of the project findings. While there may be situations that call for a charismatic super leader and others that require a "quick fix", the norm will be that leaders need

to manage continuous change across complex systems not amenable to a traditional "command and control" approach. This will be the case in any public service that demands leadership from the front line, since determining the best front-line response will rely on information not available to a central point of control. But while central command is often neither possible nor desirable, leaders now need more than ever to be able to communicate an overarching mission and sense of purpose to a staff and the organisations they work with. Box 3.1 is an example of a changing conception of leadership partly in response to new challenges of this sort.

Box 3.1: Ofsted and school leadership

> Ofsted regards improved school leadership as critical. It may be that leadership is a proxy for a more complex pattern of factors affecting achievement in schools. But changing the headteacher has been found to be the most successful means of taking a failing school out of "special measures".
>
> It is instructive to consider the evolution of Ofsted's approach to school leadership as set out in the table below. Ofsted today considers a number of factors, including how efficiently and effectively the headteacher and staff lead and manage the school and how they monitor and evaluate its performance, diagnose its strengths and weaknesses and take effective action to secure improvements. Inspectors consider the extent to which leadership ensures clear direction for the work and development of the school, and promotes high standards.

Phase 1 1993 – 1995	Leader as administrator	Importance of knowledge, time-serving
Phase 2 1996 – 1997	Leader as charismatic personality	Importance of personality traits
Phase 3 1998 – 2000	Leader as evaluator and enabler of processes that provide vision and direction	Importance of processes that adapt to complexity in the environment

3.8   This means that:

- *personal* characteristics of effective leaders are based less around charisma as is sometimes assumed, than a range of less high-profile qualities. Leaders must be able to think carefully about their roles, know how to give responsibility to others without passing the buck, communicate visions, values and priorities well, bring the best out of people and be willing to learn;

- in *organisations*, leaders must not cast themselves as top-down commanders. The complexity of relationships in modern organisations calls for a different approach. The leader's role is about defining and communicating a mission for the organisation, getting the most out of those who work in it and above all keeping sight of the service that is provided to the public, rather than focusing on the organisation's internal interests; and

- working effectively with **other organisations** is today an essential part of the leader's role. In this respect, good leaders are people who can see the importance of making wider connections, are sensitive to needs within the locality and find effective ways of participating in partnerships and build coalitions, joint ventures and inter-organisational networks.

3.9 The experience of headteachers also confirms one other point: to be effective in difficult conditions leaders still need to be tough; not shy of conflict; clearly focused on their end goals, and able to convince enough of their staff that painful transitions will lead to improvements in the long run.

3.10 These various points were confirmed by the project's cross-sectoral workshops. Figure 3.1 sets out the view of leadership in the public sector that emerged from the self-reports of the workshop participants.

Figure 3.1: Workshop findings – cross-sector leadership qualities

Leaders:	**In organisations**, leaders:
• are reflective – they are self-aware of their own behaviours and actions, and the impacts they have on others • know that they cannot lead alone • draw on multiple perspectives • believe in us more than we do ourselves • have courageous patience • take time • ignore ridicule • know how to create trusting relationships • treat the short term as if it were the long term • are consistent • demonstrate integrity/independence • can dissent for the sake of the task • use feedback • rely on and know how to foster our commitment and creativity • know we are only motivated by meaningful work • desire to be included and fear being left out • know how to support and appreciate • are gladly accountable • state what really counts • give an account of what they've done (retrospectively) • hold themselves accountable for the whole • fail – and learn from failure.	• know that it is the identity of an organisation which determines its outcome, and hence focus on defining and reinforcing that • use participative processes to solve intractable problems • value multiple perspectives • focus on creating possibility rather than identifying and fixing problems • make organisations safe for people who don't "fit" and, by so doing, add richness and perspective • communicate by coordinating behaviour • have minimum standards and act decisively when breached • are connected to the daily reality of their staff and users • know that the public they serve are the meaning, not the problem • use political demands as catalysts for doing what really matters, not as an end in themselves • push control down • know outcomes are too important to be left to measures alone.

Working with other organisations, leaders:
- use different models of partnership (cooperative, collaboration, co-evolution) depending on the circumstances
- seek strong partners, and build "fair trades" between them
- recognise that intermediaries can distort, and buffers protect
- know they can't do it on their own
- understand that making connections is core business
- build community.

3.11　None of this is to underestimate the importance of other, harder-edged generic qualities which remain important for leaders. These include the ability to hold others to account, and knowing how to set and monitor targets to improve performance standards.

… But there are also important differences between sectors …

3.12　The cross-sectoral dimensions of leadership do not give a complete account of the qualities required of leaders today. There are important sectoral

dimensions of leadership – leadership in the NHS is not the same as leadership in schools.

3.13 Boxes 3.2 and 3.3 below set out the findings of recent studies of leadership behaviours in education and defence. These set out two sectoral views of leadership but which draw on a range of generic leadership qualities.

Box 3.2: Characteristics of excellent headteachers: secondary schools

Personal values and passionate conviction

- Respect for others
- Challenge and support
- Personal conviction

Creating the vision

- Strategic thinking
- Drive for improvement

Building commitment and support

- Impact and influence
- Holding people accountable

Planning for delivery

- Analytical thinking
- Initiative
- Transformational leadership
- Teamworking
- Understanding others
- Developing potential

Gathering information & gaining understanding

- Social awareness
- Scanning the environment

Research by Hay Management Consultants

Box 3.3: Nine essential features of leadership – an MoD view

- **Inspiration** – ability to enlist the active and committed involvement of a critical mass of followers;

- **Empowerment** – ability to devolve power and authority to take action to others in pursuit of outcomes;

- **Personal strength and sensitivity** – self-discipline, high self-awareness and robustness, combined with empathy for others situations and feelings;

- **Recognition and support** – loyalty, capacity to show and voice appreciation of others' contributions and provide the backup they need to contribute effectively;

- **Team building** – capacity to form and maintain capable, focused groups (leaders succeed by helping their teams and groups to achieve results);

- **Articulate vision and values** – ability to see and communicate a clear and well-judged purpose and the values that inform it;

- **Innovative challenge** – ability to see the flaws in existing policy and processes and ways to do things better;

- **Example** – ability to set an example and display the values and behaviour required of others; includes integrity, courage and commitment; and

- **Decisiveness** – ability to make timely, clear decisions consistent with values and vision.

From Sustaining the Leading Edge; A report on leadership training and development *by the Modernising Defence People Group, April 2000*

… And leaders need to be able to adopt a range of styles

3.14 Leadership styles can range from the highly coercive ("do it or else") through very soft affiliative styles ("people's feelings before everything else") to coaching ("helping and supporting others to develop"). Different styles suit different situations. An affiliative style might be effective when a team has been traumatised by an experience, but much less effective when poor performance needs to be dealt with.

3.15 One of the key findings of research into this area is that the most effective leaders are able to use a range of styles in dealing with different situations. Analysis of a subset of the most successful headteachers in the DfEE leadership development programme showed that heads from high achieving schools demonstrated five dominant leadership styles. Heads from schools in "special measures" schools only demonstrated one dominant leadership style: coercive.

3.16 One highly distinctive style, suitable to a clearly defined but narrow range of circumstances, is that of the "trouble-shooter" – the interim leader "parachuted in" to deal with change on a short-term basis. Leaders dealing with crisis situations (in any environment) often need to be highly directive, as Box 3.4 suggests. Turning the situation around is of paramount importance and the

need is for strong leadership from the front, rather than concern for people's feelings or longer-term development.

Box 3.4: Trouble-shooters: their uses and qualities

Private sector experience with interim managers is in two areas: filling a gap in regular company succession (often created by radical de-layering and downsizing); or managing the transition through a major change. Appointments vary from a few weeks to several months. Some companies attempt to recruit interim managers to a full-time position at the end of the secondment, but the vast majority of employers and interim managers regard the relationship as temporary, with defined targets to be met.

There is some consensus across the industry around the key skills and attributes of the most successful individuals:

- Leadership

- Political (organisational) awareness

- Influencing

- Analytical thinking

- Energy

- Achievement drive

- Independence

- Multi-company (ideally multi-cultural) background

- Substantial experience in relevant areas (interim managers are often appointed at lower levels than their natural one so there is no learning curve to slow them down).

Clearly, this style becomes disempowering after a while and is unlikely to lead to long-term sustainable change or performance improvement. As the crisis abates, the leader needs to play in a different set of styles to recruit support and sow the seeds for a shared commitment to change.

Leadership behaviours in action

3.17 There are clear differences between the styles and skills needed for:

- leadership within organisations;

- enabling staff to lead themselves; and

- leadership in partnership working.

3.18 *Leadership within organisations.* The example in Box 3.5 shows many of the leadership behaviours required for leadership of change within complex organisations – even where cross-cutting working is not involved.

Box 3.5: Cutting waiting times in an accident and emergency department

Leicester Royal Infirmary wanted to reduce waiting times for patients in the A&E department and a change project was initiated to address the issue. A cross-functional team was set up, comprising two doctors, two nurses and two ancillary staff. The team agreed a project plan to measure the flow of patients through the unit, identify bottlenecks and problem areas and develop recommendations to address issues.

The project work highlighted some key problem areas:

- Patterns of duty for doctors did not match peaks and troughs in demand.

- The working practices of consultants in orthopaedic clinics run through the A&E unit were causing bottlenecks.

- Communications with patients – particularly around anticipated waiting times - were poorly managed, leading to dissatisfaction and angry outbursts.

- The cleaning schedule for the unit was misaligned with demand – leaving the unit dirty and untidy during periods of maximum demand.

The project team put forward a number of proposals to address the problems, including:

- changing patterns of duty for doctors to cope with demand patterns;

- agreeing changes to working practices for fracture clinics so that consultants only saw complex cases, leaving senior members of their teams to manage simple fractures;

- changing the way that communications with individual patients were managed; and

- changing the cleaning schedule so that the unit was cleaned twice a day at critical times.

The outcome was that waiting time was reduced on average by one hour and patient satisfaction with the service increased.

3.19   *Leadership of organisations.* This example shows the importance of:

- *generating and hearing multiple perspectives:* change management in complex organisations does not depend only on those at the top of hierarchies. Rather, leaders need to draw on the full diversity of experience and outlook in an organisation. The greater the organisational diversity, the better an organisation is able to understand the complex external world and develop successful business strategies. Leaders need to bear in mind the value of multiple perspectives in recruitment. They also need to ensure that a diversity of viewpoints is heard, for example by spending more time on the front line;

- *"holding" situations of uncertainty:* exposing and dealing with previously hidden or unspoken concerns. This process can be unsettling, for both individuals and the organisation. However, it may be effective in dealing with issues that are deep-rooted and need a lasting solution. While new possibilities are being worked out, it is often the leader's job to hold and

maintain the tension and uncertainty until a satisfactory way forward can be found; and

- *managing boundaries effectively*: translating demands from the outside into roles for the organisation, and communicating what the organisation is doing to those outside. An effective leader needs to understand the wider context in which the organisation is operating, ensure that the primary task of the organisation is adapted as necessary, and protect the organisation from being overwhelmed by pressures from the outside world.

3.20   *Enabling others.* A key factor in successful leadership of change is enabling those in their organisations to lead themselves. Leaders need to accept the limitations of their own power but create a climate for others to exercise leadership through:

- *the dissemination of information* throughout their organisation: not reams of data copied to everyone but access to the key information and people needed; and

- *the articulation of organisational values* that are expected to govern behaviours. (Further discussion of organisational values is in Chapter 4 below.)

3.21   *Joined-up leadership across public services.* Partnership working with other agencies requires skills which have not been demanded of public sector leaders before. It requires collaborative work with other services, including the voluntary and private sectors, in relationships which are built on mutual respect, not formal authority and in groups where they do not share a common "language", cultural references or history. Goals may need to be achieved in ways which are perceived to "disadvantage" one organisation. This means that leaders must:

- *recognise the legitimate roles of others* and the validity of their viewpoints, and work within them rather than blaming others for shortcomings of the system;

- *negotiate effectively*: not only to protect the interests of their organisation but also to shape common goals and priorities and build coalitions. For example, in Reading CRED (see Box 3.9) local businesses give opportunities for jobs, schools give students, DfEE gives support; all benefit from reduced youth unemployment; and

- *acting as if responsible for the overall outcome*: to deliver joined-up outcomes – such as reductions in social exclusion - each leader may need to take some responsibility for the overall outcome regardless of their actual accountabilities and reporting.

Putting it all together: four examples of leadership in action

3.22   The following boxes illustrate the practical application of the principles set out above. They give a flavour of some of the best leadership in the public sector today.

Box 3.6: The Reading Creative Education (CRED) Scheme: innovation and leadership in education of excluded children

Leadership from a business education partnership in Reading brought together a range of local actors to address a central concern of the education system. But those involved worry that the system is not sufficiently open for such initiatives to work as well as they should.

This collaborative scheme uses work-related learning to improve the educational performance, self-confidence and aspirations of Year 11 pupils disaffected with traditional classroom teaching. A partnership between British Gas (BG), the local education authority and DfEE, it has doubled classroom attendance of the target group in its first year, and is being considered as a pilot for replication nationally.

The project was triggered by the personal leadership of people at the edge of the formal system – in particular Anne Wilson, head of the Education Business Partnership (EBP), who stimulated enthusiastic support from the BG Foundation and from the local education authority. Critical leadership tasks in this partnership venture included not just forging links with organisations but also connecting with existing system structures and priorities, and ensuring that the authorities felt fully engaged in the process. Delivery depended on many parties working together in collaborative teams. For example, the education and welfare services had to deal with pupil selection and retention, work experience had to be organised by the EBP leadership, and links to educational requirements and procedures had to connect with the LEA.

In the delivery itself, the leadership role fell to the project head, Nicola Gregson, a deputy headteacher in Swindon. Apart from experience teaching speech and drama and dealing on the job with Year 11 children, she had done the NPQH headteachers' training. She answered the job advert for CRED seeing "a real challenge where perhaps I could make a difference".

Her reflection of the leadership challenges to date included: a real risk in taking the job – which would take her slightly outside the system; some isolation from other professionals, from the normal ladder of status. From a positive view she has seen progress "seen in the faces of the students". The personal support from individuals in DfEE, the LEA and BG has "made it feel less risky". Problems of resources and funding have been dealt with quickly. Regular contact, communication, and talking with these supporters has been helpful. Finally, a focus on a specific vision and goal, with a small group has allowed "everyone to work together in partnership". When there are issues the small group "will not let problems go – they will tackle them quickly when they come up".

Despite its successes, this project raised issues about the process. Some of those involved observed:

- some conservatism, lack of involvement, and reticence amongst existing leaders: "heads suspicious and not convinced of British Gas' motives – the heads say you can't do this"; "DfEE slightly suspicious of the status of CRED"; "Heads do not attend our steering group enough";

- a poor context for LEAs to take risks and lead here through lack of central support for LEA role ("LEAs under attack – there is not a clear context nationally for LEAs in which to work"). This is often reinforced as a problem by weak local political leadership ("nobody has given local politicians clear guidance");

- barriers to local innovation and flexibility in the traditional public sector bodies: "Local Authorities, TECs etc are still operating a command and control system of leadership." Large bureaucratic organisations want to be identified with success, and are less eager to participate in a risk taking initiative; and

- too narrow selection and development paths for educational leaders: "good leaders may not necessarily have trodden the traditional route or have gained 'traditional' qualifications".

Box 3.7: The Defence Aviation Repair Agency: transforming service delivery in an inclusive style

This agency is in the process of a series of major changes, any one of which would be challenging, yet through the chief executive's focus on vision, values and strategy it is on target for its deliverables.

The Government's strategic defence review of 1998 changed the way the support chain is managed, which involved amongst other things amalgamating elements of the RAF Maintenance Group and the Naval Aircraft repair organisation into this agency under a single chief executive. It is the largest Government-owned aerospace repair facility in Europe.

The drive in this 7000-strong organisation is to reduce costs (20% reduction on output cost by 2005), while achieving the vision of being the preferred long-term supplier of lean support to the MOD and other customers. This implies a one-stop-shop for customers, working in major alliances and ventures with private sector suppliers, developing new ways of servicing defence customers in the field (e.g. through rapid response support). The aim is to open up DARA's market to sell overseas and to industry by conversion to a trading fund in 2001.

Changes presently under way include:

- setting up empowered business units under a new streamlined and strategic head office, supported by corporate-wide processes for finance, IT and HR;

- new core business processes aligned with stakeholder needs;

- integrated information systems built around Enterprise Resource Planning; and

- new people practices incorporating flexibility, reduced levels of management, self-directed teams, partnership with trade unions, and a new pay and grading structure.

Results to date have seen significant reductions in lead-times and turnaround and improved response through the primary repair.

Stephen Hill, the Agency Chief Executive, has been influenced by the idea of "vision, values and strategy" as the province of the Chief Executive and using strong accountability but empowerment for business and team leaders underneath. He strongly believes in managers "taking ownership of problems and solving them". He was heavily influenced by his experience working in the private sector at SERCO where as a project manager and director he was empowered.

Hill is positive about the role of ministers in visibly supporting and championing the Agency. He specifically mentioned events at the sites where the minister had joined staff and customers/alliance partners of DARA and had acted as a strong sponsor of the vision and the kind of changes taking place. He hopes that the motivation of moving to a Trading Fund status would not be disrupted by other political processes.

This is a classic example of enterprise transformation led from the top in an inclusive manner. It demonstrates many of the practices used in private sector cases that can be applied to a public sector organisation that is delivering a service. While much of the change is yet to be made and this must be considered "work in progress" an opportunity exists to share this experience elsewhere.

Box 3.8: Community Links, East London – David Robinson

This community activist runs a large network of local organisations, not through charisma or power, but by showing people what they can achieve for themselves.

Community Links is a broadly-based community organisation operating in Canning Town, East London. It has two clear objectives that guide all its work:

* to find better ways of solving problems in the community; and

* to involve directly the people affected in formulating and implementing these solutions.

This organisation started 21 years ago in the back-room of a community activist called David Robinson. Today it employs more than 70 staff and uses 450 volunteers to serve some 25,000 people. Its activities range from advice to battered women to local economic development.

The approach of Community Links can be illustrated through three examples of its activities.

* It has a wide network of advice work through local centres. One thing that distinguishes it from many advice services is the degree to which people move between being users, volunteer workers and paid staff. Around 80% of the front-line staff first became involved as users. This ties in with the philosophy of helping people address their own problems rather than importing solutions. Those training to become advice workers can get qualified up to NVQ level 3 through Community Links.

* *Apna Gha*, a network of support for Asian women who have suffered domestic violence, is a good example of a solution made possible by Community Links but devised by its beneficiaries. The difficulty had been the fear by such women that getting outside intervention would lead to the break-up of their families. The solution found enables women to access the advice and support needed to take their own decisions, and know their own options. Such a solution could not have been devised by community workers alone.

* A weekly newsletter spreads information across a wide range of projects. In putting communication at the centre of its activities, Community Links seeks to ensure that the projects it supports become more than the sum of their parts. As its name implies, its mission is to build linkages across the community.

In leading the build-up of this organisation, David Robinson has not sought to tell anyone how to run a project, yet has tried to make his organisation more than just the "landlord" of initiatives under its umbrella. The emphasis has been on showing people what is possible, in ways that they could not have found on their own. He sees his philosophy as the opposite of that of a "social entrepreneur", who provides the driving ideas behind a project, and often ends up pulling all the strings.

Yet an important challenge for the leader of an organisation that has seen such growth is knowing how to "let go" of some of its day-to-day control. It was some time before Robinson accepted the need for a professional financial officer, for example. At the same time, he does not see it as his role to be a professional manager: rather he sees himself as a catalyst of social action, and someone who can do some of the behind-the-scenes political and fund-raising work that allow the organisation to operate.

Box 3.9: Liverpool Housing Trust – David Bebb, Chief Executive: redefining the approach; keeping sight of the purpose

The leader of a housing association broke with previous practice to rent homes in new ways, combating the trend towards the creation of social housing ghettos. Carrying through such a change depended on intricate understanding of the situation of client groups and the ultimate social purpose of the sector.

This large housing association manages 10,000 homes, employs 250 staff and turns over £25 million a year. Its mission is to provide social housing for rent in the Liverpool area, but over the years the approach to doing so has changed dramatically. In response to significant changes in funding, and an increasing segmentation of the housing market so that increasingly the Trust was housing only the poorest, the organisation made three main changes in the way it operates:

- It expanded the range of housing it provides, to include unsubsidised and expensive rentals, for example, targeted at young professionals.

- It broadened its allocation – to its own list, to other community lists, and completely open.

- It took a hard line on disruptive tenants.

These changes in philosophy and purpose have been carried through by David Bebb, LHT's Chief Executive for more than 20 years, in consultation with a wide range of stakeholders. They are based on ideas about why the social housing system is creating perverse results, which are widely shared in housing associations, but difficult to act upon. Hence a fundamental change in outlook was seen as necessary.

The Housing Corporation as the funder/regulator was not initially pleased with the Trust's decision to build commercial developments without direct social purpose – but couldn't stop it, and is now more accepting.

David Bebb's leadership achievement has been to redefine the approach of a large service-provider in ways that go against accepted norms, and to juggle the resources and relationships needed to make the new approach work.

There is in this view a distinction between a private organisation where one has a commercial bottom line, and one with a social purpose where desired final outcomes cannot be so easily formulated. If, for example, the association's purpose were seen mainly in terms of increasing the number of lettings, the commercial activities that LHT is getting involved in could too quickly become an end in themselves. If, on the other hand, the traditional housing association's objective of meeting demand for affordable housing from deprived social groups were taken as fixed, the change in approach described above would not have been initiated. Bebb's insight came from an intricate appreciation – requiring a high degree of social understanding – about what it is that prevents communities from working when deprivation becomes too concentrated, and what improvements might help save some of them.

4 An environment that promotes good leadership

Summary

This chapter examines how politicians, non-executive directors and government more generally can contribute to the effectiveness of executive leaders, by ensuring that:

- they have sufficient freedom to lead; and

- they are effectively held accountable for their performance.

Local government has started to work out clearer roles and relationships between cabinets, scrutiny processes, and managerial decisions so that local authorities can lead and govern local communities and deliver high quality services more effectively.

Politicians elsewhere in government – and the civil servants who advise them - also need to learn where to intervene and where not. Ministers have a mandate to influence the priorities of organisations that they do not run, but must use their powers appropriately, and selectively, if they are to achieve their goals. Targets can be used to help set outcomes, but if too rigid they can stifle initiative and innovation.

This chapter recommends that:

- explicit agreements are made to define the respective roles of politicians and chief executives;

- politicians and chief executives undertake joint leadership development and training;

- inspection bodies more systematically monitor leadership performance; and

- non-executives who have responsibility for appointing and managing leaders have training in these roles.

4.1   All leaders face external constraints. In the private sector, top leaders are held accountable to shareholders, in part through non-executive boards. In the voluntary sector leaders account to trustees. In all fields, there is a constant challenge to strike the right balance between clear accountability, and giving leaders the freedom to take risks, or change course in order to better achieve the organisation's goals.

In the public sector, external constraints can limit the space for leadership

4.2   Public sector leaders face external constraints that are different from those confronted by leaders elsewhere. They must answer ultimately to elected political leaders, and operate within governance structures that are very different from those of the private sector. Moreover, it is not just leaders as

executives but also the organisations that they lead that can be held accountable – to other tiers of government, to inspectorates and to parliament.

4.3 Political leadership and accountability create a context different from that of private organisations where politicians are responsible for the regulation of a market:

- Political, not public service, leaders establish values. Official leaders then interpret underlying values in the context of their organisations – and in the light of long-standing public service values based around the desire to serve.

- Politicians remain ultimately accountable for public service delivery, even though intermediaries (such as Agency Chief Executives) can create considerable distance between Ministers and front-line delivery. Box 4.1 illustrates how public service leaders can be held to account in very different ways.

- Public services are *funded by the taxpayer*, following political and Parliamentary decisions. Their operations are generally cash-limited and funding fixed on a forward three-year cycle of Spending Reviews. This differs from private organisations that can often justify extra spending if it brings extra revenue.

Box 4.1: Structure of accountabilities - examples

Formal accountability comes broadly in three forms: *governance, democratic control* and *accountability to other public bodies* including higher tiers of government, inspectors and regulators. In addition, public organisations have informal accountabilities to their "stakeholders" such as their clients and their workforce. The strength of these respective types of accountability influences greatly the context in which public organisations are run.

School leaders are directly answerable both to governing bodies and, in some respects, to local authorities; but, in addition, they have a number of statutory responsibilities that are prescribed and monitored at the national level. NHS trust leaders and Health Authorities also have to answer simultaneously to a governing board and to government. For local authorities, the most direct accountabilities are the democratic ones, either directly to the electorate or via committees and councillors. But like most local public organisations, there are also strong statutory accountabilities to central government bodies.

4.4 The constraints set out above are necessary: public services must answer to the public they serve and those spending public money must account for the outcomes they achieve with it. However, arrangements for accountability and control can help or hinder leaders and many of the other less necessary cultural and structural constraints identified in Chapter 2 serve to stifle leadership.

4.5 The very best leaders usually find – or create – space to lead within any system of control, by winning the trust and confidence of those to whom they report. However, most are likely to fail to innovate and respond effectively to pressures if they are not given enough freedom to lead their organisations.

4.6   It is a general principle of good management that it is usually more effective to define outcomes and objectives rather than to specify precisely how tasks should be carried out.

4.7   Government has sought to follow this principle with the advent of Public Service Agreements, and in several fields, including beacon council pilots, the principle is being established that good performance should earn greater freedom.

4.8   Freedom is not an alternative to accountability. Even the most effective leaders need to be challenged to improve their performance and held to account effectively. And where outcomes are not being achieved, then there must be mechanisms for intervention. But there is no conflict between this and the principle of freeing leaders to determine how to achieve the desired results in the way that best meets local circumstances.

Some constraints on public sector leaders are justified …

4.9   There are, however, cases in which the centre of government will feel justified in doing more than defining the ends that public services should be seeking to achieve. There may be cases where there would be legitimate public concern about variation in services, or where there is clearly established evidence that one approach is the best means of achieving certain ends. In these cases, central government clearly can have a role in defining means as well as ends.

4.10   For example, the National Literacy Strategy has imposed some central control over teaching processes, and has led to significant increases in measured attainment which would almost certainly not otherwise have been achieved. In this case, the Government gave clear priority to an outcome, but also had evidence about the most effective ways to achieve that outcome.

4.11   In other cases, there may be good reasons for wishing to restrict the amount of variation and innovation in the delivery of a service. An example might be clinical practice, where there would undoubtedly be serious public concern about widespread local innovation, and where there is often clear evidence about what works.

… But in most cases leaders need more freedom to lead …

4.12   Nonetheless, the number of cases is small in which detailed external control over process is justified, and it remains true that a key to promoting leadership is to allow leaders space to lead. Government must be sparing in the number of frameworks that it sets. Leaders who are overburdened with directions will be unable to function effectively.

4.13   This section sets out an approach to making the principle of freeing leaders work in practice, taking into account those circumstances in which external direction is appropriate. It looks in turn at:

- establishing relationships between executives and politicians that promote leadership;

- how the centre can enable leadership in the field; and

- target setting that supports leaders.

Relationships between politicians and officials can promote leadership

4.14 The democratic context and the role of politicians is one of the distinguishing characteristics of the public sector. Politicians do not just set the current framework of control within which public services are delivered, they are also leaders in their own right. Government ministers are accountable for public service delivery to parliament and to the wider electorate. Local political leaders are accountable to their local electorates. Both local and national leaders have a mandate to deliver the policies in their manifestos.

4.15 The relationship between political and executive leadership is critical to the quality of public service delivery, and there are concerns at all levels about the quality of these relationships. Many leaders at the project workshops saw their relationship with politicians as one-way: one described it as a "master–servant" relationship. Greater clarity in the respective roles of politicians and managers was recognised as one of the keys to better service delivery in the recent Public Service Productivity Panel report, *Meeting the Challenge*, as set out in Box 4.2.

Box 4.2: Politicians and managers

The Public Service Productivity Panel report *Meeting the Challenge* looked at what was needed to develop and deliver better public services. One conclusion was that greater clarity is needed in the relationships of politicians and managers:

"In the context of leadership, a more fundamental debate is required about the respective roles of politicians and managers. Right across the public service, top managers and politicians form partnerships which bring together key elements of decision making, policy formulation and delivery in a single arena …

"The effectiveness of such partnerships is clearly crucial to the public sector, but best practice is not well documented. A debate should take place openly within Government to establish better clarity about such partnerships, with a view to generating ground rules covering respective roles, responsibilities and good practice."

4.16 Where the relationship between political and official leadership works, the impact on the effectiveness of the authority and on service delivery is considerable, as illustrated by the case study presented in Box 4.3.

Box 4.3: Modernising Nottinghamshire County Council

Peter Housden's personal leadership of Nottinghamshire County Council has been a key driver of the Council's success since the establishment of City of Nottingham Unitary Authority in 1998. However, Housden is quick to point out that leadership in the organisation is "distributed". Other sources of leadership in the council include councillors, the chief officer management team and a number of officer networks. The effective relationships he has established with councillors of all political parties have been key to the success of the council. As he says, *"I serve the whole council".*

Courtesy and attention to detail have been critical in developing these relationships. However, he has also sought to institutionalise his commitment to the whole council. An example is the arrangement that has been made for reviewing his performance:

- Targets themselves are set following feedback from over 100 different internal and external sources.

- Each source is invited to contribute to the review of Housden's performance in July each year.

- A politically proportionate panel of councillors carries out annual review of performance against targets.

His clarity of role, breadth and openness of accountability and willingness to recognise and act upon areas of potential improvement, all contribute to building his reputation.

4.17   Nowhere has the relationship between political and executive leaders come into such sharp focus in recent years as in local government. The recent reforms of local government described in Box 4.4 introduce new models of political leadership, with a distinction between "executive" and "scrutiny" roles for councillors, and an enhanced community leadership role for local authorities. They are intended to make local decision-making processes more responsive to citizens and to promote the joined-up delivery of services.

Box 4.4: Local government reform – new models of political leadership

The agenda for the modernisation of local government is both a broad and long-term programme for change which seeks to renew local democracy, improve the provision of local services and clarify the roles and responsibilities of politicians. One aspect of the programme is to enable councils to move to new constitutions which make them more accountable.

New political arrangements allow the establishment of elected mayors and of a formal executive body of councillors. Individual councillors will have roles, either on the executive body or in a scrutiny capacity, designed to streamline the political decision making of the authority and allow the better articulation of community priorities through elected representatives. At the same time, reforms will give local authorities a clearer role in community leadership.

4.18   Clarifying the relationship between political and managerial leaders is an important part of these reforms. Elected councillors give democratic and strategic direction to the local authority, whereas Chief Executives and senior

managers translate political priorities into practical action, strategy into operation, and promote continuous improvement by managing and measuring outcomes under Best Value.

4.19   The principle of separating strategic, objective-setting leadership from the translation of political priorities into action is an important one. However, it does not guarantee that local leadership will become simple. The provision of services will remain a complex activity and there will continue to be many different "settlements" in place between political and managerial leaders.

4.20   Political and managerial leaders need to be able to find a "settlement" which works for them. One aid to achieving effective strategic leadership, adopted by Birmingham City Council, has been joint training and development for politicians in an executive role and chief officers, including an exercise in which their roles were reversed to enhance mutual understanding and improve decision making.

4.21   This successful example should be more widely followed, both at local and at national level. The Centre for Management and Policy Studies in Cabinet Office should provide joint training for politicians and Chief Executives on issues of leadership.

4.22   Effective public sector leadership thrives on good relationships between politicians and officials. When based on openness and trust on both sides, clarity of purpose and a clear definition of roles, these relationships can make a major contribution to effective service delivery. But these relationships too can be constrained by the relationship between the "centre" and the "field" – where many similar issues emerge.

Central government can make leadership in the field easier

4.23   However much local government improves its own decision making, its relationship with the centre will remain an important issue. Many services are provided by a combination of national and local government, with a complex division of responsibilities. Box 4.5 illustrates the implications of this complexity for leadership of service delivery on the ground.

Box 4.5: Who leads?

> *David Clarke, formerly Chief Executive of York City Council and currently Director of the Society of Local Authority Chief Executives, asks a pertinent question:*
>
> "Given that local government has at least five Secretaries of State taking an interest in it, who see it as a deliverer of some of their services, it can often be pulled from pillar to post. This is quite apart from the fact that at the local level there may be quite a variety of political leaders ... I often characterise this in Education … Who is the key leader of the Education system in a city such as York? Is it:
>
> - Tony Blair;
>
> - David Blunkett;
>
> - Michael Bichard as Permanent Secretary;
>
> - Rod Hills as Leader of the Council;
>
> - Janet Looker as Executive Member for Education;
>
> - David Clarke, the Chief Executive;
>
> - the Director of Education, Michael Peters; or
>
> - a collective of heads who run the schools and are effectively utilising the local authority as a contractor for certain services?
>
> So far you will see that at no stage so far have I mentioned the customer! This complexity of command therefore requires a very real insight on behalf of the leadership of an authority in order that it can discern that which is really required and triangulate that with the business decisions and with the needs of the customers of the education service."

4.24   These issues arise across the public sector. National government has a legitimate interest in promoting the effective and consistent delivery of high quality services. However, there does need to be clarity about roles, and a balance between the benefits of central and local leadership. The issue for central government is how to square the need for strategic direction and performance improvement targets with the need to allow local leaders enough discretion to innovate and take risks to deliver better public services.

4.25   Central government clearly has a range of critical roles. It is responsible for resource allocation, for setting minimum national standards and for disseminating best practice. It determines the accountability frameworks within which local public service organisations operate and may intervene directly in the provision of public services, where local provision is failing.

4.26   These functions can be exercised using a range of policy instruments, including:

- making regulations to give effect to policy intentions. This is particularly important in areas where customers receive statutory entitlements from government agencies. For example, delivery of benefits to the public is uniform and capable of being captured in straightforward procedures.

Regulations determine not only the amounts to be paid but also the procedures for taking and reviewing decisions and handling appeals;

- deciding funding arrangements. For example, in education, central government has recently by-passed local authorities and delivered some additional funds direct to headteachers. But government has also experimented with new initiatives such as the single regeneration budget and New Deal for Communities;

- setting quantitative targets. Targets are widely used as a mechanism for controlling and monitoring performance in both the private and the public sectors. In the case of central government, the Treasury agrees targets with departments as part of the Spending Review process; and

- creating inspection regimes, such as the Commission for Health Improvement, to drive up standards of service delivery in the public sector.

4.27 These levers can be used to impose more or less tight controls on public service leaders. Partly in recognition of this, there are many formal and informal arrangements in place that limit action from the centre:

- For Executive Agencies, framework documents provide an account of the respective responsibilities of Agency Chief Executives and Ministers.

- For local government, DETR has over the past year been developing an "intervention protocol" which sets out the conditions under which Ministers will intervene directly in the work of local authorities.

- In education, DfEE has adopted a principle of "intervention in inverse proportion to success".

- For the NHS, the Department of Health is presently developing proposals on "earned autonomy" - a form of "pact" between the centre and the field which sets out the conditions in which the centre will provide direct support, and those in which local leaders will have space to lead. This is a system of red, amber and green "traffic lights" in which "green" organisations receive a performance fund that they will self-manage.

- The encouragement of "zones" in health, education and employment allowing much greater flexibility for local managers and partnerships.

4.28 These moves should enable greater local discretion, more innovation, more pooling of people and resources, while retaining clarity about the overall national objectives that policy is seeking to achieve.

Targets should be set carefully

4.29 One important way in which the benefits of central direction and local discretion can be balanced is through the use of targets. The introduction of Public Service Agreements (PSAs) in central government, Best Value in local government and the Performance Assessment Framework (PAF) in the NHS have emphasised the importance of targets in performance management in the public sector.

Box 4.6: Improving target setting

> **The MAPP project**. The Measurement and Performance Project (MAPP) was launched in March 1999 to understand and improve the use of performance measures and targets in multi-agency working. The project produced an interim report in November 1999, which contributed to the PIU report *Wiring It Up*. The results of the project have informed the development of the government-wide performance information strategy.
>
> **Local Public Service Agreements (PSA).** Twenty-two local authorities will pilot local PSAs from 2001, and are currently negotiating them with central government. Each authority will agree 12-15 priority targets cascaded down through the national PSAs, but also a number of local priorities. A cross-departmental team, based in DETR, negotiates and monitors the target setting process.
>
> On meeting the targets, local authorities will be rewarded with additional freedoms and flexibility, such as an increased capacity to invest to save or the removal of specific performance inhibitors that have a negative impact on local service delivery.

4.30　Box 4.6 gives examples of attempts to improve target setting, but local leaders remain concerned about the nature of central expectations and controls. Many public sector leaders in the field complain that:

- short-term political priorities can squeeze out actions necessary for the long-term success of the organisation;

- current targets are not always what public sector leaders would regard as the most relevant - often processes or outcomes that are not measured;

- targets can stifle innovation and initiative, with leaders concentrating on centrally-set targets rather than working across boundaries or considering the long-term development of their organisation and its leaders; and

- targets can have unintended consequences and distort organisational activity towards the measurable rather than the strategically meaningful.

4.31　Targets do not have to be taken as a given by effective leaders. The best leaders will make room to manoeuvre – by agreeing with those to whom they report which targets really matter; but targets can have damaging effects. Participants in workshops run for this project highlighted the importance of targets, identifying the following as among the most important tasks for public sector leaders:

- Moving resources to ensure that key targets are met

- Seeking innovative ways in which to achieve targets

- Negotiating with other stakeholders to achieve targets

- Trading certain targets off against another, or even deciding which targets cannot be met

- Addressing the tension created by "flawed" targets with central government and the Audit Commission.

4.32   It follows that well-set outcome targets can influence behaviour positively. An example of this is a school in Minneapolis which achieved major changes by redefining its goal as placing all its students into work or further education. Similar results could be obtained with outcome-focused targets in the UK and progress has already been made. As far as possible, the PSA targets are expressed in terms of the end results that taxpayers' money is intended to deliver. As experience of this new approach develops, it should be possible to further refine and improve future target setting.

4.33   HM Treasury and Government Departments should continue to develop the target setting process to focus on outcomes and ensure the right balance between clear accountability for performance and freedom for managers to operate. The process should be underpinned by a commitment to more discretion for public service leadership which consistently delivers high levels of performance ("earned autonomy").

… And should be effectively challenged and held to account

4.34   Greater freedoms need to be matched by clear accountability. All leaders benefit from challenge and support from others who understand their task, and there must be strong mechanisms for correcting poor performance. However, arrangements for accountability must help to create the environment for leadership, so that, for example, appropriate risk-taking behaviour is not squeezed out.

4.35   Two groups in particular play a critical role in carrying out the functions of holding leaders to account: non-executive directors and inspectorates.

Non-executive directors must be equipped to carry out their role

4.36   Non-executives have an important role to play in promoting the good governance and leadership of a wide variety of public sector organisations. Non-executive boards are common in the NHS and in Non Departmental Public Bodies, which operate at arm's length from departments. In the case of Executive Agencies, Chief Executives chair executive boards. These include non-executives, who may represent customer or other viewpoints (such as that of the parent Department). In total, some 35,000 non-executive directors sit on the boards of public bodies. A further 300,000 people play essentially similar roles as school governors.

4.37   Among the responsibilities of non-executives sitting on boards are:

- ensuring and enabling good organisational performance;
- the appointment and remuneration of the chief executive and executive directors; and
- holding leaders to account.

4.38   These roles are critical to the success of public sector bodies, and when successfully carried out can provide a strong focus to the active performance management of organisations. Hay's work on headteachers found that the

ability to hold others to account is one of the defining qualities of an excellent headteacher. It is no less important that leaders themselves are held to account for their performance by those close to the task.

4.39   However, these are not simple roles. Effective challenge and support across the range of a complex organisation's activities may be personally demanding. Where leaders make mistakes "below the waterline", it is vital that non-executives take swift action and are seen to do so and that leaders move on to more suitable roles.

4.40   This means that sponsoring departments should ensure that all non-executives receive suitable training, including best practice on recruitment, on performance management for leaders and on holding leaders to account.

Inspectorates can do more to promote leadership

4.41   Several inspection regimes have been established to help improve the quality of public service delivery. Ofsted inspects the work of schools and LEAs. The Audit Commission, Benefit Fraud Inspectorate and Social Services Inspectorate all inspect local government departments. And review teams from the Commission for Health Improvement (CHI) began a four-year programme to check standards at every hospital in July 2000.

4.42   The effectiveness of leadership and management within hospitals, schools and local authorities are examined within the inspection frameworks. But "leadership" is often used as a "catch all", with the failings and successes of leadership often identified with those of the organisation.

4.43   Inspectorates should help organisations to see more precisely the links between the quality of leadership and the effectiveness of service delivery, and clarify what needs to change. This may not mean replacing leaders or leadership teams at a point of crisis, but helping to prevent an organisation from hitting crisis point by identifying how to develop existing leadership, for example via regular peer reviews.

4.44   Within each sector, inspectorates analyse thematic issues, such as leadership, primarily to inform future inspection frameworks. There would be considerable value in sharing learning about leadership across the range of inspectorates, since all have made trenchant criticisms in this area. Box 4.7 describes an initiative which will begin to do this.

Box 4.7: The Best Value Inspectorate Forum

> A new initiative, the Best Value Inspectorate Forum, was launched in July 1998. The Forum is made up of the Heads of Inspectorates involved in the new Best Value Regime. A parallel Interdepartmental Group on Inspection and Intervention has been set up to act as a channel between the Forum and Government. Though it looks specifically at the strategic and practical issues related to best value and inspection, part of its remit is to consider and identify thematic issues for cross-cutting inspection.

4.45 Sponsoring departments should task inspectorates with working together to develop best practice in assessing measures of leadership performance and organisational health.

5   Recruiting leaders

Summary

This chapter explores how to improve the supply of leaders and potential leaders to the public services, through offering a better deal for those in public service employment. It acknowledges that pay is one, but by no means the only, issue affecting supply. But beyond pay, public service leaders do not always feel sufficiently valued, part of a service with a common, positive ethos.

- Pay should be adjusted where it is shown to hinder recruitment and retention.

- Public service values should be promoted more positively and expressed more forcefully.

- There should be greater recognition of the value of outstanding public service leadership, for example through new awards.

5.1   Public services require leadership skills that are in demand across the whole economy. Public service organisations must therefore make jobs attractive to the most talented leaders, developing a strategy for their recruitment and retention.

External recruitment can be difficult for public sector organisations

5.2   In trying to build a supply of good leaders, one possible solution with the potential for rapid results is to seek to exploit the pool of top leaders in the private sector. However, it is not easy to transplant leaders from one sector to another. Similar, albeit less severe, problems contribute to the low level of movement of leaders from one part of the public sector to another.

Care is needed when recruiting from outside to top leadership positions

5.3   Recruitment from the private sector is not a magic way to improve the supply of top leaders to the public sector – for a variety of reasons:

- differences in culture and values;

- knowledge of the sector;

- complexity of stakeholder interests in the public sector;

- power of professional groups.

5.4   The experience from the NHS in the 1980s, set out in Box 5.1, confirms that cross-sectoral transplants do not always "take".

Box 5.1: Active recruitment to senior posts - NHS in 1980s

There have been two big waves of influx from the private sector to NHS management in the last 20 years. The first occurred in the mid 1980s with the introduction of "general management" to the service and the second in the early 1990s with the creation of the internal market and the purchaser–provider split and the advent of NHS Trusts.

Experience from these two periods suggests that transition from private to public sector brings with it major – and largely hidden – challenges. Most of the leaders brought in were experienced managers, well versed in the "technical" skills associated with running complex operational services, yet many failed to reconcile the demands of the role and left the service within a fairly short period of time.

Few formal studies were carried out at the time, but strong anecdotal evidence and observation of those who succeeded suggests that a number of specific behaviours could be identified as the differentiators between success and failure. These include the abilities to:

- "tune in" to the distinctive culture and stakeholder dynamics of the NHS;

- build and sustain credibility with the professional groups; and

- exercise sophisticated influencing strategies to deal with conflict.

All were needed to overcome the suspicion and resistance to change of powerful interest groups.

5.5   Some simple factors make it more likely that a private sector leader will succeed in the public sector. For example, success is more likely where a role is closely similar to one in the private sector (such as one of the less politically sensitive agency roles) or where the individual has substantial public sector experience (perhaps in a non-executive capacity).

5.6   However, even where a role would be suitable for a private sector appointment, the public sector faces difficulty in recruiting suitable people.

Pay is a factor in recruitment …

5.7   Many people have expressed the view that public sector pay is either too low, or structured in such a way (low starting rates, very long progression scales, limited links to performance) that it is a major disincentive to recruitment and retention. Low pay may also signal that public services are not valued. However, research for the PIU suggests that the pattern is more complex.

5.8   Table 5.1 shows the results of work commissioned from Hay Management Consultants. Hay mapped leadership roles across the public and private sectors to establish groups of equally sized leadership roles, and determine base pay ranges for each group. This shows that at lower levels of management, the public and private sector base salaries are roughly on a par (although these figures exclude benefits). For more complex and senior jobs, base pay rates in the wider public sector are roughly 25-30% below the comparable private sector rate and civil service rates (for those in Executive Agency postings) 40-50% below. Adding in bonuses, share options and wider

benefits, which can comprise a substantial share (up to 50%) of total remuneration for private sector executives, the "real" gap is considerably wider at the higher levels.

5.9 Traditionally job security, and other non-financial advantages (more of which are discussed below), have mitigated relatively low pay. However, in the wake of public sector reforms in the 1980s and 1990s many senior jobs are less secure than in the past.

5.10 The conclusion of higher pay differentials at the top is consistent with research[1] on pay in the early to mid 1990s, which also showed that the gap was getting worse over time. Regional comparisons[2] have also found much less variation regionally for civil servants than for similar jobs in the "external market". This indicates that pay differentials will be greater for London-based posts than for those working elsewhere[3]. There is further evidence that, compared to other sectors, the structure of public sector pay offers lower financial incentives for success and some have argued that this makes the development of leadership potential harder.

5.11 However, the evidence indicates more strongly that pay is a factor in making movement between sectors difficult. Research suggests that, in general, people expect a pay increase of 15% or more to incentivise them to move between different organisations or sectors. This makes movement between parts of the public sector difficult. For example, even to get a shire District Council Executive (level e) to move up to running an NHS Trust (level f) would involve paying at the top of the accepted range for Trusts. And if moves within the public sector can be problematic, pay is a rather greater barrier to attracting people in from the private sector.

5.12 If the best private sector leaders and the best new talent are to be brought in and particularly if individual careers are to involve several moves between sectors, then consideration needs to be given to bringing rewards closer to private sector levels. Clearly, several approaches could be taken. A middle way between paying private sector rates and maintaining the status quo might involve substantial non-consolidated bonuses for successful top leaders; or paying closer to market rates selectively when required to recruit or retain a leader for a specific purpose.

5.13 Whichever approach is taken, it is important that those responsible for setting pay in the public services should review regularly the impact of pay on the supply of leaders. The Cabinet Office should coordinate work of the PSEF to periodically compare cross-sectoral positions on pay and consider whether changes are required for recruitment and retention of top leaders.

5.14 However, it is unlikely that the public sector will ever be able to compete on pay alone. Other areas (conditions of work, values, recognition) are critical to making public service employment attractive. These are discussed in the following sections.

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[1] *Public Pay in Britain in the 1990s*, IFS Commentary 72, November 1998.
[2] *Civil Service Rewards*, The Reward Group, 1999.
[3] *Civil Service Rewards* found that Inner London civil servants at HEO grade receive pay 6% above national average while similar jobs in the private sector receive 24% above the national average.

Table 5.1: Salary range for similar-weight jobs across the public sector and in the private sector

Job level	Private sector role description	Typical private sector base salary	Local government	Healthcare	Education	Police	Government agencies
J	MD of subsidiary of major international company, or international regional head; turnover £500 million to £1 billion. Or Chief Executive of smaller but more international parent company	*£150-200,000*	Chief Executive, major city unitary **£120-140,000**	Chief Executive, major & complex merged Trust **£120-140,000**	Vice Chancellor, major university **£100-140,000**	Chief Constable, largest forces **up to £114,405**	Chief Executive, major nation-wide services Agency **£90-100,000**
H	GM/ Country Manager of c. £200 million subsidiary. Key Director of major (£1 billion) business	£120-160,000	Chief Executive, small/medium city unitary **£90-120,000**	Chief Executive, major regional/ teaching hospital Trust **£100-120,000**	Vice Chancellor, medium university **£90-130,000**	Chief Constable, major force **up to £110,406**	Chief Executive, large service or medium knowledge-based Agency **£80-90,000**
G	*Key Director of company at level j above*	£90-130,000	Larger Directors in large counties/cities **£80-100,000**	Chief Executive, large (£100 million) Trust with regional services **£80-100,000**	Vice Chancellor, small university **£80-120,000**	Chief Constable of smaller force **up to £102,699**	Chief Executive, up to £100 million research Agency **£75-85,000**
F	*GM/Country Manager of c. £50 million subsidiary; key Board director of company at level h above; some directors of companies at level j*	£85-110,000	County Director of Social Services; Director of Education in medium city/county **£65-80,000**	Chief Executive, District General Hospital **£65-80,000**	Director/ProVice Chancellor in major university **£65-80,000**	Deputy Chief, major force **£75-88,000**	Chief Executive, up to £100 million services Agency **£70-80,000**
E	*GM/Country Manager of small subsidiary operation; some directors of companies at h; some third tier roles in companies at j*	£70-90,000	Chief Executive, many shire districts **£60-70,000**	Major Director, large hospital Trust; some Health Authority Directors **£55-70,000**	Head of large FE College **£55-75,000**	Assistant Chief Constable **up to £74,040**	Key Regional/Line Director, major service; Major Research Director **£65-75,000**
D	Key line role reporting to Board Director in major company with direct impact on £100-200 million resource. Board role in substantial UK enterprise	£55-70,000	Resources/Corporate Services Director, district council; Assistant Director, large unitary or county **£50-60,000**	Major Director, District General Hospital **£50-60,000**	Head of large Secondary School **To around £63,000**	Chief Superintendent **£52,137-55,485**	Some Directors/heads of function **£55-65,000**
C	**Either** line role responsible for major resources in sales or production; **or** category/account/brand manager in marketing	£45-60,000	Assistant Director, small unitary; some Directors, shire districts **£40-50,000**	Some Trust Directors; Head of major Care Group/area; Head of large GP practice **£40-50,000**	Head of small/medium Secondary School **To around £52,000**	Area Commander, many areas **£44,697-55,485**	Some Directors/heads Of function **£50-60,000**
B	**or** key professional or functional expert in charge of corporate & business services teams	£40-50,000	Head of major service, district council **£35-45,000**	Service Manager, Area or Care Group Manager **£35-45,000**	Head of large Primary School **To around £44,000**	Smaller superintendent roles **£44,697-52,137**	Major Policy/Research/ Service group leader **£40-50,000**
A	Job size depends on role, complexity & scale of impact on the business	£35-45,000	Head of Service in small local authority **£30-40,000**	Major business/nurse manager role **£30-40,000**	Head of small Primary School **To around £38,000**	Chief Inspector **£35,760-38,247**	Policy/Research/Service group leader **£35-45,000**

Data and analysis by Hay Management Consultancy for PIU

… but the public sector can make more of its other attractions

5.15   Although pay for public sector leaders may not match that in the private sector, remuneration is only one component of a job's total reward. Existing literature suggests that there is a range of "attractors" into particular careers:

- *Career opportunity*: speed of promotion, existence of a known path, extent to which skill and ability are considered in promotion; the degree to which individuals can exercise creativity and self-direction.

- *Remuneration*: pay levels compared with other comparable jobs; total value of compensation (including benefits); weighting for cost of living; bonus schemes.

- *Working conditions:* high levels of interest, innovation and autonomy; diversity of opinion and personal characteristics; quality of work/life balance; degree of unionisation; respectful and supportive work atmosphere.

- *Values:* explicit commitments e.g. to public service; principles; fairness; commitment to an issue or a client group.

- *Expertise*: recognition of qualifications; support for ongoing learning and continuing professional development.

- *Non-pay rewards and recognition*: ways of acknowledging excellence, for example through awards.

5.16   Public service does provide real attractions for many people, and it has real strengths against many of the criteria above. The evidence shows that these make a real difference to people who work in the sector. Box 5.2 summarises recent research on sources of job satisfaction in the public services. The public sector can systematically take advantage of these additional motivations to enhance its attractiveness as an employer.

Box 5.2: Motivation of senior managers in the public services

The Public Management Foundation recently conducted a survey of 400 senior managers (150 public sector, 150 private sector and 100 voluntary sector) about their goals; their sources of job satisfaction; the factors that helped them achieve their goals; and about what their organisations valued. The report concludes that public sector managers are motivated by very different things to their private sector counterparts.

Public managers say they are motivated by a desire to produce public value: that is, to benefit service users and local communities. This desire to make a social difference is found right across the sector – in local government, the health service and the police – and at all levels from front-line services to administrative and support functions. Private sector managers' main focus by contrast is on their company's prosperity and performance targets.

Source: Wasted Values*, Jane Steele, Public Management Foundation*
http://www.pmfoundation.org.uk/wasted.htm

There should be a new deal for public service workers and leaders

5.17   Across the range of factors that motivate people, it is increasingly clear that the public sector needs to rethink the offer it makes to its employees. Implicitly, the "old deal" for public service employment:

- relied on people wanting to work in jobs and for organisations concerned with serving the public good;

- required and valued significant amounts of professional skill, particularly in human services (medicine, social work, etc);

- set public service pay at adequate but never trend-setting levels;

- gave high protection through unionisation;

- offered generally good pensions, benefits and job security, but limited prospects for promotion, which was generally slow; and

- provided limited flexibility in compensation and no direct link between pay and performance.

5.18   This model has become obsolete. A broader and more diverse group of leaders and future leaders needs to be encouraged to join the public sector, if the sector is to deliver the changes that are being asked of it. The key areas where it should focus its attention are:

- employability – ensuring that people working in the sector gain skills and experience that will be useful, and are recognised in the wider labour market;

- conditions of work – ensuring that the public sector maintains its lead in providing good conditions, including good work/life balance and a diverse workforce;

- non-pay rewards and recognition – more could be done to recognise more formally the contribution of public sector workers; and

- other potential attractors to the public sector need to be developed, including public service ethos and the value placed on expertise.

The public sector should offer enhanced employability …

5.19   A critical issue in the public sector's attractiveness will be the future career prospects of those entering. A good career no longer means a "job for life": the most important guarantees relate not to security but to employability.

5.20   Any training offered as part of a recruitment package should have some portability or link to a recognised credential, like the new generation of part-time MPA degrees. This could form part of a "development guarantee" to the individual. Work experience gained should be clearly relevant to a wide range of employers. Beyond that, the existence of known career paths and the prospect of promotion based on ability (rapid, where merited) would help position the public services as attractive employers.

… must ensure that it continues to lead in providing good conditions of work …

5.21   Public services can have clear advantages and opportunities in the conditions of work they can offer. For example, many public services have employment practices that support a work/life balance: opportunities for job sharing, part-time work, and maximum/flexible working hours. As providers of services, they have an obligation and a longstanding commitment to ensure their workforce reflects the populations served, and some services have been at the forefront of ensuring ethnic and cultural diversity in their employees.

… and should improve non-pay rewards and recognition

5.22   Much more use can be made of non-pay recognition, and indirect progress is already being made in doing so. For example, ministers and civil servants in central government can give an important signal of the importance they place on leaders in the field by involving them in the policy process. The importance of operational input to policy is now well understood and increasingly acted upon in Whitehall.

5.23   There is also a place for formal recognition. At present official awards and honours focus as much on positions held as on achievements. Box 5.3 gives details of one scheme from the United States which clearly celebrates achievements. An alternative approach in Canada celebrates the achievements of public servants in an annual Public Service Week. In the UK, there are already sectoral awards schemes for public sector workers and leaders. And a new cross-sectoral award scheme, led by the journal *Public Finance*, has just been launched.

Box 5.3: US Presidential Rank Awards

In the USA, the "Presidential Rank Awards" were created in the 1970s to recognise excellent performance in the top levels of the permanent civil service – the Senior Executive Service (SES). There are two ranks awarded in an annual process:

- Meritorious Executive (for "sustained accomplishment" - lump sum award of 20% of base pay. No more than 5% of SES (300 individuals) can receive this rank in any year); and

- Distinguished Executive (for "extraordinary sustained accomplishment" - a 35% of base pay award. No more than 1% (60) of SES can receive this in any year).

Criteria for judging accomplishment are established annually by the Office for Personnel Management (OPM). Each department can nominate up to 9% of their SES staff for awards. Nominees may not have won within the past four years. Separate boards for each rank review the nominations. The OPM clears the potential winners with the original departments and the President gives final approval.

http://endowment.pwcglobal.com/grants/Mark_Huddleston.asp.

5.24 The Cabinet Office, the PSEF and the leadership champion group should consider whether there is scope to do more – in particular, the case for a high profile national cross-sectoral scheme recognising best practice in leadership. This might reward outstanding examples of leadership that improves public service and is the result of joined-up practice across sectors.

… articulate its values clearly …

5.25 Values underpin both individual behaviour and organisational identity and the culture and ethos of the public sector are distinctive. The "desire to serve" has attracted many public service workers into their professions and remains a strong source of satisfaction for public service workers.

5.26 Some public service organisations, for example some schools and some local councils, have developed value statements, which are a first step towards clarifying the role of values and ensuring that they are abided by throughout the organisation. Other sectoral initiatives are under way, for example in the NHS and the Civil Service. The latest formulation of civil service values (see Box 5.4) shows why people join the service, what they do there, and what helps retain them.

Box 5.4: Civil Service vision and values

The Civil Service Management Board's Vision for the Civil Service is:

- - to make a difference to the success of the country; and
- - to serve with integrity, drive and creativity.

The Civil Service Values:

- to act with **integrity**, propriety, and political impartiality
- to deliver **results** of high quality and good value
- to show **leadership** and take personal responsibility
- to value the **people** we work with and their diversity and select on **merit**
- to **innovate** and learn
- to be **outward looking** and work in **partnership**
- to be open and **communicate** well
- to be **professional** in all we do.

http://intranet/modern/csreform/vision/csvision.htm

5.27 There would be merit in more explicit statements of values across the public sector. These could be used more clearly as the basis for building more unified services and a more coherent public sector. They could also be used in recruitment.

5.28 The Cabinet Office should coordinate work of the PSEF and the leadership champion group, to consider whether to develop core, common values across

the sector, or whether values should continue to be articulated on a sectoral or organisational basis.

…broaden the range of expertise that it values…

5.29 Public services involve a significant number of professional disciplines, such as medicine, social work, engineering and teaching. Professional development has, therefore, tended to mean development along lines defined by a profession, rather than in management or in more general cross-sector awareness. Opportunities to identify and deepen management skills, and skills which support improved joined-up working, are not as well developed across public services.

5.30 The value that the public sector places on professional expertise needs to extend to expertise in leadership and cross-sector working – so that this is regarded not only as a necessary investment by organisations, but as a "draw" to potential recruits at all levels.

5.31 The terms of a possible new deal are summarised in Table 5.2.

Table 5.2: Better deal for the public service: possible terms

Career opportunities and advancement	• Public servants will be provided with opportunities to enhance their employability as part of their continuing professional development. • Promotion and progression opportunities should be geared to ability and not restricted by age/length of service barriers. • The public service will offer people a chance to build a career each individual wants – whether it is focused on a single issue (like health) or professional specialisation (like finance) or an opportunity for variety.
Pay	• Pay practices should not restrict movement between sectors of the public service, or movement in/out of the public service generally.
Working conditions	• The public service will take active measures towards building and maintaining working environments that positively welcome and support diversity; and that encourage people to maintain a healthy work/life balance.
Values	• The public service will provide an opportunity to serve the public good; within a context which is politically determined. • Public service workers are expected to ground their practice in an ethos of responsiveness in service to the public. • Where possible, controls should not impinge on a public servant's ability to express the above two values.
Expertise	• The public service will value professional skills. It will also value leadership and management abilities, and will support the development and expression of good practice in these areas for all staff.
Non-pay rewards and recognition	• The public sector will demonstrate the value it places on leadership through involvement of leaders in the policy process; and through a new national awards scheme.

5.32 This "better deal" for public service employment needs: high-level sponsorship from political leaders and executive leaders in the field; and buy-in from public service workers and leaders. This means that the deal has to be developed through dialogue with those who work in the public sector; to be steered through to implementation by those responsible for the policies, working jointly on a cross-sectoral basis. The PSEF should consider the case for establishing a group of leadership champions, respected in the field, who can during 2001 and thereafter articulate and promote a "Better Deal" for 21st century public service employment.

The public sector must overcome its fragmentation

5.33 Public service organisations are competing for talent in the face of serious barriers:

- poor awareness in the target population about the range of jobs available;

- negative image of public service jobs generally;

- history of limited recruiting outside restricted pools – confined by education, background, work history and to some extent race and sex;

- limited flexibility in placement and remuneration;

- legal constraints and requirements on processes used; and

- sometimes, a lack of familiarity with best practice in recruitment and selection.

5.34 This section explores the scope to improve recruitment practice by collaborating more fully and through:

- active recruitment programmes, at all levels;

- evaluation of recruitment activities and learning from best practice;

- research to improve understanding of the public sector leadership market.

5.35 Although the public services together form a major employment sector with some significant common features, the sector does not see itself as a common labour market. There are a number of reasons for this:

- independent recruitment – for example NHS trusts, which each make their own employment decisions;

- the lack of generalist management postings, for example in local authorities; and, linked to this,

- a focus of recruitment attention on some key professional cadres – such as teachers, medical specialists and engineers.

5.36 Some countries do have a unified public service labour market based on common terms and conditions, for example France. This has both pros and cons – see Box 5.5.

Box 5.5: The single public service employment market in France has pros and cons

> The French *Service Civile* comprises not only people working for central Government but employees of local Government, public hospitals and the armed forces – some 5 million people in total. They are employed in some 1,600 groups or corps.
>
> Within these groups, there are three main categories of civil servant:
>
> - Category A – senior administrators, teachers, university professors, etc. They must have university degrees;
>
> - Category B – a lower tier of civil servants who have all passed the baccalaureate, although today many also have degrees; and
>
> - Category C – people in clerical, secretarial and manual jobs (some of whom now have the baccalaureate).
>
> Entry to each category is by open competition for both external and internal candidates. For the most senior civil servants (Category A), the various *Grandes Ecoles* (elite vocational colleges) play a key role in gaining admission and/or preparing people for public service. The Ecole Nationale d'Adminstration (ENA) trains people for top management positions with a two-year course accepting 100 entrants per year, who may enter directly from university or from public or private sector employment. Other Ecoles focus on technical or other specialities such as health.
>
> There is an absolute legal requirement for the 48 people who graduate annually from the ENA into the Civil Administration Corps to move to another department or devolved administrative unit within 4-6 years of graduation, before returning to their central role. This Corps forms the selection pool for the most senior ranks – *Chef de Bureau* and Director (i.e. the top management positions). This requirement has been in place for half a century and is well entrenched culturally, so that those at the tops of departments have ordinarily had some more direct public service experience. For example, a Treasury Corps member might spend two years as a sub prefect in Marseilles before returning to the Treasury.
>
> This system suffers from being complex and rigid, especially in its pay system. Each job is assigned a number of points, determining base pay. It is very difficult to make any pay adjustment to a specific group (for example, nurses) as the unions will demand that all other groups at the same grid point receive the same pay adjustment. It is legally possible to make differential pay awards, but politically unlikely.
>
> The system is very good at ensuring that top leaders have mobility and exposure to other departments and to non-central divisions. It has been less effective in ensuring the same degree of mobility among middle level staff – there are legal provisions for this but little incentive. Nevertheless, a single structure makes it very simple to design and administer common induction and training programmes, ethics regimes, etc.

5.37   In the UK, it is possible to gather some of the benefits of the French model, without embarking on a major programme of change, through acting in collaboration in a number of areas:

- improving the overall marketing of public sector employment;

- joining up recruitment strategies and practice; and

- developing a research and knowledge base on the public service labour market.

The public sector needs to recruit more actively …

5.38   Active recruitment schemes can be one ingredient in a programme of change. Active recruitment means a positive, planned approach that looks at immediate and long-term staffing needs, across the sector as well as within individual organisations. Recruitment focuses on building a whole workforce, not filling a single vacancy.

5.39   There is sectoral experience in active recruitment – both for professional posts such as medical staff and teachers and for individual management/leadership posts. Programmes are often focused at graduate entry level, and include "fast stream" programmes (see Box 5.6). But there is a case for doing more both at entry level and at higher levels. At present there are few schemes intended to build pools for potential leadership positions at the mid-level in organisations (for example, by attracting management recruits internally from those in professional posts).

Box 5.6: Current active recruitment programmes

> The **NHS** has had a graduate entry scheme, the Management Training Scheme (MTS), since the 1950s. It takes approximately 60 people each year with the potential to achieve the most senior positions in the service. Forty per cent come from a clinical background. MTS provides participants with a two-year development programme which includes:
>
> - 3 months' induction (to all parts of the service);
> - 2 secondments – (one operational and one strategic);
> - 3 months' elective in another organisation (typically private sector or overseas); and
> - 2-year educational component which amounts to 2/3 of an MBA or other second degree.
>
> The scheme is funded centrally so that secondments are not at the cost of employing organisations and is underpinned by a strong educational component.
>
> The **Civil Service Fast Stream** recruits graduates to central government. About 180 applicants are selected per year on the basis of written tests and a 2-day assessment centre with a variety of team and individual exercises, simulating working life. Participants get:
>
> - development through postings; and
> - formal training courses (but these have declined as pressure on posts has increased).
>
> The scheme is being reviewed.
>
> In **local government**, the Improvement and Development Agency for Local Government (IDeA) is working up a 2-year graduate experience programme with placements and a 1-year post with a host organisation. It is not a recruitment programme, but is intended to enable graduates to acquire skills and experience that could lead to management and eventually senior management positions in local authorities. It is currently seeking funding.

… should recruit for diversity …

5.40   As is clear from the literature review carried out for this project (Annex D), the case for recruiting a diverse workforce is not only ethical. Institutions that contain a variety of perspectives will tend to be better at delivering effective outcomes. This is particularly important for the public sector, which needs to serve the whole community effectively, and can reasonably be expected to reflect that community itself. As Box 5.7 shows, there is considerable room for improvement across the public sector.

Box 5.7: The supply of leaders can be increased by recruiting for greater diversity

> Women make up 4% of the top 2 ranks of police in the UK (13 out of a total of 192), although they make up 16% of all ranks.
>
> Non-white ethnic minorities are 4.4% of the total local government workforce (representing almost 92,000 people), but only 1.6% of the 304 Chief Executives responding to a recent survey identified themselves as non-white ethnic minorities.
>
> 18.5% of all non-medical staff in the NHS are male, but men make up 54% of all senior managers for the Service.

5.41   Many public sector organisations already have targets for the diversity of top leaders. But recruitment processes still need to be actively examined for inherent biases which may lead to artificial limitation of the perceived "pool" of potential leaders at all levels. The key is the development of more reliable and valid criteria and processes. The wealth of technical information developed on recruitment (Employment Systems Reviews, outreach recruitment, bias-free hiring, etc) offers a significant resource to organisations seeking to expand their recruitment and selection practice.

… and should consider a cross-sectoral strategy

5.42   There are strong grounds for more collaboration on recruitment. At the simplest, there is scope for cooperation on marketing; more radical would be measures like common selection – where a person would be "screened in" for employment by any one of a number of organisations. Some vehicles already exist to promote cross-sector collaboration in recruitment. For example, government websites already promote and make links between a wide range of recruitment schemes. What is missing is a cross-sector strategy of active recruitment, comprising entry level, fast track, mid career and top leadership elements.

5.43   A cross-sectoral strategy on active recruitment could cover:

- cooperation on general and entry level recruitment. If each recruiter actively promoted other aspects of public service, all would benefit. There is potential for tools like common websites and registries to improve the application process. These could work well on a regional basis, and an example is set out in Box 5.8;

- specialised entry schemes to identify individuals with aptitude for leadership positions. Schemes already in place could be co-ordinated or combined, with opportunities for secondments and exchanges. Some schemes set the "entry" point at one to two years after first entry, a practice which could be studied in terms of potential "best practice";

- exploration, perhaps on a regional basis, of schemes for recruitment of mid-level people (whether staff or outsiders) into positions leading to leadership; and

- collaboration on recruitment of top leaders, perhaps by developing common pools by region or sector, or at the minimum exchanging information on processes, head-hunter practices and the like.

Box 5.8: "Joined Up" recruitment in Surrey

> Leaders of public services in Surrey have formed a joint working group called the *"20:10 Vision Group"* to explore common issues and develop more effective solutions in partnership. The Group is currently working on a joint approach to recruitment to services across health, education, local government, the police, prison, probation and fire services. Sian Thomas, HR Director at Ashford and St Peter's NHS Trust, says "We want to present an image of a career in the wider public sector – not just in specific services, like health or local government. We believe we can do it better together".
>
> The Group is working with the local TEC to develop a high impact marketing strategy with several strands including: billboard and poster advertisements, high profile presence at county shows and shopping precincts and recruitment drives at schools and colleges. The Group is hoping to attract local residents away from working in London, and London residents interested in working in Surrey.

5.44 "Fast stream" entry programmes combine the promise of rapid promotion, postings in high profile areas that will also give the experience necessary for promotion, with intensive development and training opportunities. Such schemes potentially broaden the appeal of an organisation in the graduate recruitment market, and enable future leaders to be recruited at a young age. There is a case for establishing a fast track graduate scheme across the public sector.

5.45 Any such scheme would need to meet the following concerns:

- Geography: not all recruits can be mobile. One answer to this would be to introduce regional schemes, as described above.

- Diversity of public services: it is hard enough for the civil service to recruit entrants who will be good both at policy formulation and large-scale service delivery. While there is a common core of leadership skills to be exercised across the public sector, not all entrants will be equally well suited to all sectors.

- In some areas, such as teaching, recruitment is aimed at people seeking a particular professional career, and so could not form part of a cross-sectoral fast stream.

- Making a mark in the home organisation: future leaders in the public services may wish to make their mark on their "home" organisation, not dissipate their energies between different sectors. Any scheme would need to give the option to make a mark either within a sector or on a regional cross-sectoral basis.

5.46 The Cabinet Office should support and coordinate work of the PSEF in developing a programme of support for collaborative recruitment processes nationally and regionally; and exploring and piloting regional joined-up recruitment schemes, including a pilot fast stream entry on a regional basis.

The public sector needs better information about the market for leadership

The public sector should evaluate best practice in recruitment and selection …

5.47 A great deal of money and time is spent on recruitment and selection. A diversity of recruitment and selection methods is used:

- Headteachers are recruited by school governing bodies – in what can be a "once in a lifetime" experience for individual school governors.

- Chief Executives of local authorities are recruited by councillors – who will, however, generally be supported by head-hunters or other advisors in their task.

- Top NHS management positions are recruited by boards of appointees who run Trusts and Health Authorities. Once again, head-hunters often assist the process.

- Chief Constables are appointed from a list approved by the Home Secretary.

5.48 Selection practice across the public services is still patchy and there is an over reliance on "traditional" methods of selection, such as interviews. Those making appointments to formal leadership positions in the public sector would benefit from better training and knowing what works well and what doesn't in recruitment and selection.

5.49 Research shows that the predictive validity (i.e. the degree to which an approach can be shown to predict performance in the job) of interviews is very low.[4] The most effective method is an assessment centre based on a fully researched competency model. Although assessment centres were pioneered in the public sector, starting with the Admiralty Interview Board in 1942, usage in the private sector now outstrips the public sector. The public services use assessment centres for externally advertised senior positions, while the private sector tends to use them more widely - for graduate recruitment and internal promotion.

5.50 Assessment centres are undoubtedly resource intensive, compared with other forms of selection tools. But many private sector organisations take the view that selecting the right people and taking a more rigorous approach to promotion is a foundation for growth and competitive advantage. There is a case for wider use of assessment centres for the selection of leaders in the public sector.

5.51 There would also be merit in exchanging information between sectors on selection based on pre-screening candidates by developing a "pool" of candidates with tickets for promotion. Such a system can enable the benefits of assessment centres to be used by those experienced in recruitment and

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[4] Hunter JE and Hunter R 1984: Validity and Utility of Alternative Predictions Of Job Performance, Journal Of Applied Psychology, 96, 72-98.

selection to ensure that only well-qualified candidates then become candidates for individual vacancies.

… and should begin to research the public service leadership market

5.52   Relatively little is known about the careers of public service leaders - where they have come from, how their careers developed, what the normal supply pools are and the extent to which career patterns and aspirations are changing. While each part of the public service may have some evidence and data, there is no comprehensive data on the labour market of the public service. Nor is it the job of any particular organisation to assemble such data.

5.53   Improving the knowledge base could take a number of forms. One option would be to conduct a longitudinal survey to form the basis for succession and HR planning. Such a research programme has already been instituted in one Canadian province (see Box 5.9). To keep the scale of the work within reasonable bounds, the focus would be on leadership positions, and not on the entire workforce. The intent would be to gain a realistic picture of employment in the public service, and to create a dynamic model that can be used to explore possible futures. It would also establish a baseline against which subsequent changes (for example, increasing representativeness, or change in career length) could be compared.

5.54   An alternative approach, which would yield short-term dividends, would be a series of more focused studies, concentrating on areas where there is most prospect of cross-sectoral collaboration.

Box 5.9: Succession planning in the BC public service

In 1999 the Province of British Columbia launched a research programme on its public service. Up to then each Ministry hired and planned independently. BC used a database to take a snapshot every six months of the location of each of the 38,000 individuals employed in the public service by Ministry, type of job and level. This allowed them to construct a model which could be used to project future labour scenarios with some accuracy. Some important findings from this research included:

- Even if hiring rates for visible minorities increased by 50%, it would take 20 years to reach a representative public service. The Government reconsidered its equity goals, and refocused on key positions and ranks rather than overall representation.

- With the projected retirement rates for the "baby boom" generation, total staffing actions required annually would rise to over 150% of current levels. This led the Public Service Commission to consider alternative approaches to staffing and to engage in active recruitment programmes.

- Individual Ministries have begun to reconsider their own staff needs in concert with other Ministries – recognising that they are "all in it together".

The project took about 9 months to complete and cost C$60,000. It has established a strong baseline and dataset which will be updated regularly.

http://www.publicservice.gov.bc.ca/

5.55   PSEF, supported by the Cabinet Office, should establish how best to improve the evidence base for recruitment planning in the public services – through establishing a longitudinal database for future work to improve the supply of effective leaders and/or through a series of more focused short-term studies.

6 Developing leadership

Summary

Development can help both to improve the capacity of today's public service leaders and to prepare future leaders.

Taught courses are not the only or best way for adults to learn. A number of approaches, including hands-on experience, need to be combined.

This chapter recommends:

- the creation of a "sponsors group" to oversee and advise on leadership development activity in the public sector;

- that appropriate development modes are designed specifically to nurture the "qualities of leadership" identified in Chapter 3 above;

- establishing a scheme to promote secondments and exchanges by offsetting their cost to employers.

The chapter also discusses a number of organisational supports to assist leaders already in place to be more effective.

6.1   Public services cannot rely only on "attracting the right people" to serve as their leaders. They should also need to strengthen the leadership capacities of those already in the sector and to foster new leaders.

6.2   Organisations should approach leadership development by:

- setting clear goals related to what kind of leadership qualities are needed;

- looking at the potential costs and benefits of secondments and exchanges;

- buying into a set of "common elements" for leadership linked to the vision for public service leadership in Chapter 3 above;

- improving support for leaders in post; and

- evaluating the impact of leadership development activity.

There should be clear goals for development activity

6.3   Every organisation will have some way of defining "leadership" – what they want to see in people with both formal and informal leadership responsibilities to bring about better results for the organisation. They can describe what they are looking for in several ways:

- *a list of competencies*: this may include a broad combination of skills, knowledge and personal characteristics, or may be strongly skewed to one or two elements (knowledge and skill, for example);

- *a profile* similarly comprising elements of skill, knowledge and characteristics, but integrated as a picture of a whole – with a sense of the

respective weights of each point. This may also be called a "model", and in its most developed form may be based on in-depth research studies; or

- ***results*** required of an individual: past performance becomes part of the basis for assessing their potential for further responsibilities.

Evidence about the effectiveness of leadership development is weak …

6.4   A major problem in this field is that the literature on leadership development and its link to performance is weak in all sectors. There are varying views on the extent to which competencies, profiles and past performance can predict future success, and whether development can change results, but few firm conclusions. Experience suggests that the best chances of success lie in developing people towards the profiles that have been shown to be associated with existing high performing leaders. But a lot more work will need to be done before we can be confident that a particular developmental approach will deliver predictable results.

Box 6.1: Impact of development

There has been considerable evaluation of the impact of a range of HR practices on organisational performance, but no work focusing solely on the impact of development. In 1999, the IPD published a review of the literature, concluding that it "suggests a strong, positive direct link between people management practices and business performance". The Institute has commissioned further work in the form of a set of longitudinal case studies.

Several reviews have identified training and development as important in an organisation's approach to people management. A recent study[5] concluded that HR practices explained nearly one-fifth of the variation between companies in productivity and profitability. Two HR practices are statistically related to improved profitability and productivity: acquisition and development of skills and job design (though the causal links are not yet understood).

A number of companies report less formal evaluation of the impact of development. In one example, focused development of emotional intelligence resulted in dramatic rises in sales and profitability figures for trained individuals measured against a control group.

http://www.ipd.co.uk/start.asp

6.5   The approach of developing people towards proven leadership profiles has recently been applied successfully in education in both Australia and the UK, and clearly offers lessons for other sectors. See Box 6.2.

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[5] *The Impact of People Management Practices on Business Performance;* IPD, 1997.

Box 6.2: Development programmes for headteachers

Department of Education, Victoria, Australia

A series of development programmes for around 300 headteachers were built on a research model linking competencies (behavioural characteristics which are causally related to success in particular roles), leadership styles and organisational climate. The programmes focused on:

- the evidence that behavioural characteristics, as opposed to cognitive or technical skills, account for up to 90% of success in leadership positions;

- raising participants' awareness of the factors that drive behaviours – both conscious and unconscious – in themselves and others;

- understanding their own motives and behavioural drivers and the impact this has on others;

- understanding the links between behaviours, leadership styles and organisational performance; and

- clarifying the steps required to develop skills in defined areas and planning their own development.

DfEE: leadership programme for serving headteachers

Over the last two years, DfEE has been involved in commissioning, designing and evaluating a leadership development initiative for headteachers. The programme is built around the same researched linkages model, and new research into the characteristics (competencies) displayed by "outstanding" headteachers (see Box 3.2).

Headteachers attend a four-day intensive development course, combining 360 degree diagnostic feedback and inputs based on the model. Links are made between personal development goals and school improvement planning.

Ongoing support includes access to an interactive web-based development system, peer group networks and the opportunity for a coaching partnership. Participants also attend a follow-up day nine to twelve months after the original programme when diagnostic data is re-measured to assess personal development. Evaluation activity also includes longer term Ofsted monitoring of impact on schools and pupil performance.

Some 2,500 headteachers have gone through the programme and there is a substantial database of data which has been used to identify trends and refine understanding of the correlation between sets of personal qualities and organisational success.

An interim study of this data showed that, as predicted by the linkages model, there was a direct and conclusive link between scores across the dimensions of climate and established measures of organisational performance (including peer review and Ofsted reports). It is too early to be able to track impact on organisational outcomes (such as pupil achievement).

… and the question of best practice in leadership development is debated

6.6   In the private sector, practice in leadership development is extremely varied – from companies with a profound commitment to such activity to organisations which place little or no value on leadership development.

6.7   In the public sector, there is evidence of patchy investment in leadership training. In particular, where training budgets are "devolved", this may inhibit investment in development for leaders. Public bodies will need to see such training as a corporate resource and may need to fund it centrally within organisations.

6.8   A significant amount of research, however, has been done on best practice in development programmes. In a study by Bennis and Linkage, Inc *(Best Practices in Leadership Development, 1999)* survey respondents in 350 companies were asked to list the most effective features of leadership training. Leaders reported most learning from practical components (action learning and 360 degree feedback) and from exposure to senior colleagues and the strategic agenda. Input from traditional classroom-based programmes had little sustained impact on development.

6.9   Part of the explanation for this is simply that development programmes are delivered to adults. They can seldom devote much time to the acquisition of new knowledge and skills. So development programmes must be structured to include a good deal of action-oriented, hands-on learning, with time to reflect and absorb new information and ideas.

6.10   Leading edge development practice tends to combine a variety of elements. As Table 6.1 shows, different approaches to learning are best suited to developing different leadership qualities. (A glossary of development approaches is at Annex F.)

Table 6.1: Learning approaches

Area of capability	Appropriate development approach	Inappropriate development approach
Knowledge of sector Systems Best practice, Theory	• In house/induction programmes • Reading • Self-directed learning • Secondments/work shadowing • Learning sets – cross-sectoral • Partnering • Community involvement • "Just in time" learning • Networking	• Coaching/ mentoring, etc
Leadership Style & Impact on Others	• Diagnostic tests • Feedback and support with interpretation • Development guides/systems which allow for self-directed access and use • Observation of others – in real life or media (e.g. film) • Supported experimentation – role play, practising, etc • 360 degree feedback systems and Performance Management systems • Executive coaching • "Buddying" and mutual support systems • Learning sets and reflective learning	• Over emphasis on "taught" programmes • Reading not doing
Key Behaviours	• Diagnostic tests • Feedback and support with interpretation • Development guides/systems which allow for self-directed access and use • Observation of others – in real life or media (e.g. film) • Supported experimentation – role play, practising, etc • 360 degree feedback systems and Performance Management systems • Executive coaching • "Buddying" and mutual support systems • Secondments with specific development goals • Learning sets and reflective learning	• Over emphasis on "taught" programmes • Reading not doing
Technical Skills and Knowledge	• Targeted training courses • On the job training and support • "Just in time" learning • Secondments • Reading and some self-directed learning	• Coaching / mentoring • Development guides

6.11 Box 6.3 gives an example of how approaches that expand on formal lecture programmes can be used to support real change within organisations, and a more involved, outward looking attitude on the part of top leaders.

**Box 6.3: Example of mentoring partnerships: Business in the Community –
Partners in Leadership program**

"Partners in Leadership" is an essential component of DfEE's "Leadership
Programme for Serving Headteachers". The scheme is managed for DfEE by
"Business in the Community", a national not-for-profit organisation that works to
inspire businesses to make a positive impact on the communities in which they
operate.

The programme matches headteachers with senior managers from the local
business community. Participants develop and explore aspects of leadership,
introduced in the Leadership Programme for Serving Headteachers four-day
residential programme, with someone who has parallel experience of leadership
and management. For business partners, the scheme allows discussion with
someone who has no axe to grind and who can bring an external perspective to
the role of leader and manager.

Partners not mentors

For businesses to see the added value provided by the scheme, it has been
designed around the idea of "partners not mentors". Mentoring implies that the
relationship is not equal and presupposes that the learning flows from the private
sector mentor to the headteacher. Neither side of the partnership wants to feel
that the private sector "has all the answers" or they are there to function as a
trouble-shooter for schools.

Sharing of skills rather than a transfusion of people

Partnerships have occasionally functioned as a stepping stone for private sector
managers onto a board of governors. Whilst remaining in the private sector, there
has been the benefit of new leadership skills accruing to executive boards.

Cross-sector cooperation will improve development programmes

6.12   Each sector of the public service has been involved in developing leadership
programmes. Leadership Colleges have been a traditional approach.
Education, Health, Local government and the Civil Service all have variants.
Centres now operating or in development in the civil service, health, education
and local government are described in Annex F.

6.13   Many current leadership programmes acknowledge the importance of outside
recognition for the training they provide. Some organisations are working with
Universities to develop programmes that provide an MBA-level qualification
while others provide Certificates or Diplomas in Public Leadership and
Management or allow for partial completion of degrees. This will help deliver
the "development guarantee" outlined in Chapter 5 as part of the "better deal
for public sector leaders".

There should be joined-up leadership programmes …

6.14   Several public and private sector forums have already come together to
explore the potential for more collaboration in the design and delivery of
leadership programmes (see Annex F). CMPS leads a cross-sector group of
development providers, the "Public Sector Leadership Development Forum".

6.15   But there is still scope to do more:

- Different sectors should identify best practice, learn from each other, and explore joined up development and delivery. Most public services recognise the need actively to develop leaders and leadership skills. Most have more than one approach: targeting different populations of leaders, combining formal "taught" programmes with active, experiential elements.

- The needs of the leadership within the public services including, in particular, to meet the challenges of partnership working, should be covered by all taught leadership programmes. A set of common elements should be developed, based on the common aspects of leadership identified in Chapter 3. This should cover some leadership theory, but focus more on work issues: motivating teams; leading organisational and cultural change and mentoring others.

6.16   The Public Sector Leadership Development Forum (PSLDF) chaired and supported by CMPS and the Cabinet Office could take forward development and training work arising from this report, in particular by:

- facilitating networking and joint learning between sectors and ensuring the sharing of best practice on development programmes;

- developing a business case for a national on-line leadership knowledge pool, linking sectoral colleges and disseminating best practice and current knowledge; and

- identifying "common elements" of public sector leadership to be included in leadership programmes across the public sector.

… and there is scope for more secondments and exchanges

6.17   Taught development programmes must be balanced with experiential learning. Leaders gain new perspectives and competencies through working in different environments. There is a strong case for promoting secondments, exchanges and other experience-broadening episodes among leaders and future leaders. Broadening the experience of leaders can help organisations to develop partnerships with other organisations across the public and private sectors.

6.18   Many leadership programmes include job placements, secondments or short-term shadowing. All are designed to expose individuals to experiences outside their normal sphere of work – to a different organisation, a different technical speciality within their own organisation, or to a more senior position. Secondments can also give operational experience to those working on central or strategic issues – a step recommended in the PIU report *Wiring it Up.* The Civil Service Reform programme also sees secondments as essential, calling for 100 managers to be on the Public Service Leaders Scheme (PSLS) in 2001, and building towards an expanded target that 65% of the Senior Civil Service will have experience outside the Service by 2005.

6.19   The PSLS (Box 6.4) – is being developed to support movement of mid-level people with leadership potential in the public service across sectoral

boundaries, and between the centre and the field, to improve their understanding of and capacity for joined-up working.

Box 6.4 Public Service Leaders Scheme (Xchange)

> Xchange is a new scheme being developed as part of the Modernising Government agenda and designed for those at mid-level looking to move into leadership positions. It will provide experience of working in different parts of the public sector for public servants with high potential and will offer taught elements. It will contribute to the improved development and delivery of public services by developing a pool of future leaders with broader experience and understanding of work across the public sector. It will enhance the participants' knowledge and understanding of linked activities and expose them to new situations, challenges and thinking.

6.20   The costs of secondments can be a limiting factor. Few can afford to employ people working at less than full capacity, and the investment of time in bringing them up to speed is effectively lost to the organisation when the secondee moves on. Some programmes offset this by providing central funding to cover the secondee's salary costs. Models for sharing costs across sectors – for example, a fund to which members contribute and which can be used for subsidising secondments – can help smaller organisations. Secondment schemes also face real challenges in matching people with opportunities. Direct exchanges, while potentially cost-neutral, are particularly hard to achieve, and most organisations and individuals have few mechanisms for finding out about opportunities outside their own sphere.

6.21   The wider value of expanding the experience of public service leaders creates a strong case for extra assistance to organisations to overcome the obstacles that may deter them from participating in such arrangements.

6.22   The PSLS should establish a funding scheme for public service secondments to offset the cost of developmental secondments within and between public service organisations.

Leaders need ongoing support

6.23   Beyond formal leadership development programmes, organisations need to recognise the importance of personal leadership development and to sanction opportunities to undertake developmental activity that suit the needs of the individual. Support can take various forms.

6.24   *Informal networks.* One of the findings from the project workshops was the importance of people to whom leaders can talk openly and honestly "off the record" about the issues they face in their organisations. Inter-organisational networks have been very effective in supporting leadership development and innovation in the DETR's Best Value pilot programme, Beacon local authorities programme and in the Cabinet Office-led programme of Better Government for Older People. The Government Offices of the Regions and Regional

Development Agencies could do more to promote cross-service regional leadership networks.

6.25 *A commitment to learning.* Much of the recent thinking about leadership for the future suggests that leaders must think of themselves as "lead learners" within organisations, willing to take risks, learn from failure as well as success and stay open to new experiences. This needs to be clearly supported and validated by those leaders report to. An example is in Box 6.5.

Box 6.5: Teach and learn at Whitefield

Whitefield schools are special needs schools employing over 200 staff. In the mid 1980s, senior staff felt that the traditional training system of "sending people on courses" was not proving effective, as trainees were not able to apply what they had learnt to the (ultimate) benefit of their students. To develop a higher calibre workforce, Whitefield began to look at diverting resources for training to take the higher education of its own staff in-house.

Through a partnership with Cranfield, they developed a course for trainees and advisors in education. Teachers had to finish the course and also agree to get a further professional qualification (MA, PhD), thus creating the impetus for personal development within the context of its relevance to the pupils at the school. It was not a contractual requirement, but one of "professional understanding". Those who didn't agree, left.

Though it has started off as a subversive body within the organisation (by building in the idea of constant challenge for both management and teachers) it led to a step change in the whole culture of the organisation – it became a "learning culture", one of higher education, not just training.

At its inception, it was funded by some of the money allocated for the upkeep or purchase of buildings. It now operates as a limited company offering development/training for teachers looking at a career in special education. Courses are attended by approximately a third of Whitefield's own staff and two-thirds external trainees.

The quality of applicants to posts at the school has risen dramatically. A shortlist of recent applicants included ex-heads and deputy heads keen to map out new directions for their careers. It is proving to be a unique draw for potential applicants in a job market increasingly offering relatively well paid posts at local authorities.

Having helped the organisation to become highly professional, the "in-house" training has led to a common language amongst the teachers and a sense of shared purpose within the organisation, now reputed as a leader its field.

6.26 *Performance management for leaders*. Leaders, like other public servants, should be subject to a performance management regime, which takes into account performance against output objectives and behavioural characteristics and includes a personal development plan, with an agreed plan of action to address identified performance gaps. Individuals should receive regular feedback from those to whom they are accountable on progress and performance.

6.27   *Health checks for organisations.* Some organisations are easier to lead than others. There are a number of tools that organisations can use to assess organisational performance – details are given at Box 6.6. If these are regularly applied to organisations – and findings implemented – they will make the task of leadership easier. This is one of the most important responsibilities of leaders themselves, but also of those to whom leaders are responsible.

Box 6.6: Schemes which recognise good performance

Beacon Schemes*:* recognise excellence in service in areas such as central and local government, education and health, thereby helping others to learn from their experience.

Charter Mark*:* an award for excellence in public service delivery as seen from the users' perspective.

Business Excellence Model*:* a framework to help assess an organisation's performance, both in its results and the processes needed to achieve them, and identify where improvements are needed.

Investors in People: a standard relating employee development to organisational goals and performance.

6.28   Government Offices for the Regions and RDAs should become responsible for increasing peer support to leaders, through mentoring, peer support, etc, from within, across and outside the public service, building on current initiatives.

7 Next steps

7.1 This report has aimed to contribute to a better understanding of what contributes to better leadership in the public sector. The report has primarily been prepared to help decision-makers at all levels. However, it has also suggested actions in three main areas:

- Improving the environment in which public service leaders operate by ensuring that clear accountability for performance is matched with greater freedom;

- Improving the ways in which leaders, and potential leaders, are recruited and retained, acting cross-sectorally where possible – in particular articulating and promoting a better deal for the public sector to encourage and reward leadership; and

- Improving the way in which leadership is developed from within the public sector.

Improving leadership must be a priority for public service sectors

7.2 The main players in taking this forward must be individual departments and agencies. Each needs to develop its own strategy for better leadership, including some of the specific issues raised in this report, such as ensuring better training for non-executives, and tasking inspectorates to work jointly to improve their methods for assessing leadership performance. Each also needs to apply the principle of ensuring a better balance between freedom and accountability.

However, some of this agenda needs to be pushed forward collaboratively, across the public sector

7.3 As this report has demonstrated, much of this agenda cuts across departmental and agency boundaries. Some of the next steps therefore need to be taken forward in a collaborative way.

7.4 This report proposes that a Cabinet Office Minister should be tasked with overseeing the continuing work to follow up this report and strengthen leadership across the whole of the public services. This would build on the various existing forums sponsored by the Cabinet Office that have the experience and knowledge to help shape this work. Specifically this would involve:

- working up and promoting a better deal along the lines set out in the report – possibly with the help of leadership champions;

- supporting collaborative recruitment regionally and nationally, piloting a regional recruitment scheme joined up across the public service (including a pilot fast stream entry scheme);

- making training leading to a portable recognised qualification a key factor in enhanced attractiveness of public service jobs and considering whether cross-public sector secondments should be funded centrally to offset the costs to seconding organisations;

- establishing the evidence base for recruitment planning and reviewing cross-sectoral positions on pay; and

- assessing the scope for a high profile cross-sectoral award scheme to recognise best practice in leadership.

7.5 Action from the centre of government is also needed to:

- understand and share knowledge of what works in developing leadership;

- identify common elements for all formal leadership development programmes;

- promote joint working and learning between sectors;

- assess the case for linking sectoral colleges and disseminating best practice through a national on-line leadership knowledge pool; and

- organise joint training for politicians and Chief Executives on leadership.

7.6 Some of these activities could be taken forward in the next year; others – such as establishing the evidence bases for recruitment and development – are likely to take longer. Still others – for example, the benefits of better recruitment – may only be felt some years later.

7.7 In the meantime there will continue to be a need for work on the practicalities of improving leadership.

7.8 Some of this work may be led by the PIU which is considering the scope for a follow-up project examining the structural issues that may be a barrier to public service entrepreneurship and better risk taking. The work of the Public Services Productivity Panel will also be important, particularly in relation to issues of accountability and risk.

7.9 But the first step, and the primary purpose of this report, is to ensure that the issue of leadership is openly and honestly talked about and addressed, by officials, ministers and managers at all levels.

Annex A: The role of the Performance and Innovation Unit

A1   The creation of the Performance and Innovation Unit (PIU) was announced by the Prime Minister on 28 July 1998 as part of the changes following a review of the effectiveness of the centre of government by the Cabinet Secretary, Sir Richard Wilson. The PIU's aim is to improve the capacity of government to address strategic, cross-cutting issues and promote innovation in the development of policy and in the delivery of the government's objectives. The PIU is part of the drive for better, more joined-up government. It acts as a resource for the whole of government, tackling issues that cross public sector institutional boundaries on a project basis.

A2   The Unit's Director is Geoff Mulgan and it reports direct to the Prime Minister through Sir Richard Wilson. A small central team helps recommend project subjects, and manages the Unit's work. Work on projects is carried out by small teams assembled both from inside and outside government. About half of the current project team staff are drawn from outside Whitehall, including from private sector consultancies, think tanks, NGOs, academia and local government.

A3   Comprehensive information about other PIU projects can be found on the PIU's website at http://www.cabinet-office.gov.uk/innovation

Annex B: Project Team, Sponsor Minister and Advisory Group

Sponsor Minister	Estelle Morris MP	Minister of State DfEE
Advisory Group	Ron Amann	Director, Centre for Management and Policy Studies
	Julie Baddeley	Audit Commission and Woolwich plc
	John Benington	Warwick Business School
	Ann Chant	Deputy Secretary, Inland Revenue
	William Jordan	PIU
	Jim Gallagher	Number 10 Policy Unit
	Neil Goodwin	Chief Executive, Manchester Health Authority
	Greg Parston	Chief Executive, Office of Public Management
	Alice Perkins	Corporate Management Directorate, Department of Health and non-executive director, Littlewoods
	Heather du Quesnay	Director, National College for School Leadership
	Liz Thompson	Headteacher, Rushmore Primary School
	Cllr Robin Wales	Leader, Newham Council
Project Team	Andrew Lean	seconded from DETR
	Clara Swinson*	from the PIU central team
	Louise Horner	seconded from the Local Government Association
	William Jordan*	from the PIU central team
	Anne Richmond	seconded from the Government of British Columbia (from May 2000)
	Peter Ruback	seconded from DETR (from May 2000)
	Supported by	
	Anne Bennett*	Office of Public Management
	Jennifer Duvalier*	Hay Management Consultants
	Martin Fischer*	King's Fund
	Donald Hirsch*	Joseph Rowntree Foundation
	Jon Porter*	Lincolnshire County Council
	Dr Keith Ruddle*	Templeton College, Oxford
	Alison Wilcox*	Hay Management Consultants

* part time

Annex C: People and organisations consulted

Anchor Trust	Ms Debbie Smith
Arthritis Care	Mr Richard Gutch
Ashford and St Peter's Hospital NHS Trust	Mrs Sian Thomas
Association of Police Authorities	Ms Catherine Crawford
Audit Commission	Mr Terry Hanafin
	Ms Wendy Thompson
AUDUX	Mr John Plummer
Barnes Farm Junior School (Chelmsford)	Mr John Bowers
Barnet Health Authority	Mr Antony Jacobsen
Battersea Primary Health Care Group	Mr Peter Westland
Becketts House	Mr Peter Brokenshaw
Birmingham Health Authority	Dr Sarah Taylor
Bracknell Forest District Council	Mr Gordon Mitchell
Brighton and Hove Council	Ms Annie Callanan
Bristol Royal Infirmary Inquiry	Ms Una O'Brien
British Medical Association	Dr Peter Hawker
British Medical Association (General Practitioners' Committee)	Dr Hamish Meldrum
British Waterways	Dr David Fletcher
Buttershaw Upper School	Mr John Hill
C2M, Bradford	Pam Hardisty
Cabinet Office Centre for Management and Policy Studies	Mr Robert Green
	Mr Geoff Merchant
Cabinet Office Civil Service Corporate Management	Mr Brian Fox
Cabinet Office Corporate Strategy	Mr Damian Roberts
Cabinet Office Efficiency and Effectiveness Group (Next Steps)	Ms Kathryn Packer
Cabinet Office Personnel and Pay	Mr Michael Dawson
Cabinet Office Regulatory Impact Unit	Mrs Angela Evans
	Ms Alison French
Cabinet Office Secretariat	Mr Tony Medawar
Cambridge University	Mr David Hargreaves
Chief Education Officer, LB Greenwich	Mr George Gyte
Child Support Agency	Mr Norman Egan
Community Activist, Wales	Sue Pritchard
Consultant, Sustainable Development	Mr Stephen Hill
Council for Excellence in Management and Leadership	Ms Liz Amos
Criminal Injuries Compensation Board	Mr Howard Webber
Criminal Justice Group	Mr Mark Ormerod
Deloitte & Touche Development Associates	Mrs Sue Kluss
Department for Education and Employment	Ms Christina Bienkowsksa
	Mr Richard Harrison
Department of Health (Joint Unit)	Ms Carole Bell
Department of Social Security	Mr Bill Gormley
	Mr Peter Sharkey
	Mrs Harjeet Saini
	Mr Terry Moran
	Mr Neil Ward
Department of the Environment Transport and the Regions	Ms Avril Atkinson
	Mr Mike Bailey
	Ms Sandy Bishop
	Dr David Fisk
	Mr Nigel Campbell
	Mr Graham Pendlebury
	Mr Andrew Whetnell
Derbyshire Constabulary	Inspector Kuldip Kumar Mahay
Directorate of National Police Training	Mr Greg Wilkinson

Directory of Social Change	Richard Eastwood
Dudley Beacon and Castle Primary Care Group	Mr Alan Torbet
Durham County Council, Community Development	Peter Brookes
East Merton & Furzdowne PCG	Mary Wells
East Midlands Development Agency	Mr Martin Briggs
Employment Service	Mr Stephen Holt and Leigh Lewis
	Ms Julia Sweeney
	Ms Clare Hodgson
	Mrs Diane Hedley
English Churches Housing Group	Mr Mark Glinwood
Equal Opportunity Policy Team	Ms Kshana Shore
Fire Service Unit (Home Office)	Mr Eddie Guy
Focus Consultancy Ltd	Mr Tetteh Kofi
France Hill School (Camberley)	Ms Jacqueline Pearson
Friars School (Bangor)	Mr Neil Foden
GP, Leicester	Angela Lennox
General Practitioners Committee	Dr John Chisholm
Government Office - East of England	Mr Alan Riddell
Great Ormond Street Hospital	Professor Naomi Sargent
Greenwich Education Action Zone	Mr Patrick White
Hay Management Consultancy	Ms Helen Murlis
	Mr Richard Wilkin
	Mr Franklin Hartle
HAZ Bradford	Ms Elaine Applebee
Heron Hill Primary School (Kendal)	Ms Allyson Ingall
HM Fire Services Inspectorate	Mr Graham Meldrum
Hodge Hill Girls' School	Ms Carole Gumbley
Home Office Personnel (Police Civilians)	Ms Lois Leeming
Improvement and Development Agency	Mr Arthur Bettram
	Ms Anjana Nathwani
	Ms Helen Dawson
Individuals Fundraising	Ms Ellen Ryan
Inland Revenue	Ms Elaine Fox
	Ms Marjorie Williams
Inner London Probation Service	Mr John Harding
International Leadership Centre	Professor John West-Burnham
IPPR	Mr Jeremy Hardie
Islington Borough Council	Councillor James Kempton
John Lewis, Milton Keynes	Ms Maggie Porteous
KCW Health Authority	Sir Thomas Boyd Carpenter
Kent County Council	Mr James Butcher
King's Fund	Ms Naaz Coker
King's Healthcare NHS Trust	Mr Ron de Witt
Kitchener Primary School (Cardiff)	Mrs Patricia Williams
Lancashire Constabulary	Mr John Vine
Leadership Consultant	Mr Leonard Johnson
Leadership in the NHS	Ms Tessa Brooks
Leadership Trust (Training) Ltd.	Mr John Frost
	Mr Nick Kench
Leigh City Technology College	Mr Frank Green
Lindhead School (Scarborough)	Mr Michael Rought-Brooks
Local Futures Group	Mr Ian Christie
Local Government Association	Mr Phil Swann
	Mr Neil Kinghan
London and Quadrant Housing Trust	Mr Jeremy Stibbe
London Borough of Barnet	Mr Max Caller
London Borough of Greenwich Education Department	Mr George Gyte

London Borough of Hammersmith & Fulham	Councillor Stephen Burke
London Borough of Harrow	Mr Tony Redmond
London Borough of Havering	Mr David Burbage
London Borough of Hounslow	Mr Derek Myers
London Borough of Lewisham	Mr Barry Quirk
London Borough of Tower Hamlets	Ms Christine Gilbert
London Borough of Waltham Forest	Ms Shaama Saggar-Malik
London School of Economics	Professor Jonathan Rosenhead
Manchester City Council	Ms Eve Martin
Manchester Health Authority	Mr Neil Goodwin
Marsden Junior School (Manchester)	Mrs Irene Jacob
Mayday Healthcare NHS Trust	Mr John Ford
Metropolitan Police	Chief Superintendent Steve Otter
MIND	Ms Dawn Wakeling
Ministry of Defence	Major-General Peter Currie
	Air Vice Marshall Chris Davison
	Wing Commander Nigel Gillingham
	Wing Commander Bill Hush
	Mr David Laughrin
MJM Healthcare Solutions	Baroness Julia Cumberledge
	Ms Julie Morris
	Mrs Bethan Rowlands
National Asylum Support Service	Mr Robert Eagle
National College of School Leadership	Ms Gill Bull
National Health Service Executive	Dr Kate Barnard
	Ms Tessa Brooks
	Mr Peter Dick
	Ms Gillian Black
National Housing Federation	Jim Coulter
National Police Training College	Mr Robert Mansell
National Union of Teachers	John Bangs
	Mr Peter Bishop
	Mr Richard Stainton
	Ms Kathryn Stallard
Neasden Benefits Office	Mr Tim Delaney
Newcastle City Healthcare NHS Trust	Ms Yasmin Chaudry
	Mr Lionel Joyce
Newcastle upon Tyne LEA	Mrs Norma Redearn
Newport Borough Council	Mr Clive Grace
NHS Confederation	Mr Stephen Thornton
NHS Executive Trent	Dick Stockford
North and East Devon Health Authority	Dr Gillian Morgan
North West Development Agency	Lord Thomas of Macclesfield
North West Hospitals NHS	Mr Jazz Boghal
North West London Hospitals Health Trust	Mr John Pope
	Ms Katrina Percey
North West Regional Office	Ms Jean Faugier
North Yorkshire County Council Social Services	Mrs Rosemary Archer
Northumbria Healthcare NHS Trust	Mr Brian Flood
Nottingham County Council	Mr Peter Housden
Nuffield Institute	Becky Malby
Office for Public Management	Mr Paul Corrigon

Office of the Data Protection Commissioner	Ms Lorraine Martin
Oxford University	Mr Mike Duffy
	Dr Keith Grint
	Mr Marshall Young
Patcham High School	Ms Liz Fletcher
Pembrokeshire Local Government Association	Ms Marjory Brown
Pentland Primary School (Billingham)	Mr David Campbell
Peterborough Hospitals NHS Trust	Mr Malcolm Lowe-Laurie
Phoenix High School (London)	Mr William Atkinson
Pickhurst Junior School (West Wickham)	Ms Betty Calderbank
Police Association	Chief Superintendent Peter Gammon
Police Co-ordination Unit	Mr Chris Keates
Police Safety	Mr Clive Norris
Police Superintendent's Association for England and Wales	Mr Michael McAndrew
Portsmouth Employment Service	Mr Guy Tompkins
Probation Board for Northern Ireland	Julian Crozier
Rampton Hospital Authority	Ms Sheila Foley
Redbridge and Waltham Forest Health Authority	Mark Glinwood
Redcar and Cleveland LEA	Ms Enid Thirkell
Research Centre for Leadership	Professor Roger Gill
Richmond School	Mr James Jack
Rowner Junior School (Gosport)	Mr Barrie Smith
Selly Oak Primary Health Care Group	Ms Lucy Tye
Shaftesbury Junior School (Leicester)	Mr Nic Gavin
Sheffield City Council	Mr Bob Kerslake
Sheffield Community Health NHS Trust	Ms Barbara Walsh
Sidegate Primary School (Ipswich)	Mr Andrew Rowe
Society of Chief Personnel Officers	Ms Rita Sammons
SOLACE	Mr Sandy Blair
South Bristol Primary Care Group	Ms Jane Cook
South London Community NHS Trust	Ms Annie Brough
South London Maudsley Health Trust	Ms Zoe Reed
South London NHS Trust	Ms Evelyn Dunwoody
Springfield University Hospital	Mr Jan Hildreth
St Mark's School (Bath)	Ms Cherril Pope
Stepping Stones Consultancy Ltd	Ms Gill Greenwood
Strategy and Communication	Ms Virginia Beardshaw
Surrey County Council	Paul Coen
Surrey University	Robin Middlehurst
Sussex Constabulary	Simon Parr
	Paul Whitehouse
Tavistock Consultancy Service	Mr Jon Stokes
Telford and Wrekin Council	Ms Sheila Healey
Templars First School (Sompting)	Mrs Marjory Hammond
Thames Valley Police	Chief Superintendent Ralph Perry
Thames Valley Police Authority	Mr Nick Patel
The Harvey Grammar School (Folkestone)	Mr John Edwards
Trafford Council	Ms Carole Hassan
Training Matters	Patricia Boyle
UNISON	Keith Sonnet
United Bristol Healthcare NHS Trust	Ms Elaine Hollerhead
University of Bristol School for Policy Studies	Professor Lesley Doyal
University of Leeds	Ms Beverly Alimo-Metcalfe
University of London	Ronald Barnett
University of Wolverhampton Leadership Centre	Sir Geoffrey Hampton
Walsall Metropolitan Borough Council	Hardiel Bhogal
War Pensions Agency	Mr Stuart Munslow
Warwick Business School	John Benington

Watford Council

West Middlesex University Hospital NHS Trust

Whitefield Schools and Centre (Walthamstow)

Whole Systems Development

Windsor Leadership Trust

Wokingham Primary Care Group

York City Council

York Health NHS Trust

York Health Services NHS Trust

Other

Mr Alan Clarke

Miss Jane Kelly

Mr Niels Chapman

David Wilkinson

Ms Sarah Denly

Dr Derek C Munday

David Clarke

Mr Simon Playdell

Ms Eileen Kershaw

Dick Atkinson

Julia Unwin

The work of the Planning and Implementation Group

This group (members included in the above list) was formed at the start of the project with the aim of testing emerging findings against the group's understanding of effective implementation. The group included people working in a range of public agencies and capacities, from chief executive level, through policy, professional areas and human resources to independent change agents, community workers and non-executives in public and voluntary organisations.

Meeting several times during the project, the group defined key tests for the project:

- Does this evidence ring true with everyday experience?

- Have we explored the relevant areas?

- Has field information and insight been interpreted and used appropriately?

- Do the proposed actions address the issues? – will they achieve results?

- Will ideas have credibility, win support and enable change?

- Is it possible to implement these ideas?

- If so, how can plans be developed to support the process of implementation?

The group's summary of issues to be considered in implementation:

- Build in ownership for proposals at the earliest possible stage.

- Proposals should work with the grain of current efforts, add value, and not slow down, add to, or duplicate activity.

- Support a learning approach, in which experimentation is rewarded and practice is not constrained by the past.

- Recognise that some changes are deep and complex – short-term quick fixes are counter-productive, whereas early wins and encouragement can kick start or build up momentum.

- To sustain the change programme, be focused on the end goals, not simply on completing a plan of action.

Annex D: Literature review

Introduction

D1   For practical people concerned about leadership, the theoretical literature can often be frustrating, obscure and contradictory. Over 25 years ago Stogdill's *Handbook of Leadership* [6] exposed a problem that has, if anything, grown worse over the years: there are almost as many definitions of leadership as there are people attempting to define it. Over ten years ago Yukl's [7] wide-ranging review of the literature on leadership effectiveness came to an equally perplexing conclusion: "Most of the theories are beset with conceptual weaknesses and lack strong empirical support. Several thousand empirical studies have been conducted but most of the results are contradictory and inconclusive." [8] Against this background of confusion and uncertainty within the literature on leadership, the following review establishes the two most common and traditional approaches (trait and contingency theories) before engaging in the more contemporary debates that support the general perspectives taken in the main report.

Traditional models of leadership

D2   Trait approaches to leadership have been popular since Hippocrates's construction of personality types derived from "body humour", but contemporary forms are rooted in psychological assessments of personality and a consequent taxonomy of consistent behaviour: leaders behave in certain ways because of their traits. These traits, or "unseen dispositions", vary in number from the 18,000 established in one early review [9] to the more contemporary five: Self-Confidence, Empathy, Ambition, Self-Control, and Curiosity, and form the bedrock for the myriad numbers of personality tests. Supporters of trait approaches place more emphasis on the selection rather than the development of leaders. [10] The *Myers-Briggs Type Indicator* remains a significant leader in this field, [11] though the various competency models have also become standard, for instance in the Management Charter Initiative. [12] However, the utility of these approaches often depends upon the background of the reader: psychologists tend to be generally supportive but others are critical of the assumptions that personality is stable: they suggest that the tests *construct* rather than *discover* such traits, they are doubtful whether successful leaders can be predicted by the possession of such traits, and they involve a

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[6] Stogdill, R.M. (1974), *Handbook of Leadership* (New York: Free Press).

[7] Yukl, G. (1989), 'Managerial Leadership: A Review of Theory and Research' *Journal of Management* 15 (2), pp. 251-89.

[8] Yukl, G. (1989), 'Managerial Leadership: A Review of Theory and Research' *Journal of Management* 15 (2), p. 253.

[9] Allport, G.W. and Odbert, H.S. (1936), 'Trait-names: A Psycho-Lexical Study' *Psychological Monographs* 47, pp 171-220.

[10] See, for example, Hogan, R.T., Curphy, G.J., and Hogan, J. (1994), 'What Do We Know About Leadership?' *American Psychologist* 49 pp. 493-504.

[11] Myers, I.B. and McCaulley, B.H. (1985), *Manual: A Guide to the Development and Use of the Myers-Briggs Type Indicator* (Palo Alto, CA.: Consulting Psychologists Press).

[12] MCI (Management Charter Initiative) (1997), *Management Standards* (London: MCI).

surreptitious subordination of the individual to the alleged needs of the organisation. [13] Even supporters accept that the Fundamental Attribution Error – the assumption that behaviour, especially first impressions, reflects core characteristics or traits - leads us to pick or reject potential candidates instantly.

D3   The most significant trait of all remains charisma, and the search for charismatic leaders to resolve apparently irresolvable problems continues to be the goal of many recruiters. [14] It should be noted, though, that two significant aspects of charisma remain unresolved. First, it is probably best perceived as a social relationship rather than an individual trait – since charisma appears to lie in the eye of the beholder not in the mind of the possessor. Second, the reliance on charismatic leadership tends to undermine the ability of followers to participate in – and thus achieve - the resolution of their collective problems. [15] And unless individual leaders are indeed endowed with superhuman qualities they will have to recognise that leadership is essentially a collective process not an individual position.

D4   Contingency and Situational approaches are grounded in the philosophy that leaders should act as the situation demands. The situational variant suggests that leaders should develop a repertoire of skills and styles that can be deployed to suit the particular situation. Its origins derive from the original Ohio State and Michigan University studies which popularised the distinction between task-centred and relationship-centred leaders.[16] These studies, in turn, led to the "people or production" Leadership Grid work of Blake and Mouton which suggested that it was possible to have high concern for both people and production.[17] Hersey and Blanchard's Situational Leadership Theory [18] added a third dimension to the calculation – the maturity of the followers. This was itself divided into the job and psychological aspects and the most appropriate style for the leader to adopt could be triangulated against the measures for the task and relationship. Thus, for example, a low skilled and uncommitted workforce would need to be "told" precisely what to do, whereas the task could be safely "delegated" to an experienced and committed group of followers. Unfortunately, the intuitive pragmatism of this approach remains unsupported by the empirical reviews.

D5   The role of the followers is also highlighted in Vroom and Yetton's Normative Decision Model [19] which suggests that the two critical elements of a leader's

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[13] See, for example, Burr, V. (1995), *An Introduction to Social Constructionism* (London: Routledge); Du Gay, P., Salaman, G. and Rees, B. (1996), 'The Conduct of Management and the Management of Conduct' *Journal of Management Studies* 33 (3), pp. 263-82; Grint, K. (1995), *Management: A Sociological Introduction* (Cambridge: Polity Press).

[14] Bryman's (1992), *Charisma and Leadership of Organizations* (London: Sage) is a good introduction to charisma. More recent developments and disputes are covered in the special issue of *The Leadership Quarterly* (10 (4)) 1999.

[15] See Heifetz, R.A. (1994), *Leadership Without Easy Answers* (Cambridge: Belknap Press).

[16] Hempill, J.K. (1949), 'The Leader and his Group' *Journal of Educational Research* 28, pp. 225-229, 245-46.

[17] Blake, R.R. and Mouton, J.S. (1964), *The Managerial Grid* (Houston: Gulf).

[18] Hersey, P. and Blanchard, K. (1982), *Management of Organizational Behaviour: Utilizing Human Resources* (Englewood Cliffs, NJ: Prentice Hall).

[19] Vroom, V.H. and Yetton, P.W. (1973), *Leadership and Decision-Making* (Pittsburgh: University of Pittsburgh Press).

decision, its quality and the degree of subordinate acceptance, are more defined by the situation and the followers than by the characteristics of the leader. Thus what a leader should do depends upon the time available, the quality of the information, the likelihood of follower resistance and so on, and these feed through into a decision process that varies from autocratic to democratic. It must be said, though, that there is little evidence that using this approach makes for better *leaders*, even if they do make better *decisions.*

D6   The contingent variant, traditionally associated with the work of Fiedler, [20] is sceptical that the same leader can operate successfully in radically different situations. He therefore suggests that either the leadership changes when the context changes or the leader acts to change the context such that her or his style becomes appropriate. Fiedler's basic conclusion, premised on the combination of leader-member relations, the structure of the task and the power of the leader, is that where the situation is "highly unfavourable" – that is, a crisis – and where the situation is "highly favourable" – that is everything is going well - a task-oriented leader is preferable. When the situation is "moderate" then a people-oriented leader is better. Aside from relegating the utility of people-oriented leaders to a minimal role, there is increasing doubt as to the empirical rigour of this approach.

D7   The final contingency model of note is the Path-Goal model of Evans, [21] revamped by House and Dessler. [22] Grounded in expectancy theory, this suggests that people operate on the basis of a rational calculation of effort to performance to outcome, and that leaders should trace and support this same approach with their followers. In this model leaders can vary their style in space and time to maximise the chances of success in conjunction with the followers' level of satisfaction and perception of their own abilities, and in line with the three critical situational variables: the task, the authority system and the work group. But as with all of these models their supporting empirical evidence remains, at best, ambiguous. In particular three criticisms predominate: first, the selection of critical variables is open to dispute; second, the interpretation of these variables is contested; third, the attempt to evaluate or replicate the studies tends to produce marginal results. [23] This does not mean that the context and culture are unimportant; on the contrary, the evidence suggests that they are crucial. However, the problem remains in establishing precisely what the context and culture are.

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[20] Fiedler, F.E. (1967), *A Theory of Leadership Effectiveness* (New York: McGraw-Hill).

[21] Evans, M.G. (1970), 'The Effects of Supervisory Behaviour on the Path-Goal Relationship' *Organizational behaviour and Human Performance* 5 pp. 277-98.

[22] House, R.J. and Dressler, G. (1974), 'The Path-Goal Theory of Leadership' in Hunt, J.G. and Larson, L.L. (eds.) *Contingency Approaches to Leadership* (Carbondale, Ill.: Southern Illinois University Press).

[23] The most comprehensive reviews of traditional approaches to leadership are: Bass, B.M. (1990), *Bass and Stogdill's Handbook of Leadership: Theory, Research and Managerial Applications* (New York: Free Press); Hughes, R.L., Ginnett, R.C., and Curphy, G.J. (1999), *Leadership: Enhancing the Lessons of Experience* (Boston: McGraw-Hill); Kouzes, J.M. and Posner, B.Z. (1987), *The Leadership Challenge* (London: Jossey-Bass); Northouse, P.G. (1997), *Leadership: Theory and Practice* (London: Sage); Wright, P. (1996), *Managerial Leadership* (London: Routledge); Yukl, G. (1998), *Leadership in Organization* (Prentice Hall).

Contemporary challenges

From self-isolating individual leaders to self-supporting leadership teams

D8 Heifetz [24] combines a relatively novel theme - about forcing subordinates to reflect upon their influence in the achievement of goals - and a relatively old theme - about the difference between situations that require mechanistic responses - which he calls "technical" issues (often called "management" elsewhere to distinguish it from "leadership") - and those that require "adaptive" responses (often called "leadership" elsewhere). In so far as Heifetz also distinguishes between the exercise of "authority" and the exercise of "leadership" - sometimes labelled power derived from formal role and power derived from informal role - Heifetz also hinges his ideas on a distinction familiar to Weber and many others since. Hence, for Heifetz, the critical issue is whether people have the ability and motivation to intervene in situations that are not routine, in which the answer cannot be derived from previous experience, and where part of the role of the leader is to reflect the problem-solving back into the followers. In sum, the leader must not take on the mantle of magician him or herself but persuade followers that they – and only they – can resolve the problems they face. [25]

From individual leaders to leadership institutions

D9 Elgie [26] suggests that although the traits and style of leaders makes some difference, nevertheless these differences are limited by, and exercised through, the institutional structure within which they operate. Thus American Presidents have more room to manoeuvre in foreign policy than in domestic affairs, and Italian and Japanese government leaders tend to be reactive rather than proactive because of the nature of their political systems. Moreover, while the US Congress can support or inhibit presidential leadership, it is institutionally incapable of providing leadership itself. [27] Partly these constraints derive from historical developments, partly from the electoral methods, and partly from the power of various institutions to constrain the powers of the formal leadership. The implication for leadership in the public sector is that we need to take careful cognisance of the precise environment within which leadership is constructed and deployed: the appointment, monitoring, reward and accountability structures and processes will all play some part in inhibiting and/or encouraging certain forms of leadership. It is also likely that the multiple and often conflicting accountabilities that prevail upon public sector leaders necessitate greater training, support and skill than those required in most private sector positions.

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[24] Heifetz, R.A. (1994), *Leadership Without Easy Answers* (Cambridge: Belknap Press).

[25] For example, Mary Keyes, vice-president of patient care in a New Jersey hospital relates how the average time taken to administer the first dose of antibiotics for patients with pneumonia reduced from 15 hours to 1.75 hours. The task was achieved by asking volunteers (not heads of departments) to set up their own group to solve the problem, and through a process of self-organized learning the target was achieved. See Zimmerman, B. (1999), 'Complexity Science: A route through Hard Times and Uncertainty' *Health Forum Journal*, Vol. 42 (4), pp. 42-47.

[26] Elgie, R. (1995), *Political Leadership in Liberal Democracies* (Basingstoke: Macmillan).

[27] Lindsay, J.M. (2000), 'Looking for Leadership: Domestic Politics and Foreign Policy' *The Brookings Review,* Winter, pp. 40-43.

From cult control to cultural coherence

D10   The search for charismatic or "superleaders" often generates a form of leadership that is unable or unwilling to recognise when change is required, despite evidence to the contrary (for example, the corporate leaders of IBM in the late 1970s). Much of the debate around the "cult of leadership" is captured in the charismatic approaches but the difference between transactional and transformational leadership also generates cult followers. Transactional Leadership is premised upon motivating followers by some form of instrumental exchange, either a monetary or symbolic reward system. Transformational Leadership [28]on the other hand, asserts that leaders can transform followers by persuading them to subordinate their individual wants to the needs of the collective. A recent example of this approach can be found in Jackson's approach to leadership in the American professional basketball league, the NBA. [29] Jackson's retelling of the Chinese fable of the Emperor Liu Bang is instructive: it likens leadership to a wheel. The strength of the wheel does not lie in the spokes – the material that "leads" the wheel (China) – but in the spaces between the spokes – the "invisible" masses – for if the balance between spoke and space is wrong, the wheel will not work properly.

D11   The significance of the spaces throws a different light on the apparent poverty of leadership generally: it is not that there is a dearth of leaders because there are leaders in every walk of life and at every level in organisations. Indeed, most people, at some point in their lives, will lead others, be it their family, their friends, their local gardening club, or for just a few, their country. In effect, the talent necessary for organisations to be well led already exists within them – but it is not confined to the formal leadership. The problem, then, is as much to do with the poverty of followership as the dearth of, and problems with, existing leaders. By this I mean that the most successful organisations appear to be those where the errors which the leaders inevitably make are compensated for by their followers: responsible followers prevent irresponsible leaders. But where followers are unable or unwilling to constrain their leaders the organisation itself may well suffer. This "compensatory followership" operates right across the organisational and political spectrum such that, for example, the obsequient behaviour of most of Hitler's entourage (fortunately) failed to prevent him from making catastrophic strategic errors in the latter half of the Second World War. In a more contemporary vein we might consider a related failure of leadership and followership in the form of Rodney Ledward, the gynaecologist from William Harvey hospital in Ashford, Kent, who was "able to severely maim hundreds of women patients because of a hospital culture in which consultants were treated as 'gods' and junior staff were afraid of 'telling tales' ". [30] Apart from protecting whistle-blowers – which necessarily occurs after the damage has been done by errant leaders - one method of deterring leaders from making mistakes in the first place is by institutionalising the role of devil's advocate, in which members of an organisation take it in turn

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[28] Bass, B.M. (1985), *Leadership and Performance beyond Expectations* (New York: Free Press); Burns, J.M. (1978), *Leadership* (New York: Harper & Row).
[29] Jackson, P. and Delehanty, H. (1995), *Sacred Hoops: Spiritual Lessons of a Hardwood Warrior* (New York: Hyperion).
[30] Hartley-Brewer, J. (2000), 'Hospital Culture Left Doctor to Maim Women' *The Guardian* 2 June.

to dissent from the group's decisions so as to force it, and its leader, to take cognisance of potential problems that would otherwise be obscured. [31]

D12   The dangers and inefficiencies of over-relying on leaders and of disabling "constructive dissent" [32] are themselves mirrored by the potential benefits of incorporating followers and informal leaders into the decision-making process, for as Joynson and Forrester suggest, the solutions to most organisational problems are already known to the workers - but their formal leaders prevent them from implementing the solutions. [33] One example where such an approach has already begun to bear fruit in the public sector is the new nurse-led injury clinics in the NHS. Here a solution to excessive waiting times and chronic staff shortages is to allow the "subordinate" nurses the freedom to solve the problems that they could have solved years ago – if only someone had thought to ask them and to implement their suggestions.

From rules to principles

D13   The conventional explanation for the existence of rule-based organisations involves the need to inhibit followers from exercising their initiative and undermining conformance to requirements. The positive aspect of this, for example, is a bureaucratic support for equality in service provision. The negative aspect is a fundamental discouragement of subordinate initiative and risk-taking. Since it is impossible to construct an organisation that is run entirely along a system of rules (for that would require a hierarchy of rules surmounted by the "golden rule" that established which of the subordinate rules should be followed), some degree of subordinate initiative – or even leadership – is critical for organisational performance. Indeed, some organisations have pursued this route to the point where the corporate rulebook has been displaced by a few corporate principles. Risk-taking, however, remains anathema to many organisations and to many individuals, for despite claims to the contrary, there are few organisations that try to learn from, rather than eliminate, mistakes, and taking risks inevitably generates mistakes. [34]

D14   The inherent limitations of controlling organisations through rules, beyond the obvious example that "working to rule" usually equates with the absence of any productive output, are especially visible when operating at the level of inter-organisational collaborations, for example, the federations of organisations and institutions involved in regenerating deprived urban areas. Here, a rule-based approach inevitably appears doomed to failure – but so does one where the goals are as obscure as the lines of accountability and even the membership. [35] The necessarily negotiated goals and means are

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[31] Chaleff, I. (1995), *The Courageous Follower* (San Francisco: Berret-Koehler); Kelley, R. (1992), *The Power of Followership* (New York: Doubleday Currency).

[32] See, for example, the example of Motorola discussed in Baatz, E.B. (1993), 'Motorola's Secret Weapon' *Electronic Business* April, pp. 51-53, and Dess, G.G. and Picken, J.C. (2000), 'Changing Roles: Leadership in the 21st Century', *Organizational Dynamics* Winter, pp. 18-34.

[33] Joynson, S. and Forrester, A. (1995), *Sid's Heroes* (London: BBC Books).

[34] See Grint, K. (1997), *Fuzzy Management* (Cambridge: Polity Press), pp. 85-114; and Holt, J. (1996), *Celebrate Your Mistakes* (New York: McGraw-Hill).

[35] Huxham, C. and Vangen, S. (2000), 'Ambiguity, Complexity and Dynamics in the Membership of Collaboration' *Human Relations* Vol. 53 (6) pp. 771-91.

easily undermined by inappropriate acts and resemble the actions of a rock-climber: it is extraordinarily difficult and slow to make progress up the rock-face, but falling off is both easy and quick. The presence of a clearly identifiable ultimate goal (the summit), and measurable points of progress along the route (base camp, camps 1 and 2 and so on), can help keep the climber motivated, but the "glue" that keeps him or her attached to the rock is based on a small number of climbing principles, not a climbers' rule book that needs to be examined for each precipice. Or, in terms of explaining how a shoal of fish or a flock of birds move in perfect symmetry without an apparent leader or complex book of rules, it is simply a question of following a basic principle: maintain the distance between yourself and your neighbours and move in the same direction and velocity unless you personally need to move in a different direction for ulterior reasons (defence against predators, etc) – in which case all your neighbours will move with you. [36]

From naivety to complexity

D15   The role of context is critical to leadership. Contingency models operate on the basis of objectively analysing the context and generating the appropriate leadership response, either in leadership style (situational approaches) or the person of the leader (contingency approaches). A parallel debate in leadership surrounds the nature of the response, rather than the nature of the context. Drawn in particular from discussions of military leadership, the basic assumption is that the context is literally chaotic, and therefore the question is whether leaders should try to impose order upon the chaos or try to exploit the chaos by working within its confines.

D16   Over the last 50 years the developments in complexity theory provide a robust defence of the self-organising approach to leadership. Chaos or Complexity Theory implies six critical points: [37]

- Organisational life is systemic without being systematic. It is both predictable and unpredictable: we know that the weather will be warmer in the summer than in the winter (a "strange attractor" limits its variance), but we cannot predict whether it will rain a week today (at least not in the UK).
- Causal analysis is virtually impossible – because the inordinate number of variables that contribute to any event undermine our ability to explain its causal root.
- Diversity rather than homogeneity is a more productive base given the difficulty of predicting change in the environment.
- Self-organising principles reduce the concern that anarchy may prevail over disorder, and this supports the emphasis on distributed or deep leadership. (Perhaps the growth and persistence of the Internet is a good example here – it has no formal leader but multiple nodes of leadership ensure its survival.) In more conventional organisations the self-organising principles become

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[36] Wood, R. (2000), *Managing Complexity* (London: Profile Books), pp. 244-5.
[37] Battram, A. (1998), *Navigating Complexity* (London: The Industrial Society); Gleik, J. (1987), *Chaos: Making a New Science* (London: Cardinal); Ditto, W. and Munakata, T. (1995), 'Principles and Applications of Chaotic Systems' *Communications of the ACM* Vol. 38 (11), pp. 96-102; Thiétart, A. and Forgues, B. (1995), 'Chaos Theory and Organization', *Organization Science* Vol. 6, (1), pp. 19-31; Wood, R. (2000), *Managing Complexity* (London: Profile Book).

manifest when order is built from relationships rather than enforced by structures. [38]

- Individual action, in conjunction with the multiplier effect, concentrates responsibility at the lowest point: individuals operate on the basis on "min specs", that is the minimum specifications to get the job done. [39]
- Scale-invariant properties and irreversibility are components of all complex organisations.

D17 The consequence of understanding organisations as complex adaptive systems is that they ought to be structured along "the edge of chaos", that is the point between over-structured inertia and under-structured confusion ("chaos" in the pejorative sense of the word). [40] Or in Hampden-Turner's [41] metaphor, it is sailing the line between the rock of excessive control and the whirlpool of disorder. And, following a neo-Darwinian trait that resembles some of the Population Ecology models of organisational survival, [42] whether any complex adaptive system survives depends upon the niche it occupies in the "fitness landscape". [43] Finally, it should be noted that the systemic element of complex systems implies that attending to one element of the system – in this case the leadership – is an inadequate base from which to construct a radical alternative future. [44] Joined-upness is not merely a political goal; it is an inescapable element of organisational life.

From similarity to diversity

D18 It follows from the prior discussion, concerning the importance of supportive but critical followers, that conventional patterns of leader recruitment tend to generate reflective but not reflexive leadership groups. In other words, leaders recruit in their own image [45] which may make them feel more comfortable but it can also undermine the self-analytic and critical skills available to the organisation. It is not just, then, that diversity is important because it is morally appropriate or politically correct, nor is it that diversity is a pragmatic response to a severe recruitment problem, a political expedient. [46] Instead the crucial argument for diversity lies in itself, as a creative alternative to, and active

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[38] Wheatley, M. (1994), *Leadership and the New Science* (San Francisco: Berret-Koehler Publications).
[39] See Zimmerman, B. (1999), 'Complexity Science: A route through Hard Times and Uncertainty' *Health Forum Journal*, Vol. 42 (4), pp. 42-47; Morgan, G. (1997), *Images of Organization* (London: Sage).
[40] Connor, D. (1998), *Leading at the Edge of Chaos* (London: Wiley); Eisenhardt, K. and Brown, S. (1998), *Competing on the Edge* (Cambridge, Mass.: Harvard Business School Press).
[41] Hampden-Turner, C. (1994), *Charting the Corporate Mind* (Oxford: Blackwell).
[42] See Hannan, M.T. and Freeman, J.H. (1977), 'The Population Ecology of Organizations' *American Journal of Sociology* Vol. 82, pp. 929-64, and Aldrich, H.E. (1975), *Organizations and Environments* (Englewood Cliffs, N.J.: Prentice Hall).
[43] See Frederick, W.C. (1998), 'Creatures, Corporations, Communities, Chaos and Complexity' *Business and Society* Vol. 37 (4), pp. 358-89.
[44] Collier, J. and Esteban, R. (1999), 'Governance in the Participative Organization', *Journal of Business Ethics*, Vol. 21 (2/3), pp. 173-88.
[45] Byrne, D. (1971), *The Attraction Paradigm* (New York: Academic Press); Chatman, J.A. (1991), 'Matching People and Organizations' *Administrative Science Quarterly* 36 pp. 459-84; Van Maanen, J. and Schein, E. (1979), 'Towards a Theory of Organizational Socialization' in Cummings and Staw, B.M. (eds.), *Research in Organizational Behaviour* 1, pp. 209-264.
[46] *HR Focus* (2000), 'Diversity: A 'new' tool for retention.' Vol. 77 (6) pp. 14-17.

inhibitor of, the torpitude and complacency that may result from similarity and what Janis called "groupthink". [47]

D19   However, empirical research into the implications of diversity on performance suggests, first, that there are no consistent effects on organisational performance, and second, and ironically, a rather diverse series of issues need addressing. [48] First, it may be that a successful team or organisation generates sufficient levels of satisfaction that transcend any notion of diversity. Success, then, is the independent not the dependent variable, and diversity is a secondary element in the calculation, such that successful teams regard diversity as a cause of their success while unsuccessful teams can regard an identically diverse composition as the cause of their failure.

D20   That said, it would seem more likely that some forms of diversity are more important than others. Thus, diverse *values* embody a primary inhibitor of organisational performance, while *social* diversity (ethnicity, class, gender and age) and *informational* diversity (knowledge, education and experience) generate higher levels of performance and satisfaction, especially when the task is non-routine. In short, simply constructing a diverse group is insufficient for enhanced performance – diversity can provide the framework for success but the group needs to have – or come to accept - similar values. [49]

From private interest to public service

D21   Much of the debate around the difference between private interest and public service, and the relative differences in leadership required by the two forms, has been reconstructed recently through the development of Stakeholder Theory. Freeman's original construction expanded the focus of leaders in the private sector from a narrow concern about profitability to a wider acceptance of the legitimate interests of stakeholders beyond stock holders, notably workers, consumers, suppliers, creditors, the government and the local community. [50] Indeed, the expansion in leader focus from the bottom line has been replicated elsewhere, and most notably in the development of the Balanced Score Card in which financial results are just an element of collective and individual appraisals and a means to connect the abstract world of organisational strategy to the detailed practicalities of employees' working practices. [51]

D22   Nonetheless, the enormous changes that the public sector has undergone since 1980 [52], the relative novelty of such change, [53] and the consequential convergence between private and public sectors in some areas has often

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[47] Janis, I.L. (1982), *Groupthink* (Boston: Houghton Mifflin).

[48] Williams, K. Y. and O'Reilly, C.A. (1998), 'Demography and Diversity in Organizations' in Staw, B.M. and Sutton, R.M. (eds.) *Research in Organizational Behaviour* (20), pp. 77-140 (Stamford, CT.: JAI Press).

[49] Jehn, K.A., Northcraft, G.B. and Neale, M.A. (1999), 'Why Differences Make a Difference' *Administrative Science Quarterly* (44) pp. 741-63.

[50] Freeman, R.E., *Strategic Management: A Stakeholder Approach* (Marshfield, MA.: Pitman Publishing).

[51] Norton and Kaplan, 'The Balanced Scorecard'.

[52] Ferlie, E., Pettigrew, A., Ashburner, L., and Fitzgerald, L. (1997), *The New Public Management in Action* (Oxford: Oxford University Press).

[53] Clarke, J. and Newman, J. (1997), *The Managerial State* (London: Sage).

generated disproportionate costs on the latter. Worall and Cooper, [54] for instance, suggest that although changes in accountability, speed of decision-making and flexibility have been similar across the public-private divide, the public sector has faced a far higher collapse in morale, motivation, sense of job security and loyalty. In effect, the very aspects of public service that attracted particular people to work there in the first place are under dire threat without any compensatory balancing of the rewards which private sector employees (and leaders) have traditionally received. The direct effect of this on public sector leaders is clear: they are increasingly dissatisfied with an increasingly difficult job and an increasingly demoralised workforce.

D23 But although private and public sector leaders remain accountable to their respective governing bodies, perhaps where the difference remains most transparent is in the problems of accountability in the public service. For example, this problem goes beyond the unaccountability of individual consultants in the NHS to a systemic lack of accountability in the NHS as a whole. There can never be a health system that provides unlimited provision on demand but the best way to assure the public that its decisions on resource allocation are fair and efficient is a transparent system of accountability, in which leaders are both accountable for their decisions and removable by those to whom they are accountable. [55]

From inherited trait to acquired skill to deployed will

D24 The most recent developments in the specification of particular characteristics for leaders have been twofold. First, the continuing pursuit of psychometric data to establish which people have the requisite traits or skills and so on. The most extreme versions of this have been the search for the "leadership gene" – which has proved (un)surprisingly elusive to those born with the "sceptical gene" – and the developments in evolutionary psychology. In the latter genre one of the most influential works has been Sulloway's neo-Darwinian account of the significance of birth order and family dynamics in the creation, or subversion, of leadership tendencies. [56]

D25 The second development has been the work of Goleman in the pursuit of "Emotional Intelligence" – the ability to manage oneself and one's relationships effectively – through four empathic capabilities: self-awareness, self-management, social awareness and social skill. [57] In short, emotional maturity is a crucial ingredient of good leadership. The good news for leaders is that, in theory, these capabilities can be learnt and they are capabilities that are often important in inhibiting instinctive responses to perceived threats. The bad news is that they are little different from some of the ideals of the Human Relations school of the 1930s and in that guise they were only marginally successful in developing or distinguishing leaders. [58]

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[54] Worrall, L. and Cooper, C.L. (1998), 'Fear that Haunts the Public Sector' *The Guardian* 26 September.

[55] See Hutton, W. (2000), *New Health for Life* (London: Vintage).

[56] Sulloway, F.J. (1996), *Born to Rebel* (London: Little, Brown & Co.).

[57] See Goleman, D. (2000), 'Leadership that Gets Results', *Harvard Business Review* March-April, pp. 78-90.

[58] See Grint, K. (1998), *The Sociology of Work* (Cambridge: Polity Press).

D26 However, a crucial element that neither of these approaches embodies is the difference between skill and will. Leaders may have all the capabilities and competencies that they need, and their followers may have all the skills and attributes necessary for the organisational tasks, but if the will of the leader or the followers is missing then the likelihood of achieving much is minimal. Both are crucial.

From win/lose arguments to win/win negotiations

D27 The assumption that leadership derives from superior intelligence, aligned with superordinate logic and uncompromising reason, is deeply entrenched within western culture, at least from the era of Enlightenment. And it has an even longer gestation with the teachings of Aristotle, Plato and Socrates, and even though the latter regarded rhetoric as a sleight of hand and a poor handmaiden to logic, the former's treatise on rhetoric served as the foundation of leadership training for many years. [59] In some ways Habermas's "discourse ethics" provide the nearest inheritor of these models: providing the procedural rules for discussion can be mutually agreed through equal participation, a consensus can emerge. Indeed, this is precisely how most higher educational systems operate – they train students to engage in logical debate so that the most cogent and persuasive argument will prevail. Yet, ironically, we also know that research into change management and negotiation clearly concludes that logic and rationality are seldom the root cause of persuasion. If, as complexity theorists insist, autopoiesis (self-regarding and self-making) is a characteristic of both organisms and organisations, then change must begin with establishing and appealing to the self-interests of the organisation.

D28 This problem is manifest across all organisations of all sizes: it is very seldom that anyone admits to "losing" an argument and changes their mind on the basis of a superior appeal to logic. Instead people may do what you want, not because they think you are right, but because their self-interest persuades them to comply. Leadership, then, is not usually achieved through superior rhetoric or appeal to logic or reason, but by establishing what followers want and satisfying that through some process of exchange in which both sides can win. Of course, if leaders can construe these wants in a way that perfectly aligns followers and leaders then no simple "exchange" is required. However, the exchange is still present but it is now manifest in persuading individuals to exchange their self-interest for the good of the collective.

D29 But in the absence of this alignment leaders need to polish their negotiating skills rather than their debating skills. This not to imply that rhetoric is irrelevant because language is crucial to the construction of, rather than the reflection of, reality but it is to suggest that logic and reason are inadequate bases for leadership.

D30 A further element of negotiating skill that may prove critical for public sector leaders is the ability to negotiate their way through multiple accountabilities and responsibilities. For example, a headteacher required to minimise staff costs, maximise students' exam results and enhance the role of the local

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[59] See Aristotle (1991), *The Art of Rhetoric* (Harmondsworth: Penguin), Grint, K. (2000), *The Arts of Leadership* (Oxford: Oxford University Press), and Wardy, R. (1996), *The Birth of Rhetoric: Georgias, Plato and their Successors* (London: Routledge).

community should have the requisite skills to negotiate a working compromise between the internal and external stakeholders and not force the teaching staff, nor him or herself, into unacceptably high levels of stress.

Annex E: The workshop series

The Leadership Project included six workshops, held in the spring of 2000, bringing together leaders from across the public service. They were intended to serve a number of purposes:

- Uncover and gather data on various dimensions of leadership.

- Help ensure the report considered what is already happening – almost every contemporary theory of change says the seeds of success in the future are already present in the best of the present.

- Build a sense of ownership and legitimacy of the outcomes by the intended recipients.

- And, perhaps most importantly, act as an intervention in their own right – giving time for reflection, cross fertilisation and contextualisation for the participants.

Themes

There were four main leadership themes covered in the workshops:

i) *Seeing Differently*: (10 March, London). American leadership theorist Meg Wheatley introduced a number of frameworks for understanding the context, nature and task of leadership.

ii) *Personal Leadership* (18 April, London, 3 May, Birmingham). These workshops asked participants to consider how they use "self" as a leadership tool, and to discuss what it takes to be a leader, the attributes involved and what they look like in practice.

iii) *Organisational Leadership*: (3 April, Manchester, 18 May, London). These workshops explored what leaders need to focus on to ensure well performing organisations, and what organisations need to do to support leadership.

iv) *Inter-organisational Leadership* (10-11 May, London). The final workshop looked at vertical and horizontal relationships, local ecologies of relationships and system-wide governance issues.

Participants and methodology

Participants were invited from a list developed by the Leadership Team, which drew on its own networks to develop a group that would include a good mix from different regions and sectors, representation by gender and ethnicity, people highly regarded by the centre, and those highly regarded by the field. The team was also eager to include people who had shown personal innovation and creativity as leaders. A list of invitees is attached.

In all, over 200 people participated in the workshops. The main focus was on small group exchanges of personal stories and perspectives on themes established for the workshop. Setting new questions, rotating members of groups, and a mix of whole-group and small group work helped ideas to emerge and be shared, so that there was immediate benefit to participants. Facilitators and team members were responsible for identifying the emerging themes and issues from the process.

Summaries from the workshops

Workshop theme 1: Seeing Differently

This workshop launched the PIU's project with a general discussion about approaches to leadership in today's public sector. Mediated by Meg Wheatley, who presented scenarios based on the challenges facing leaders across all sectors and across the world, the workshop started to identify strategies relevant to leaders in the UK public sector - who were the meeting's main participants. The scenario presented by Meg Wheatley, and generally accepted in the workshop, is that the character of leadership has changed, fundamentally. A combination of factors make it harder in a modern, complex organisation than in a traditional, hierarchical one. In particular:

- The growth of complexity in public leadership has at least two dimensions: the move towards less hierarchical organisations and the need for public organisations to work more in partnership with each other, and with a wide range of other organisations and individuals.

- The most intense new pressure felt by leaders present came from consumers of public services, who were characterised as being "more direct, assertive and self-protective" than ever before. Their multiple commands was part of the complexity, especially in cases where they conflicted.

- A danger for public organisations is that modes of behaviour are shaped at points of crisis, when there is most scope for defensiveness, rather than responding to longer-term projects for change.

New approaches

The key elements of a response to such changed circumstances, put forward by Meg Wheatley and again broadly endorsed by the public sector leaders present, were:

- To reconnect with people's creative qualities. Leaders need to inspire initiative across their organisations, rather than trying to control processes themselves. But individuals have become stuck in the "boxes" of their job descriptions. Defensiveness and fear in the public sector are big obstacles in this sense too.

- To ensure that the mission of an organisation is real, distinctive and genuinely shared.

- To look for intuitive solutions to problems, not just those dictated by "hard" evidence. This is likely to be particularly difficult (and indeed controversial) in the public sector, because of the constraints of accountability and the demand for indicators.

Meg Wheatley suggested at the beginning of the workshop that public leaders have an important advantage over other leaders in changing to a more collaborative, people-oriented rather than systems-oriented approach. This is that their business has always been about serving people, and that most leaders entered public service with that goal in mind. In working with people, if one were willing to listen to different stories and perspectives that employees

brought to the job, and to be generally more open, many existing tensions and conflicts might be overcome.

Emerging challenges for the public sector

A number of common leadership challenges emerged through the discussion:

- Managing expectations of politicians and consumers

- Mediating partnerships. Public sector problems can't be solved by single organisations

- Finding common purpose within organisations that have professional, management and public values that may not seem to align

- Understanding how to recognise good performance that is transferable across organisations and sectors

- Managing relationships under multiple pressures

- Balancing crisis management with longer-term mission

- Pursuing openness in a culture that is not forgiving of one's mistakes

- Re-establishing the public service as "people-friendly".

Workshop theme 2: Personal Leadership

These two workshops engaged participants in describing for themselves and each other their own experience of leadership. They told stories about processes they regarded as being led and those they thought of as being managed, about being a follower and about leading things they were passionate about and leading changes they did not believe in. They talked about anxieties and ambiguities, their own development and critical incidents in their careers.

Although many stories associated "leadership" with a sense of creation, relationships, and behaviours; and used "management" to describe a set of tasks or an organisational role, this distinction was not meaningful for everyone.

Three main aspects of "leadership" were common to many stories:

1. **Judgement**
   Leaders made conscious choices as to what was appropriate for the circumstances, and the greater their insight (into themselves and the context), the more choices they had. It was the quality of their judgements that made them effective.

2. **Context**
   The best leaders seemed to be those who had and could use a "wider sense" of the environment they were working in. They could make the connections and draw the information they needed to make better judgements.

3. **Self-expression**
   A distinguishing feature of leaders seems to be their self-awareness, and the extent to which they see leadership as an expression of their personal

values of (for example) integrity or steadfastness. They are "aware of the shadow they cast" and understand that it is who they are and what they do that has an impact, not what they know or say.

The stories also illuminated some of the features of leadership as they are experienced at the individual level. People in leadership roles noted:

- the impact of their personal biases and weaknesses

- being alone

- the necessity of persistence despite the sense of failing in the moment

- the need to live with ambiguity

- legitimising the use of emotions

- that their motivation comes from within

- that good leadership can awaken and encourage others

- that bad leadership (individual or systemic) demotivates others.

Stories also illustrated what followers are seeking in their leaders:

- Being credible

- Experience

  - "They know what they're talking about"

  - Having been there, depth of experience

  - Have been through hard times – both personal development and "They've got us out of trouble before"

- Loyalty to purpose and values

  - Actions not words

  - Purpose and values are a description of what is actually happening

  - Does inner morality line up with morality of the action?

- Making sense of things –

  - Taking complicated contexts and requirements and communicating them in a way that is simple not simplistic

- Caring for and about followers – not "being nice"

Simply retelling a few of the many stories told will not capture the experience of the workshop for the participants. But a few selections illustrate some of the areas covered.

Persistence and perseverance despite the odds

"For the first three months I spent the time with parents for half an hour every morning and I just listened to them about their children, about their concerns, about what they wanted for this school. The staff and Governors were not sure that this was really connected with my job as a head. But just yesterday I had to go and ask a bright 8-year-old why she wasn't at school and it was because her brother had sold her trainers and that's the only shoes she's got. To me

everything is involved in education. I rang the Civic Centre and asked for an architect to come help us use spaces creatively – she said 'You must be joking. That's got nothing to do with education'. I rang social services to get a family support worker in school for the parents to see – 'Oh no, we can't do that, education has got nothing to do with us'. I wrote to the Health Authority about setting up a breakfast club and they actually said 'We're not concerned with nutrition'. What angers me is the fact that others forget we are all working hard to meet the needs of the community."

Leaders face many pressures and tensions. It is a lonely role. They need a deep understanding of the impact of their behaviour on others

"I felt frightened, I felt vulnerable, I felt angry on behalf of the users … that these men could undermine what I am trying to do by making it adversarial – I actually challenged the local councillor (and was supported by the Imams)... I needed the three years that went before to build up the trust of these Imams."

Leaders express themselves, not prove themselves. Anyone can be driven to achieve positions of power. Leaders have authenticity and integrity

"It was extraordinary watching the effects that man had on people who wanted him to be their leader and wanted to be followers, simply because he can stand up in a room and articulate his values with enormous clarity and honesty. He's a bit of a rambler, but they knew that when it came to a square off with the ministers he was on their side and wasn't saying different things to different people."

Use of emotion

"I felt quite guilty about getting emotional about this issue, and that was interesting because I analysed it afterwards and thought 'No, it was a time to be emotional, I was right to say I felt really stitched up', but I felt guilty at the time thinking 'Should I be professional about this?' "

Contextualise

"12 months ago our service was overwhelmed. 140,000 outstanding cases (some 13 years, 70,000 over 6 months), phones ringing all the time, quality deteriorating. We've ended the year with an outstanding load of 60,000; waiting time 12 ½ weeks and the service under control. What we needed to get there was to focus on two things: clearing the backlog and dealing with waiting times. That meant we had to ignore some other targets that had been set – but in effect as soon as we started dealing with the backlog, the phones stopped ringing because people were aware their cases were being tackled, so we had extra capacity from not dealing with phones to throw into case clearance – a sort of virtuous spiral. When people rang up, all they wanted to know was how long do I have to wait ... When we tell them 10 weeks everyone says 'That's great, as long as I know, I can hang on.' "

Workshop theme 3: Organisational Leadership

These workshops asked participants to consider what the role of the leader is in an organisation; and in turn, what conditions within an organisation foster leadership behaviour at all levels. The focus again was on stories, but participants were guided to identify some of the main themes and issues that seemed to be generally true. From the two sessions, a number of common points emerged.

A leader's role within an organisation was described as:

1. Defining and then maintaining the boundaries of the organisation
   - Creating a kind of "semi permeable membrane" that allows enough of the outside environment into the organisation for it to thrive, but not enough so it loses
   - "Feeding the beast" – in other words, maintaining the necessary relationships and credit with the organisation's superiors
   - Identifying opportunities for the organisation to change its role or relationships
   - Challenging the outside world where it is appropriate
2. Accepting responsibility for the behaviour of the organisation
   - "The buck stops here"
   - Challenging the internal world
   - Often it's both together (e.g. headteacher backing up teacher in public but making it clear in private it would never be tolerated again)
3. Establishing the core identity and primary purpose of the organisation, by what the leader pays attention to
   - Symbolic significance of action
   - Maintaining consistency (not uniformity) through emphasis on attitudes and values
   - It may be a significant leadership task not to pay attention to something
   - How followers recognise what's really important around here
4. Welcoming diversity
   - Listening to opposing voices
   - Listening to different tunes
   - People will work with you if you understand (not agree)
   - Finding ways to listen to the whole organisation (intermediaries distort)
   - Using diversity without requiring agreement and consensus (harmony not balance).

Descriptions of how leaders actually behave in organisations leads to another list of characteristics of leadership. Common to many of the stories of good leadership was a description of a leader as someone who:

- knows that they cannot lead alone and seeks to include others and use multiple perspectives;

- believes in their followers and peers, and truly respects, rewards and develops them;

- pushes control and authority downwards in the organisation;

- holds people to account;

- fosters others' commitment and creativity;

- creates strong relationships based on trust, consistency, and integrity;

- welcomes constructive dissent;

- gives and receives feedback;

- is patient and persistent in working for change;

- is personally accountable;

- sets and upholds standards;

- is connected to the daily reality of their staff and customers.

A few stories illustrate some of these points – again, without really doing justice to the richness of the individual stories or the context they came from.

Use multiple perspectives

"I can think of a few years ago in school when there were redundancies in the school because we had too many teachers. Our head sat down with our staff and said this is the budget … She went through it, she sympathised and she said 'So if they carry on like this there's going to be this deficit. I want some ideas, we want to avoid redundancies at all costs. What do you suggest?' And people came up with all sorts of ideas. As an organisation people were much more involved in that process rather than in other schools where I've been where all of a sudden they've issued these Section 1's and the staff are up in arms. Everyone felt involved and even when hard decisions were being made."

Relationships

"I still love the organisation to bits even though I'm not there. When I first went there the Regional Health Authority said they are all rubbish, you have actually got to clear them out and get in new management. I never sacked or got rid of a single person. Everybody that was there I developed and they all had a tremendous amount to contribute. It was just a question of unlocking their potential and empowering them to do the work."

Trust

"We had been offered 50 computers from a business. When we suggested to the LEA that we use them in schools, they said not as the technology was not sufficient to keep up with the leading edge. We decided to take the machines, load them with the curriculum from the primary school and on a short-term basis lend them to the children. People said this wouldn't work – that the families would steal them, sell them. We had the first ceremony where we invited the class and their parents, we arranged that they would organise to bring a car or make arrangements to take a computer home with them. On the day all 30 parents turned up and I have never been in such an atmosphere before. It was an incredibly working class school. The comments from the parents were that it was the first time the school had ever done anything for them. The children felt some sort of respect and loyalty. They would be able to play with them after school when they were bored with television and get to use the processes of computers."

Information

"There is a lot of this stuff you won't get through hard information. Your information systems won't tell you whether a service is orientated in the wrong direction. Your Home Care service might be relatively efficient within the parameters it operates. People turn up, people do their work, people get high levels of satisfaction, but it may be that all they're concentrating on is low levels of need when in fact people are not getting a service and possibly who should be out of hospital and getting a different service at home."

Workshop theme 4: Inter-organisational Leadership

This workshop was designed to draw on the experience of people working at strategic level in public service organisations. The participants were based on an existing network of NHS chairs in the London region and their contacts in local government. The workshop began with participants working in pairs listening to each other's story of a memorable occasion of inter-organisational leadership. It continued with a presentation by Professor Rod Rhodes on governance, based on his publication *The Governance Narrative*, followed by a discussion of the issues raised in the current context of the NHS. The next morning groups of participants discussed leadership issues in governance in one of four different situations: between a "centre" and its periphery; among organisations in the NHS family; among authorities in different "sectors" (e.g. Health Authority, Local Authority, Primary care Trust); and among wider partnerships within a wide range of non-statutory organisations. Participants then had the opportunity to discuss the issues raised with colleagues from their own sector.

Four main themes emerged through the discussions:

- **The systemic nature** of service delivery – that any action would have unpredictable effects on all other organisations in the public sector.

- The real nature of **partnerships** – how they are created, and what is needed to nurture them.

- The impact of **politicians**, **central government actions and regulatory bodies** on leadership.

- **Personal characteristics** of leaders.

Recognising the systemic nature of the issues

- Understanding that improving the functioning of the parts is not enough to improve the whole.

- Inter-organisational leadership frequently involves getting people to recognise the consequences of their actions elsewhere in the system.

- Understanding that the source of the problems is far from the time/place where the problems are experienced

Partnerships

- Public service leaders operate within an environment in which nobody is in a position to achieve their objectives without the involvement of others.

- Leaders understand that they can only achieve partnership with equals – and that they must deal with equals through diplomacy and negotiation.

- Each partner needs to receive some benefit from the partnership – but they can be different things, as long as the partners feel they are of equal value.

Impact of politicians, central government and regulatory bodies

- Public sector leaders do not always feel that political leaders are "on the same side" – that scrutiny by politicians is not viewed as being "friendly

challenge" as it would from a board, but a hostile attack to be fought off and survived.

- Public sector leaders believe they are not trusted when they describe problems, but are perceived as whinging. "When I cry wolf, I mean wolf".

- Some participants felt that lack of trust led to central government taking control – by taking over failing schools, by detailed prescriptions about how as well as what to do, by increasing weight of regulation.

- Performance indicators are an important way of giving attention, and they need to be chosen and described with care. All performance indicators will have unexpected consequences, and no indicator should be introduced without a risk assessment outlining its possible consequences.

Personal behaviours

- Inter-organisational leadership takes time, stamina, and determination. Persistence may be in relation to self ,principles and task (action, meaning & learning).

- People expect leaders to operate within a framework of principles. They do not expect leaders to be inflexible and unyielding but the judgement about when and where to act expediently is constantly scrutinised. These judgements have to be acceptable for followers to offer loyalty to leaders.

- Discussions of leadership include ideas about context and chance or luck but they are always stories of individuals. Leaders are seen to have personal integrity- a kind of being "together" enough operate at both the level of principle and task. Followers note that this needs leaders to be self-reflective and have the ability to learn from experience.

Annex F: Current leadership initiatives in the public sector

F1   This brief summary covers the leadership initiatives now under way across the public sector:

Sector	Initiatives
Education	‣ National College of School Leadership ‣ DfEE are Co-Sponsors of the Centre for Executive Management and Leadership project on public sector leadership
Local Government	‣ Ongoing development and training work at IDeA for local authority executive and politicians; proposals in development for a graduate scheme ‣ Top Managers' Programme for Social Services sponsored by DH in association with the LGA, IDeA, the Association of Social Services and TOPSS
NHS	‣ NHS Leadership Programme offering a framework of development, currently linking fast track Management Training Scheme with Chief Executive development. This will extend over the coming year to include development for director level staff and junior level managers ‣ Expanding support programmes for clinical leaders including major investment in front-line leadership development ‣ Leadership Centre for the NHS will begin in April 2001 with the key purposes of improving patient care, treatment and experience and improving the health of the population
Police Service	‣ HO/ACPO/Association of Police Authorities working party on selection, development, training, and support for officers with high potential ‣ New development programme at Bramshill ‣ Accelerated promotion of officers of high potential from Autumn 2000
Civil Service	‣ New SCS competency framework and work on models and measures for Civil Service Leadership ‣ Centre for Management and Policy Studies review of all corporate programmes for SCS ‣ Public Sector Leadership Development Forum ‣ Public Service Leaders Scheme ‣ Extensive work on leadership issues in all Departments, and cross-Departmental work including the MOD-sponsored forum in March 2000
Defence	• *Sustaining the Leading Edge* report on leadership training and development in Defence published April 2000 • Inter-departmental Forum on Leadership formed (first meeting March 2000) • Defence Forum on Leadership begun (first meeting June 2000) • Defence Training Review taking forward proposal for Leadership Resource Centre
Scotland	‣ Scottish Leadership Foundation being established to commission development programmes for public and voluntary sector organisations in Scotland
Whitehall and Industry Group	‣ Whitehall and Industry Group, which has functioned as a venue for public-private sector interchange for over ten years, has run seminars on leadership issues

F2   A number of groups are currently working to connect development programming and delivery.

> **Box F.1 Current projects aimed at coordination of leadership development:**
>
> **Careers Research Forum:** Focuses on private sector; aims to bring together a number of companies with a view to creating a collaborative approach to leadership development.
>
> **Council for Excellence in Management and Leadership:** Jointly funded by DfEE and DTI, to develop a Management Development Strategy for the UK, encompassing both the public and private sectors and to review the quality and relevance of management and leadership training. The Council will report annually to government and to stakeholders on progress. A number of working groups will report in early 2001. The "measurement" project will consider both market questions (evidence of under-utilisation of existing talent – particularly among "diversity" populations) and evidence for the impact of development programmes on performance. DTI's 1998 Competitiveness White Paper included a commitment to develop this strategy.
>
> **Public Sector Leadership Development Forum:** Brought together by Cabinet Office's CMPS, this group brings together representatives from all the public services' leadership development programmes.
>
> **Scottish Leadership Foundation:** programme to pool development monies and planning work across public sector entities in Scotland. Set up as a "company" with a specific focus on development programmes, non partisan, and no links to specific agendas but rather to core skills. Involvement by unions and voluntary sector.

F3   The following table sets out some features of the leadership colleges/centres now in place or in development in the civil service, defence, health, education and local government sectors.

Leadership centres and colleges in the public service

Sector	College:	Client group size	Physical location	External links	Notes:
Education	National College for School Leadership	c100,000	HQ in Nottingham	TBD	• Launch Autumn 2000. • Will, over time, assume responsibility for national headship training programmes for aspiring, newly appointed and experienced headteachers • Will develop a wider programme of networks, support and development opportunities for heads and other school leaders both on-line through its virtual arm and face to face • The college will develop arrangements to award Associate, Fellowship and Companion Status • The College will work with other leadership programmes and agencies (IDeA, CMPS, SEO) • Clientele for the College are serving headteachers, those aiming for headships and those occupying other leadership positions in schools
Health	National Centre for Leadership (as part of new Modernisation Agency)	All NHS staff with initial focus on front-line leaders and Board development	Variety of locations	TBD	• Launch in 2001. • Will focus on the leadership dimension of national, regional and local modernisation programmes to deliver NHS Plan • Will build on existing programmes including NHS Leadership Programme, and new ward sister/charge nurse development starting in October • The Centre's clientele will be front-line leaders as well as Boards and will offer development opportunities to all NHS staff • The Centre will also be open to social care and staff in the Department of Health • Will operate on-line and face to face establishing links with other leadership programmes nationally and internationally
Local Government	Modern Managers Programme (Improvement and Development Agency)	500 participants per year	Variety of locations used	May be accredited by Warwick University	• Launched 7 March 2000. • Special programmes will be run for black, ethnic minority and women managers to address the under-representation of these groups at senior management levels • Programme focuses on personal competencies and understanding and influencing within a changing environment, with a range of taught programmes and hands-on work
Civil Service	Corporate Development and Training Directorate	2,500 SCS	Variety		• Provides a range of programmes focused at Senior Civil Service Members. Includes a programme for new appointees, an introduction to government for appointees from outside the civil service, the "Trevelyan" programme to provide longer serving SCS members with a chance to refresh and reflect, and the "Young Node" programme for younger appointees, matching them with private sector peers for networking and mutual development • The Directorate also supports a website, and a programme "leaders@e.government", exploring the leadership issues associated with moves to increased on-line delivery
Defence	Numerous establishments and colleges – e.g. single Service staff colleges and schools, and the Joint Command and Staff College	c. 300,000	Various – e.g. Shrivenham, Dartmouth, Sandhurst, Cranwell, Portsmouth, Cranfield	Variety of institutions and academics	• These colleges and establishments have a long history of providing successful leadership training and development to Defence personnel. Current work is promoting links between other institutions and organisations to share best practice and knowledge.

Annex G: Glossary of development terms

Action Learning Sets Small groups of individuals (usually no more than 6-8) brought together on a regular basis to discuss a range of issues relevant to them. Sets can range from facilitated groups (where a facilitator supports and works with the group) to totally self-managed sets where the individuals themselves determine the agenda. Discussion may be very focused (working on common issues) or much more ad hoc and open ended (exploring individual development needs or coaching others to improve effectiveness). Action Learning Sets may exist within organisations or span organisational and/or agency boundaries.

Secondments Cover a range of opportunities for individuals to access experiences which stretch them beyond the limits of their own roles. Secondments may last for a few weeks or months, be full or part time, and be located within the individual's own organisation or outside. Some private sector companies are collaborating with "competitors" to offer secondment opportunities as part of retention strategies. In best practice terms, secondments should be designed to address one or more identified development needs and the individual should have regular reviews and support.

Coaching One-to-one sessions with an individual and a coach assigned to him/her for a defined period. The relationship is based on a model of challenge and support and the one-to-one sessions provide opportunities for the individual to reflect and develop greater insight into strengths and weaknesses and to be challenged and stretched. Executive coaching is a growing trend in development of senior managers and is usually performed by independent coaches from outside the business.

Mentoring One-to-one relationship between an individual and a more senior manager. Mentoring provides individuals with access to advice and guidance on a range of issues from organisational politics to personal development. Mentors are usually from within the individual's own organisation, although they may be found in other, allied, organisations or beyond. Mentoring is usually seen as having dual developmental benefits: to the mentor as well as to the individual being mentored.

Psychometric Tests Tests designed to identify a range of deep-seated characteristics – cognitive, behavioural and personal – as part of a wider assessment.

Diagnostics Tests designed to elicit information about an individual with reference to a specific framework (e.g. competency models or leadership styles).

360 Degree Appraisal   Usually used as part of a wider appraisal system. Feedback about performance is solicited from direct reports, peers and managers (as well as others, such as internal or external customers) in order to gain a more rounded view of an individual's contribution. Feedback may be fairly open-ended or gathered with reference to a specific framework (e.g. competency model). "Upwards Appraisal" and "180 Degree Appraisal" are similar – but less comprehensive - systems.

Competency Model   A framework of characteristics associated with particular roles. The term "competency model" is often associated with lists of a range of characteristics, including skills, qualifications and behaviours, although the term was coined in the U.S. to apply to behavioural competencies. "Models" are equally varied, from the "off the shelf" package to fully researched models identifying the differentiating characteristics of superior (as opposed to "average") performers. Predictive validity (their ability to predict superior performance in a given role) varies accordingly (but may be as high as 85%).

Climate   "What it feels like to work here". The concept of organisational climate can be broken down into elements of the environment which impact the motivation and commitment of individuals. Organisational climate has been shown to have a significant impact on organisational performance.

Annex H: Audit tool for public sector leadership development

This audit tool is intended to provide a framework for evaluating the effectiveness of leadership development activity across the public sector. Such activity can take many forms – from formal, "set piece" development programmes through to experiential learning, shadowing or secondment opportunities and self-directed learning. As such, it is not intended to be either highly prescriptive or to focus on the evaluation of specific types of activity.

Rather, it draws on best practice in evaluating the impact of such activity and experience offered by a wide variety of organisations – both purchasers and providers of such work – across the public and private sectors.

The framework is divided into segments, each representing a key stage in the planning and delivery of such work. Best practice suggests that elements of evaluation are built into each stage – but that it looks different according to the subject area.

We have set out in this annex a list of questions which test the range and depth of an organisation's activity in different areas.

The framework is set out below and each segment is then explained in more detail in a further section of this annex.

The narrative section at the end of the annex is intended to be supplementary and is structured to:

- describe the key characteristics of the leadership development activity going on at each stage in the cycle **(Key Development Activity)**;

- highlight the evaluation components which should be considered **(Evaluation Activity)**;

- ask some key questions about current practice in this area **(Key Audit Questions)**; and

- offer some thoughts (helpful we hope) on other issues or organisational processes which might be considered at this stage to support development of best practice in leadership development and evaluation **(Supporting Elements)**.

Audit questions

Stage & Questions	1 Low	2	3	4	5 High
I. ***Understanding the environment & developing business strategy***					
To what extent is there clarity about the strategy within the organisation or service?					
II. ***Aligning leadership development planning with organisational strategy***					
Is there a leadership development *strategy* for the organisation or service?					
Yes/No					
To what extent is the leadership development strategy (or plan) a direct derivative of the service strategy (i.e. linked specifically to service targets and goals)?					
To what extent are the "models" – behavioural or skills-based – for superior leadership performance based on the strategic needs of the organisation/service?					
How often are the "models" – or founding principles on which the programmes are built - reviewed? *(please indicate approximate timescales)?*					
To what extent is there *a range* of development opportunities to facilitate the growth of individuals and groups – directly aligned to the achievement of service goals?					

To what extent is development tailored specifically to the needs of individuals?
          <10% tailored to individuals
          20–40%
          >50%
          >80%					

To what extent is there clarity about performance measures for: ● *individuals* ● *teams* ● *the service as a whole?*					
To what extent is leadership development openly valued and supported by senior management and others within the organisation/service?					

III. *Aligning leadership development intent with other key HR processes*	1 Low	2	3	4	5 High
To what extent is leadership development activity aligned with and integrated within a core framework of processes (are reward, performance management, organisational design and culture change programmes working in tandem or focused on different outcomes)?					
To what extent is the fundamental design of other processes (e.g. reward systems) linked to service goals (e.g. team versus individual performance-related pay)?					
IV. *Planning and implementing leadership development*					
To what extent is the planning and implementation of leadership development activity referenced against agreed organisational/service strategic goals?					
To what extent is a calculation of return on investment factored into planning and commissioning activity? *(How will you know you have got value for money?)*					
To what extent does development activity address different learning styles and individual needs?					
V. *Evaluating learning and behaviour change*					
To what extent is individual learning specifically assessed: • After formal development activity • After coaching/mentoring programmes • After shadowing experience • After experiential opportunities (secondments, project working, etc)?					
To what extent are the results of such evaluation fed back into the planning cycle?					
To what extent are the results factored into ongoing calculations of value for money?					
To what extent is behavioural change tested over time *(i.e. is it sustained behavioural change)?*					
To what extent are the results of evaluation at this stage shared with participants?					

VI. *Evaluating impact on team/organisational performance*	1 Low	2	3	4	5 High
To what extent is individual and team contribution to organisational performance tracked through the evaluation system?					
To what extent are the results of such evaluation fed back into the planning cycle?					
To what extent are the results factored into ongoing calculations of value for money?					
To what extent are the results of evaluation at this stage shared with participants?					
VII. *Evaluating impact on services & objectives*					
To what extent is individual and team contribution to service performance and outcomes tracked through the evaluation system?					
To what extent are the results of such evaluation fed back into the planning cycle?					
To what extent are the different elements of leadership development activity assessed and stratified for greatest and least impact on outcomes?					
To what extent are the results factored into ongoing calculations of value for money?					
To what extent are the results of evaluation at this stage shared with participants?					

l. Understanding the environment & developing business strategy
This stage informs the thinking and development of a people development strategy.

2. Aligning leadership development planning with organisational strategy
This stage of the cycle involves the development of a leadership development strategy which is rooted in organisational or service strategy. It describes the contribution that leadership development will make to the achievement of strategic goals.

It also involves identifying the gap between desired future leadership capability and the current position, and clarifying how the gap is to be bridged by development activity.

Key Development Activity
- Describing the desired future range of skills and behaviours required to achieve strategic goals – may involve "visioning" sessions
- Building "models" of performance – may involve using competency modelling techniques
- Auditing current level of skill and capability across the target population
- Identifying the gap – scale and nature - between current and desired future capability
- Planning the shape and range of leadership development activities to meet identified needs – often involves a range of approaches including: formal programmes, action learning, shadowing, mentoring, coaching, diagnostic tools, project or secondment-based experience.

Evaluation Activity
- Designing the performance measures and evaluation systems to assess progress and outcomes across a range of indicators of individual, team and organisational performance – may include using a "balanced scorecard" approach to outcomes
- Clarifying who is responsible for what in evaluating development activity
- Putting in place systems and tools to measure progress – may include original design of systems or introduction of new tools (such as 360 degree feedback mechanisms)
- Testing the design of evaluation frameworks and tools to ensure that they measure the "right" things (i.e. indicators which really represent service quality or progress)
- Communicating the development and evaluation plan to key audiences (senior management, participants, target populations and other staff).

Supporting Elements
- Systems for systematically spotting and bringing on high potential people (e.g. talent inventory; performance management, 360 degree feedback)
- Competency and capability models – may include development of competency or skills dictionaries
- Access to an appropriate range of development activities – may include partnerships with other public services or the private sector
- A good communications plan to communicate intentions and impact of new or revised processes across key groups – may include recruitment of staff to project working groups to increase buy in to design or implementation
- Planned influencing strategy to solicit commitment of senior managers to development and evaluation activities (e.g. sign up to 360 degree feedback systems is critical to credibility and success)
- A range of tools and techniques to support the development of appropriate performance measures – e.g. balanced scorecard approaches
- A range of appropriate diagnostic or assessment tools – may include 360 degree feedback, climate, management style, competency assessments, etc

3. Aligning leadership development intent with other key HR processes
This stage involves the alignment of leadership development strategy, policy and practice with other key people management processes, to ensure that desired behaviours and working practices are supported and encouraged. A coherent approach to people management delivers powerful messages about what is valued and rewarded within the service.

Key Development Activity
- Embedding leadership development strategy and practice within an integrated framework of people management processes (linked to service strategy)
- Ensuring that core processes are aligned to support the achievement of strategic goals through supporting and rewarding appropriate skills and behaviours (e.g. performance management and reward systems are designed to recognise and reward appropriate performance).

Evaluation Activity
- Integrating evaluation tools and systems with core processes (e.g. the use of diagnostic tools or 360 degree feedback within the performance management process)

- May include tying the outcomes of evaluation activity (of individual, team or service performance) to reward structures.

- A reward strategy linked to service goals – reflecting appropriate diversity and an understanding of how best to configure the different elements of reward to incentivise staff in different areas
- A performance management system appropriately targeted at the important characteristics of performance (from a service perspective) – may include "mixed model" systems (behaviours and objectives)
- Appropriately configured job and team design, aligned with achievement of service goals
- Appropriate systems to support leadership development and personal effectiveness (e.g. IT network, access to the internet and learning/communication resources)
- This stage may include some fundamental design work on other processes – possibly involving cross functional working groups.

4. Planning and implementing leadership development

This stage involves detailed planning and implementation of leadership development activity, flowing from the high level planning described in stage II. It includes clarifying and recruiting support – both practical and cultural – from senior management, sourcing and commissioning inputs from providers and targeting and preparing the population to be developed.

Key Development Activity

- Planning and commissioning the range of development activities
- Sourcing providers
- Recruiting senior managers to mentoring/shadowing/coaching programmes
- Identifying the population for development (through assessment centres, performance management processes, succession planning, talent inventory, etc)
- Scheduling development activity
- Running "baseline" diagnostic surveys – for individuals and populations
- Developing performance measures and clarifying goals for development activity
- Initiating and managing the range of development activity – including formal programmes, coaching, mentoring, shadowing, secondments, etc.

Evaluation Activity

- Planning and scheduling detailed evaluation activity to assess impact on development and service goals
- Communicating evaluation frameworks and targets to key audiences (participants and senior managers) – may involve briefings or training sessions (e.g. in use of 360 degree tools)
- Clarifying goals for development programme and service strategy with providers of formal activity – may include asking them to design evaluation activity into development plans
- Further investigating and developing evaluation tools appropriate to areas of the integrated development programme
- Beginning the evaluation process by testing detailed operational plans against service and leadership development strategy – *to what extent is this activity specifically designed to deliver identified development needs and strategic goals?*

Supporting Elements

- Succession planning and performance management processes, aligned with service strategy
- Assessment or development centres
- Methodologies to assess return on investment (for development activity) and value for money
- A range of appropriate diagnostic tools (may include psychometric tests) to use in assessing target populations
- Good project management skills and systems (e.g. project management software)
- Strong commitment from senior management to leadership development
- Tools or frameworks to assess outcomes of development activity (e.g. if a development target is to increase the pool of high potential or "ready now" leaders, how will this be assessed?).

5. Evaluating learning and behaviour change

This stage involves evaluating the impact of development activity through assessing individual learning and behaviour change.

Key Development Activity

- Ongoing access to supporting systems which consolidate learning (e.g. coaching, mentoring, shadowing)
- Placements designed to consolidate and further stretch learning – may include cross functional working or fixed term assignment to other services

- Regular review and feedback to participants from senior managers.

Evaluation Activity

- Evaluation of learning – may include "happy sheets", formal testing of learning, staged assessment of reactions to experience (e.g. immediately after development activity and at defined intervals thereafter)
- Evaluating impact of development activity on behaviour - may include 360 degree feedback, competency-based assessment, repeat of diagnostic surveys, self-assessment, stakeholder feedback (e.g. soliciting feedback from customers or key contacts outside the service)
- Beginning the process of evaluating impact and effectiveness of development plan and activity – informing planning and value for money decisions in the future.

Supporting Elements

- Systems and tools for evaluating learning (feedback from participants and others)
- Systems and tools for evaluating behavioural change (competency frameworks/definitions, climate and other diagnostic tools)
- Ongoing regular feedback and support for participants (e.g. coaching, mentoring etc)
- Performance management framework and processes which continue to measure progress and reinforce achievements
- Ongoing overt support from senior managers for development and behavioural change.

6. Evaluating impact on team/organisational performance

This stage involves the evaluation of leadership development activity on team or organisational performance. It is rooted in the performance framework developed in stages II and IV, focusing on measures of team and organisational effectiveness, linked to overall strategic goals.

Key Development Activity

- Ongoing access to supporting systems which consolidate learning (e.g. coaching, mentoring, shadowing)
- Placements designed to consolidate and further stretch learning – may include cross-functional working or fixed-term assignment to other services
- Regular review and feedback to participants from senior managers.

Evaluation Activity

- Evaluation of team performance using a variety of tools – may include climate diagnostics, quantitative data, qualitative assessments, feedback from key stakeholders, etc
- Evaluation of organisational performance – linked to team contribution. May include tracking contribution of team to organisational performance in key areas (e.g. through value chain analysis)
- Continuing the process of evaluating impact and effectiveness of development plan and activity – informing planning and value for money decisions in the future.

Supporting Elements

- Tools and methodologies for identifying links between individual, team and organisational performance (e.g. climate diagnostics, value chain analysis, etc)
- Performance management system and performance measures which reflect a balance between quantitative and qualitative indicators – may involve a balanced scorecard approach
- Tools and systems for measuring qualitative (as well as quantitative) performance – may include 360 degree feedback, diagnostic tools, customer (internal and external) satisfaction surveys, etc
- Agreed approach to relative weighting and synthesis of quantitative and qualitative data to form an evaluation of performance "in the round" at team and organisational level.

7. Evaluating impact on services & objectives

This final stage in the cycle involves evaluating the impact of leadership development activity on services and strategic objectives. It requires systematic approaches to linking the impact of leadership itself on service performance.

Key Development Activity

- Ongoing access to supporting systems which consolidate learning (e.g. coaching, mentoring, shadowing)
- Placements designed to consolidate and further stretch learning – may include cross-functional working or fixed-term assignment to other services
- Regular review and feedback to participants from senior managers
- Feeding results of evaluation at individual, team and service levels into discussions about the shape and nature of leadership development for the next period.

Evaluation Activity

- Evaluation of service performance using a variety of tools – may include quantitative data and qualitative assessments, feedback from key stakeholders, etc. Some indicators will be mandatory, issued by central government in the form of service targets
- Identifying and tracking the impact of individual and team contribution to overall service effectiveness (may involve value chain analysis or similar techniques)
- Calculating the impact and effectiveness of development plan and activity – taking into account evaluation data from individual, team, organisational and service evaluations
- Evaluating value for money from leadership development activity and identifying activities adding greatest or least value
- Using conclusions to inform planning and value for money decisions in the future.

Supporting Elements

- Systems for linking impact of individual and "corporate" contributions and development activity across the wider system (across the organisation and beyond to whole systems). May involve cross-agency feedback or performance management systems
- Multi agency approach to developing common performance indicators and identifying contribution of each agency or service
- Systems and tools for evaluating change to culture and values across the organisation, service or whole system (e.g. cultural web, climate diagnostics, etc)
- Systems and tools for evaluating cross agency working (feedback, team effectiveness work, etc)
- Comparison with "baseline" data (e.g. customer satisfaction surveys, waiting lists, Patient's Charter standards, etc)
- Processes for feeding evaluation information into strategic organisational and leadership planning for the future.