

Leadership at all levels
Leading public-sector
organisations in an
age of austerity



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About this research

In developing this paper, Deloitte LLP has combined perspectives from a number of public-sector clients with its own expertise and experience of developing leadership at all levels in public-sector organisations.

This paper is part of the 'Agility in an age of austerity' series, which explores how public-sector organisations can be agile in the face of significant pressures on public finances. The first paper in the series, called 'New shapes and sizes', explores organisational design and can be downloaded at: www.deloitte.co.uk/newshapesandsizes

Those with an interest in public-sector management may also want to consult the 'Turning the tide' report, which can be downloaded at: www.deloitte.co.uk/turningthetide

Executive summary

One of the main challenges for the UK public sector is to deliver improved services through a motivated workforce in an age of austerity. Arguably, this does not require the recruitment or development of more leaders – it is about exercising more leadership at all levels. Senior leaders will need to demonstrate leadership in the following four ways:

- developing the insights necessary for successful change within complex systems
- building the cognitive skills to manage effectively in demanding environments
- demonstrating the emotional intelligence to motivate their people
- building leadership at all levels of the organisation, by developing capability and ensuring that overly complex structures do not impede the ability of individuals across the organisation to exercise leadership.

Public-sector organisations have benefited from a huge injection of funding in recent years, yet with budgets being radically reduced while citizen expectations continue to rise, public-sector leaders will be challenged to demonstrate a set of skills and insights that will be unfamiliar to the current leadership of most central departments and non-departmental public bodies (NDPBs).¹

This is the central challenge for permanent secretaries, chief executives and their management teams: what mix of approaches is needed to deliver more with less? These tasks must be defined and led by the executive team, as follows:

- reshaping organisations, rather than making uniform cuts within the existing structure²
- delivering sustainable cost reduction³
- building leadership at all levels – which is the subject of this paper.

UK public services demonstrate enduring strengths in quality, motivation and independence – although the quality of delivery in major policy areas remains mixed. A number of pervasive myths can impede effective delivery and hinder effective leadership at all levels. This paper explores some of these myths about leadership in the public sector and outlines the emerging realities that leaders need to face.

The leadership challenge for the public sector

Public-sector leaders are facing a combination of challenges from the tough financial climate, citizens' expectations for improved services at lower cost and political commitments to reform public-sector management.

According to the 2009 Pre-Budget Report, the budget deficit will exceed £170 billion and national debt will peak at over 70 per cent of GDP, despite planned real cuts in public spending from 2011-12.⁴ In response, budgets are already being reduced in local government and most central government departments have established change or transition teams to develop initial thinking and plans for operating with substantially lower resources. Even in the National Health Service (NHS), which is one of the most politically sensitive public services, the chief executive has stated that from 2011 to 2014, £20 billion of savings must be found.⁵

Already, headcount and purchasing reductions are being made that will have a direct impact on citizen services. A recent survey of local authorities in England and Wales showed that 59 per cent of respondents had made staff reductions in the last six months, and 60 per cent were planning to cut their workforce in the next year.⁶ Recent announcements suggest that the majority of major local authorities plan to shed somewhere between 400 and 800 jobs during 2010.⁷

Against this financial backdrop, the delivery challenge remains for the public sector. The need to deliver high quality programmes, on time and on budget, will become ever more critical. Despite funding reductions – and perhaps because of a decade of tax increases – citizens still expect the quality of public services to improve.

Politicians are still struggling with the need to face complex choices and to articulate a convincing narrative for public-sector reform. As part of initiatives such as Total Place and 'localism', is the role of localities to allocate resources based on their own priorities, or to maximise efficiency in rolling out central programmes? An explicit political debate and a clear mandate would be ideal, but even if the Government ends up with a strategy only by default and the cumulative impact of incremental decisions, the quality of the leadership of public-sector organisations will remain on the agenda.

The importance of effective leadership is evident from reviews of specific services: for example, "It would be hard to overstate how significant the quality of leadership is in narrowing the gap for children within a context of improving outcomes for all, and that means leadership across all services and at all levels within services. It is the single most important critical success factor."⁸ In the unfortunate cases of service failures, issues of over-complex leadership structures and leaders' shortcomings are often involved.⁹

The National Audit Office (NAO) continues to highlight the under-delivery of real savings:

*"It is worrying, when the money has already been removed from their budgets, that a significant proportion of the savings claimed by the Department for Transport and the Home Office have question marks hanging over them. A failure to deliver these savings may mean cuts having to be made elsewhere. Both the Department for Transport and the Home Office have had some success in reducing costs so far, but more generally all departments must now take a more rigorous approach towards ensuring large-scale, genuine savings are made."*¹⁰

Public-sector management and leadership is a central topic on the political agenda. The think tanks Reform and the Institute for Government have proposed changes. At the same time, Opposition spokesmen have promised significant reductions in Whitehall administrative costs if they are elected and the Government has committed to a range of specific reforms and savings in its White Paper, 'Putting the Frontline First: Smarter Government'.¹¹ A "renewed focus on value for money" will include "streamlining the senior Civil Service...merging or abolishing arm's-length bodies; integrating back office functions; and selling off government assets...reducing red tape on frontline services and improving flexibility, for example by reducing the number of ring-fenced budgets."¹² In addition, the White Paper commits to reshaping the organisational design of the Civil Service and strengthening performance management through non-executive directors being charged to ensure that the 'tail' of under-performers is tackled.

These are all topics that have been on insiders' and observers' wish lists for a long time, although exactly why non-executive directors need to take on management's task of dealing with under-performers is unclear.¹³ A recent Institute for Government paper argues the case for a stronger, more focused centre of government, with strategic leadership, governance and effective collaboration across departmental silos.¹⁴

Ideally, the political parties would now be outlining these choices to the electorate and building a clear mandate for change. While they compete to demonstrate that health spending will be protected, for example, the reality is that health services are already being cut back, and arguably require a different approach to spending. In contrast, longer term challenges are barely being mentioned, such as the implications of demographic change on both demand and resources for health, long-term care and pensions. Similarly, initiatives such as Total Place and 'localism' are being discussed primarily in terms of efficiency in spending to implement central programmes, rather than giving locally elected leaders the responsibility to allocate scarce resources between competing needs according to local circumstances.

Regardless of the shortcomings of political leadership, the intention of bringing significant change is clear – the question is whether there is the public-sector leadership to make it happen. Public-sector leaders and management teams will have to develop new skills and exercise judgement to cope with rising citizen expectations in an age of austerity. The last decade has seen significantly increased pressure on senior civil servants and chief officers with increased transparency, accountability, and public and political criticism.

Examples include the resignation of the Chairman of Her Majesty's Revenue & Customs after an employee in the 100,000-strong organisation lost two discs that were intended to be sent through the mail; the Home Secretary describing his department as "not fit for purpose"; the institution of unannounced inspection regimes; and the pressure on directors of children's services to relinquish their livelihood as well as their office following a service failure.¹⁵

Permanent secretaries, chief executives and their management teams are already taking the strategic decisions on how, where and when strategies for improved organisational design, productivity and leadership will take effect. In this process, they can learn from public-sector peers and private-sector forerunners who have:

- developed a comprehensive and credible strategy to improve organisational shape and productivity, covering capabilities, costs and customer satisfaction
- improved the commercial skills crucial in judging priorities, managing transitions, commissioning and assessing value for money, as recently outlined by the NAO¹⁶
- collaborated much more effectively within their organisations and across government, such as using commissioning to operate effective partnerships with the private and third sectors
- mobilised their people behind a positive view of the future and invested in leadership at all levels.

As this process continues, there are various myths that can restrict progress, the implications of which are outlined in the following section.

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Strengths, myths and emerging realities

Arguably, the senior leadership of the Civil Service and local government have the capability to respond to the challenges facing the public sector, drawing on their intrinsic quality and commitment to public service. Many have been intensively developed as leaders over the years, and in the last decade the group has been supplemented by significant recruitment from the private sector.¹⁷ It is clear, however, that few public-sector leaders have experience of leading through a sustained decline in resources.

Local government has moved much faster in taking action to reduce spending, albeit in some cases with a risky approach to shaving resources without a strategy for future service delivery. Central government is largely still in a design phase of comprehending the scale of necessary change, with implementation largely deferred until after April 2011.

Figure 1: The strengths, myths and emerging realities of public-sector leadership

Enduring strengths	Disabling myths and their consequences	Emerging realities
Smart people	<p>Traditional productivity thinking cannot be applied to public-sector work</p> <ul style="list-style-type: none"> • Inflexible in responding to new priorities – resourcing always focuses on the ‘usual suspects’ • Long lists of priority activities • Keep too much activity in-house • Complex, ineffective governance and accountabilities • Carry a ‘tail’ of 15 per cent under-performers • Burdened by process and risk aversion 	<p>High-productivity organisation</p> <ul style="list-style-type: none"> • Fewer priorities; low-priority activities stopped by the board as part of explicit portfolio management • High-performing people moved as needed to new priorities • Managers deal with under-performers to deliver their own performance goals, supported by top management and clear human resources (HR) policies • Clear single-point accountabilities
Huge investment in people development	<p>The public sector cannot be expected to demonstrate commercial skills to private-sector standards</p> <ul style="list-style-type: none"> • Accept poor management and performance of commercial functions and outsourced activities • Tick-box approach to commissioning without commercial realism or focus on policy goals • Lack understanding of own delivery networks • Lots of leaders but not enough leadership at all levels • High performers prefer policy and design to delivery • Prefer complexity to simplicity, standardisation and practicality 	<p>Demanding and skilled organisation</p> <ul style="list-style-type: none"> • Commercial skills applied routinely, not just in commercial activities, but also in testing policy implementation and delivery • Extensive secondment and exposure of high-performing policymakers in delivery networks • Default to standardisation and delegation • Deploy commissioning skills to deliver policy goals
Motivated people	<p>It is clear what needs to be done but the system will not let it happen</p> <ul style="list-style-type: none"> • Working and thinking in silos • Duplication across agencies and boards • Initiatives are rarely stopped – it is difficult to prioritise • Risk aversion, regimes of targets and inspections and over-prescription • Perverse incentives to spend and ring-fenced budgets • Parent-child relationship between Treasury and departments, and between central and local government • Deferential behaviours and overloaded leaders 	<p>Exercising leadership at all levels</p> <ul style="list-style-type: none"> • Current resource pressures enable effective leaders to make difficult decisions • Redesign of malfunctioning systems • Default to standardisation and delegation • Challenge and delivery across organisational boundaries • Leaders encourage leadership behaviours among their team and at lower levels in the organisation

Source: Deloitte LLP, 2010

Civil servants are typically highly capable individuals. However, if intellectually capable people work in unnecessarily complex and inflexible organisations, they are often unable to exercise effective leadership. Also, working in a context that consistently values intellect can result in leaders who systematically underplay emotional intelligence. A set of pervasive disabling myths, and their undesirable behavioural consequences, have been highlighted in workshops involving senior civil servants and local government leaders (see Figure 1). These have been identified for their potential to diminish the effectiveness of public-sector leadership at all levels.

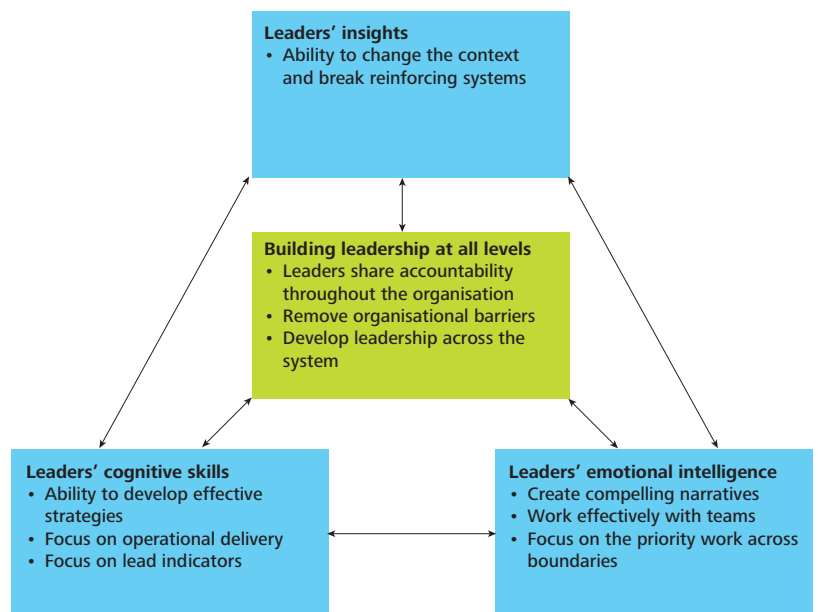
The consequences of relying on myths rather than the emerging realities are real – in many cases, talent in the public sector goes to waste, while motivation and productivity suffer. The consistent failure of the public sector to deal with under-performers is a typical example. Undeniably, the burden of under-performers affects organisational performance and demotivates high-potential people. Improved performance management processes are not what are needed, but consistent leadership and HR support that starts by removing the bottom 15 per cent under-performers to send a clear message to all staff. The emerging realities of highly productive, demanding and skilled organisations, where leadership is exercised at all levels, can deliver better outcomes and a more engaged workforce. So what needs to change to achieve this?

Leadership is crucial and the following four elements need to be demonstrated by permanent secretaries and chief executives:

- Leaders’ insights necessary for successful change within complex systems
- Leaders’ cognitive skills to manage effectively in demanding environments
- Leaders’ emotional intelligence to motivate their people through difficult times
- Leaders’ ability to build leadership at all levels.

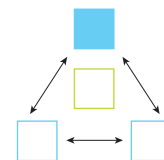
The interaction of these elements is illustrated in Figure 2 and then discussed in the subsequent sections.

Figure 2: The four dimensions of leadership



Source: Deloitte LLP, 2010

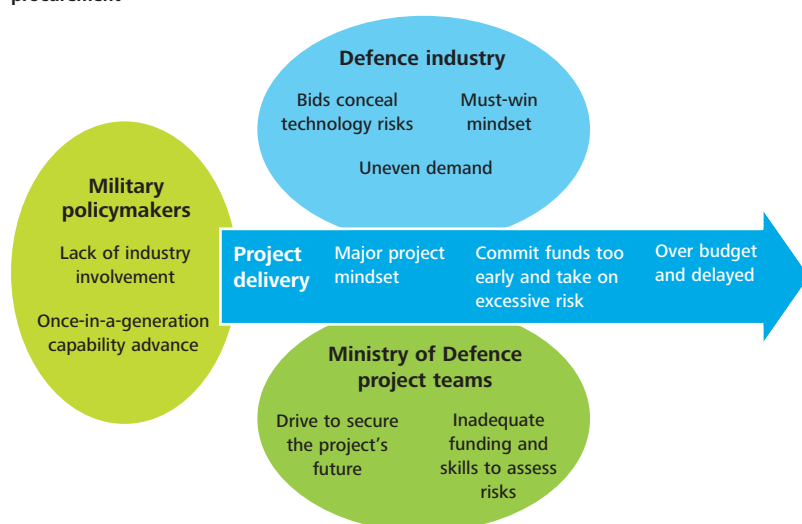
Leaders' insights



Many senior leaders are likely to find the disabling myths and their consequent behaviours listed in Figure 1 frustrating. This is not only because the myths are familiar, but also because they are typical 'system behaviours' that explain why smart people continue to do things they know do not work. These system behaviours are variously described as 'reinforcing loops' or 'conspiracies of optimism'.

One example is defence procurement, which has bedevilled many intelligent and capable people in government and industry since the end of the Cold War. The process involves military policymakers specifying requirements, the defence industry producing military equipment and Ministry of Defence project teams trying to coordinate everything, as outlined in Figure 3. Ultimately, the process encourages those involved to take an over-optimistic approach to pricing, to commit funding too early and knowingly to take on too much risk. The weaknesses of such decisions only become apparent years later. Decision-makers tend to become 'locked in' to accepted ways of working, rather than keeping options open and challenging unanimous advice from officials. It is interesting to note that permanent secretaries who authorised major failed projects usually comment that at the time, they could not find an official who made the case against the decision.

Figure 3: System behaviours leading to undesirable outcomes – the example of defence procurement



Source: Deloitte LLP, 2010

It is important to clarify that this is the consequence of smart people doing the best that they can within the system. This system is what can be called organisational culture, power relationships, 'how things happen' or 'acceptable' standards. So what does a leader need to do to break through these system behaviours? Two points are crucial.

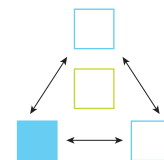
First, the context in which people work needs to change, or as Rahm Emanuel, President Obama's Chief of Staff, said, 'You never want a serious crisis to go to waste'.¹⁸ The year 2010 presents the public sector with unique challenges, yet it is also a once-in-a-generation opportunity to change ways of working, especially to move to a simplified, high-productivity organisation. Ministers will need to signal willingness to change and officials will need to lead them to change. Leaders must recognise that this move is not just about painful decisions. Some public-sector organisations have already made this move and one of the results has been a more productive and satisfying work environment, albeit a more demanding one. This organisational change must be supported by clear messaging and a demonstration of commitment from the top of the organisation; for example cutting a long-protected project, making a clear shift of resources or a commitment to stakeholders.

Second, if the process continues to channel staff action in certain undesirable directions, leaders need to choose the points at which to break the reinforcing system. These could include, for example:

- changing financial procedures and constraints
- exiting or closing down problematic, high-profile projects
- taking a firm grip of the collection of agencies and boards
- simplifying accountabilities
- making public commitments to a changed approach
- simplifying publicly the approach to working with, and delegating to, the delivery network.

Such actions are described here as leaders' insights, because they are fundamentally about high-level judgements and depend primarily on clarity and courage, rather than skills.

Leaders' cognitive skills



Cognitive skills can be seen as the combination of intellectual and rational skills with the wisdom to deliver results. Without these intellectual skills, regardless of insight and inspiration, public-sector leaders will be unable to make practical progress in improving organisational performance.

Organisations across the public sector need to rethink what they do and how they do it, taking an approach that has not been required since the original welfare reforms of the Attlee administration. Leaders will have to grapple with major restructuring programmes with the aim of reducing costs while protecting citizen delivery. This requires leaders to enable their people to think and behave differently. Assumptions and accepted truths will have to be challenged and reset. As well as leading ministers to signal change, officials will need first class strategic and policy formulation skills, combined with an ability to translate this into meaningful and transformative action. Building these cognitive skills to improve operational delivery requires continued investment in development, recruitment of experienced practitioners from the private sector and secondment of public-sector leaders to private-sector roles.

Strategic thinking, operational delivery and effective governance are critical responsibilities of all leaders. Such responsibilities require leaders to master technical and behavioural skills. Together they constitute the intellectual foundation of effective public-sector leadership. It is not about crafting a strong operational strategy or drafting first-rate policy alone; it is about the ability to deliver – through people and across complex organisations. Leaders must be able to create solutions that will work within their organisational context; hence the earlier definition of cognitive skills as the combination of technical mastery with well-developed behavioural skills. Leaders not only need to create operational strategies and policy development, they also need to implement them in their own organisations. This requires cognitive skills that cannot be developed by studying – rather, they need to be developed by applying frameworks in a work context.

Many central and local government leaders find it challenging to master these technical and behavioural skills through real work. For example, they can have difficulty delivering budgetary control, strategic and operational planning, process improvement, standards and evidence-based systems to measure outcomes. They are also aware that they need to design processes that provide predictive indicators, for instance providing an early warning system to pre-empt events as well as post-event audit trails. These are significant demands on leaders' cognitive skills.

An example recognising this intellectual foundation is the National Professional Development Framework, which outlines the need for cognitive business skills in understanding strategy, commissioning and policy development, and applying frameworks of accountability.¹⁹ The NAO noted that performance frameworks in government rarely relate to a coherent business model and typically do not link key data.²⁰ One of the reasons for this incoherence is a lack of connection between the policy and commercial teams. Commercial techniques are often viewed as someone else's problem rather than a skill set required for effective policy development and implementation.

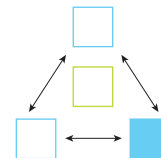
In addition to these baseline cognitive business skills, many public-sector leaders require commercial skills comparable to their private-sector counterparts. This can be because they are managing commercial functions, such as finance, HR, information technology or procurement, or managing outsourced activities. Leaders might also require such skills if they are working through a delivery network of public-, private- or third-sector providers.²¹ In addition to the NAO's observations about the inadequacy of performance-measurement frameworks, public-sector leaders can also struggle with the often unhelpful incentives of one-year budget cycles and ring-fenced funding.



Leaders therefore need to be able to:

- Create and articulate effective and compelling organisational strategies. Individuals should be reaching out to successful leaders across the public-sector for advice and examples.
- Demonstrate a systemic understanding of how to deliver operational goals. Many public-sector leaders benefit from mentoring advice and coaching on personal effectiveness, which can help to judge the appropriate degree of direct management versus delegation.
- Handle information effectively, knowing when to get involved in a potentially damaging issue at a detailed level through the effective and rapid analysis of situations.
- Build a stock of effective questions. Many failures could have been averted if leaders had been able to probe; for example, 'Demonstrate to me that we have the capabilities necessary to deliver this', 'Show me what we would miss if we adopted a simpler standardised approach' or 'Why are we specifying this rather than letting the delivery network decide?'
- Deliver public value through effective strategic commissioning and the development of true partnerships with key providers. Leaders need to move beyond applying procurement techniques to developing strategies and partnerships that deliver policy goals – and leave space for partners to improve cost and delivery performance. Success stories and mentors can illuminate leaders who are still building these foundational skills.

Leaders' emotional intelligence



There is already a substantial industry focused on writing lists of emotionally intelligent leadership behaviours, yet what is striking in Deloitte's discussions with effective public-sector leaders is how isolated many of them appear. They feel that they have to come up with the ideas for change and for doing more with less. They feel that they have to lead the charge for change, rather than share the responsibility with their team. They feel that they cannot rely on their corporate colleagues to work collaboratively rather than compete with each other for resources. Leaders are frequently locked into a parent-child relationship with other parts of the public sector through targets, inspections and ratings. Perhaps it is not surprising that in a culture that emphasises intellect and development of professional competence, emotional intelligence has been undervalued and under-deployed.

Although leaders must lead, and do so visibly, there is still a residual culture of deference in the public sector. Participants in meetings will frequently wait for the most senior person to speak first. This may be convenient at times but leaders, even when they believe that they know the answer, would be well advised to ensure that their team voice their views. This will often result in a more complete answer and it will also reduce some of the leadership burden that many leaders feel. Similarly, officials will need to lead ministers to signal change, selecting fewer priorities and eschewing micro-management.

To enable public-sector leaders to continue to be effective and to do more with less, leaders at all levels need to work with their team to:

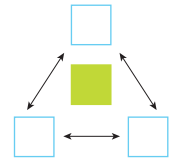
- make time to think and reflect together
- create compelling narratives of the changes facing the organisation, with which everyone can identify
- frame challenges effectively to focus everyone, across organisational boundaries, on the work that needs to be done
- replace fear and disabling beliefs with a more enabling culture that encourages a readiness to face unexpected pressures, while retaining a sense of reality and risk.

Leaders in publicly accountable roles face a range of pressures including greater accountability and transparency, 24-hour rolling news services and an increased desire for high-quality citizen-focused services at lower costs. Personal resilience and self-belief is required to withstand this pressure. To be successful, leaders need personal insight and an awareness of their own strengths, blind spots, possible pitfalls and untapped resources and potential. This helps to build a personal understanding of their own leadership style and also facilitates a 'best team' approach to leadership – building teams of people with complementary skills that play to each individual's strengths and compensate for each other's acknowledged gaps.

Leaders' emotional intelligence matters. They need to bring their own strengths, values and personality to the role and use them to get the team's 'buy-in', which can help to reduce the turnover of talent. Self-belief and self-awareness are perhaps the most important emotionally intelligent attributes that public-sector leaders need to demonstrate. By creating teams of complementary individuals, leaders can enable the peer support and personal resilience necessary for the turbulent times facing the public sector.

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Building leadership at all levels



Business leaders in today's increasingly complex and dynamic economic environment are discovering what many of their peers in the public sector have known for a long time: that leadership is a collective endeavour and an ongoing process that is dispersed throughout effective organisations. Leadership is no longer seen as the preserve of the most senior, nor is it sensible to see leadership linked exclusively to higher ranks. Leaders need to share accountability and develop leadership throughout the organisation. This can foster greater degrees of responsibility, innovation, problem-solving capability and the motivation to give discretionary effort. However, there is a fine balance to be struck. For instance, leaders in children's services have to take tough and important decisions on child protection that, if handled inappropriately, could end in a national scandal. Leaders have to be able to use judgement to decide when to get involved in the detail of an emerging issue and when they can trust others within their organisations to deal with it effectively using their own authority.

Public-sector leaders face many 'wicked issues': complex issues with multiple organisational interfaces and no clear solution, with multiple stakeholders holding different views, all with different perspectives on what is the 'right' solution.²² When addressing such issues, leaders need the ability to influence and inspire others in the system beyond direct reporting lines, articulating a common purpose then probing into specifics. The use of positional power limits a leader's influence on a system. In all sectors, organisational boundaries are beginning to blur, with partnerships, collaborative working and commissioning. Building leadership capacity and the capability to deal with complex and messy issues across organisations is a key facet of effective leadership. Many organisations allow their staff to conceal what they do not know, yet 'wicked issues' can only be addressed with honesty and openness.

As Greg Dyke, former Director-General of the BBC, has reflected, too often people in organisations feel they are successful despite the management team rather than because of them.²³ The role of the leader has to be to create a culture that embraces learning and is able to challenge disabling myths effectively. Linking organisational leadership to frontline delivery by developing effective leadership at all levels is a key task for leaders. To achieve this, leaders have to:

- Remove structural barriers, such as duplication of work, unclear accountabilities and overly restrictive bureaucracy, which hinder the delivery of successful outcomes, allowing everyone to focus on the actual work of the organisation
- Focus on developing leadership capability throughout the organisation. Deloitte's experience suggests that leaders in successful organisations have made the development of people everyone's responsibility and have put in place enabling mechanisms to build the skills and capabilities necessary for leaders in individual functions to lead agile, highly productive teams.

Building leadership at all levels ultimately relies on leaders bringing together the previous dimensions discussed in this paper. Leaders need insights to break negatively reinforcing systems. They must build the cognitive skills necessary to improve operational delivery further in an environment of fiscal constraint. Their emotional intelligence must also be sufficient to harness the collective talents and ideas of individuals across the organisation.

The senior team needs to clarify frameworks of accountability, as well as setting boundaries to give leaders space to act. Leaders should be encouraged to take opportunities for developmental coaching, and assignments to extend their skills and experience. The role of the senior team is crucial in highlighting clear messages and examples of successful change to motivate leadership at all levels.

Motivating staff to deliver improved services in an age of austerity does not require the recruitment or development of more leaders – it is about exercising more leadership at all levels.

Actions for public-sector leaders

Building leadership capacity and capabilities in public-sector organisations should be a top priority. To address current financial constraints and realise the opportunities they offer, many questions should be considered, including:

Chief executive or permanent secretary

- Do you have a transformation plan in place with goals, milestones and means? Have you created appropriate networks to enable leaders across the organisation to interact with the plan and discuss challenges and opportunities with you directly?
- Do you have a senior team that is ready for change and is working collectively to enable it?
- Can you articulate a brief, compelling message of change, framed appropriately to connect with your staff?
- Have you considered specific interventions, such as tailored coaching, to build your personal cognitive skills?
- How do you measure your senior team's performance with regard to leadership?

HR director

- Where do you need to intervene to close gaps in organisational leadership that are critical to transforming performance?
- Do you have a leadership programme in place that is integrated into the overall transformation plan, and which builds leadership at all levels in the organisation?
- What is your headcount reduction plan?
- Are your smaller agencies and NDPBs exposed by a lack of skills?

Frontline operating director

- Which lower priority activities can you cancel?
- Which major operating risks are likely to be exposed when budgets are reduced and what is your mitigation plan?
- Are you connected to other leaders across the organisation, giving the opportunity to solve 'wicked issues' together?
- Do your people have the skills to perform at lower staffing levels?

Finance or planning director

- Are accountabilities for performance completely clear?
- Are governance and control processes simple, understood and effective?
- Do you have a cost reduction plan in place with goals, milestones and means?
- Have you placed sufficient emphasis on budgets for managing change or building leadership capability?
- Do you know which of your agencies or NDPBs will close or merge?

Conclusion

Leadership of public-sector organisations is central to the agenda of the current Government, and will be for the next, whichever party wins the general election, driven by citizen expectations and financial imperatives. Political leadership will accelerate progress towards public-sector reform and new models of leadership. Even if it takes some years for a clear political narrative to emerge, financial pressures have already placed huge responsibilities on public-sector leaders – and few of them can call on personal experience of this degree of resource cuts.

The UK public services demonstrate enduring strengths in quality, motivation and independence, but the delivery track record is mixed. Capitalising on these strengths and moving to the emerging realities of highly productive, demanding and skilled organisations, is not about recruiting or developing more leaders – it is about exercising more leadership at all levels.

Senior leaders will need to demonstrate leadership in four dimensions: developing the insights necessary for successful change within complex systems; building the cognitive skills to manage effectively in demanding environments; demonstrating the emotional intelligence to motivate their people; and actively building leadership at all levels.

Further, these dimensions have to be addressed systematically. Emotional intelligence is of little value without the requisite cognitive skills, or vice versa. Most importantly of all, leadership needs to be developed across the entire system so that public-sector organisations can move to a more agile, delivery-focused structure for this age of austerity.

Leadership of public-sector organisations is central to the agenda of the current Government, and will be for the next, whichever party wins the general election, driven by citizen expectations and financial imperatives.

Notes

- 1 This report uses the term 'public-sector organisations' to describe central government departments, local authorities, devolved administrations, executive agencies and non-departmental public bodies.
- 2 New shapes and sizes, Deloitte LLP, December 2009. See: www.deloitte.co.uk/newshapesandsizes
- 3 To be published later in 2010.
- 4 Securing the recovery: growth and opportunity, Pre-Budget Report, HM Treasury, 9 December 2009.
See: http://www.hm-treasury.gov.uk/d/pbr09_completereport.pdf
- 5 NHS chief tells trusts to make £20bn savings, The Daily Telegraph, 19 June 2009.
See: <http://www.telegraph.co.uk/health/healthnews/5524693/NHS-chief-tells-trusts-to-make-20bn-savings.html>
- 6 Survey of Local Authority Staff Reductions, Local Government Association, April 2008. See: <http://www.lga.gov.uk/lga/aio/1887372>
- 7 For example:
 - Up to 2,000 jobs going at Birmingham City Council, BBC News, 10 February 2010.
See: http://news.bbc.co.uk/1/hi/england/west_midlands/8508023.stm
 - Job and service cuts at council, BBC News, 4 January 2010. See: <http://news.bbc.co.uk/1/hi/england/leicestershire/8440442.stm>
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