

CANVAS

GOVERNMENT EDITION 2017
BY Saxton Bampfylde



ALL CHANGE

GOVERNMENT IN AN UNPREDICTABLE WORLD

WELCOME

Welcome to Canvas, the insights update from Saxton Bampfylde. Our aim is to share interesting thoughts and perspectives on topics and issues that are relevant and current in your sector.

We very much welcome any thoughts, comments, or inputs you would like to share.

We hope that you enjoy Canvas.

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EDITION OVERVIEW



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It's becoming commonplace to talk about the current period as one of wide-reaching change for the UK. Brexit provides the most obvious example, but the UK is also facing the consequences of immense political, economic and demographic changes. Across almost all the critical policy and public service delivery areas, the level of change and challenge we face is demanding immense resilience and creativity from public sector leaders.

We are delighted to have the opportunity to talk to Bronwen Maddox, Director of the Institute for Government, at such a critical juncture. Looking back to January

2017 at Bronwen's inaugural lecture in her new role, and after a snap General Election, we discuss what the key priorities are for the Institute and if these have changed; look more broadly at the key issues facing Government; and how political and social mood is developing in the UK and abroad.

In addition to Bronwen's piece we also take a perspective on the challenges of leadership during a period of change in an article by Saxton Bampfyde's Lisa James and Gareth Jones. We then look to the other side of the globe in an interview with Richard Besley from Australian Panorama partner Cordiner King. **6**



INTERVIEW WITH

BRONWEN MADDOX

DIRECTOR OF THE INSTITUTE FOR GOVERNMENT

Bronwen Maddox reflects on how the political landscape is evolving since her inaugural lecture and the focus of priorities for the Institute. She considers the impact of the evolving political mood at home and abroad and what this means for governments.

You gave your inaugural lecture as the Director in January. Since then, the political landscape both in the UK and overseas has continued to evolve quite dramatically. Which events have most struck you, in light of the themes you pulled out in January?

We still have some of the themes very much there. We have countries where the sense of division and public mood is very strong with a roiling and febrile sense of politics.

There is still a picture of older democracies with very divided politics which is putting their institutions under strain. In the United States, we are seeing President Trump testing those institutions continuously. Whether it be attacks on the judiciary, his war of choice with the intelligence agencies, his questions about NATO and approach to international cooperation, these things make modern political challenges like cyberattacks very, very relevant.

Overall, I would say that politics is finding it very hard to accommodate new trends or to fully respond to people's concerns.

After the results of the elections in France and the Netherlands, do you believe that the 'unprecedented' public and political mood is perhaps shifting back to a seemingly more 'normal' one?

I am not sure what 'normal' is any more.

I don't think people want extremism which is going to turn their countries upside down, but at the same time they do want change and Emmanuel Macron is the best embodiment of that. The unknown politician. Unknown, but on the other hand a centrist, his election was a very firm rejection of Marine Le Pen.

People want change and they want politicians to respond to their concerns. They are probably more short-tempered and cynical about how that response comes than they were in the past.

"Politics is finding it very hard to accommodate new trends or to fully respond to people's concerns."

You talked earlier about challenges to established institutions of democracy. Do you believe that the role of government is going to be harder to define over the next 10-15 years than it has been in recent decades? Or do you think a clear, if different, role for the state is likely to have emerged?

I think the role of government is changing anyway due to globalisation

and technology. Both of these are making it harder to run a country and government in a conventional way. One example of how it is becoming harder, is the difficulty in collecting corporation tax. It is increasingly challenging, and we are due to have a good debate about how we address that.

"The state has been pushed back; it has fewer levers than it had in the past."

The state has been pushed back; it has fewer levers than it had in the past. People still expect government to be the answer to many problems. I think government needs to define quite carefully which problems it chooses to be the answer to. It then needs to have a conversation much more directly than in the past about how it answers.

You've talked before about a number of things which make a government's role difficult – globalisation, debt, austerity. But the UK Government also has the immense task of delivering Brexit. How can it ensure that other priorities aren't lost?

There is no denying the Government needs to pare these priorities right back. The government will be judged on Brexit



“I think government needs to define quite carefully which problems it chooses to be the answer to.”

fundamentally. What it needs to do with those other priorities is to set a tone and make it clear that these are other priorities behind Brexit.

At the end of the day, delivering Brexit is an immense stretch for any British Government. Behind Brexit government needs to respond to basic competence questions, like the NHS. However, actually trying to bring through a significant agenda whether it be industrial policy or social mobility on top of Brexit is almost impossible in reality, but they can't say it.

What impact do you think the 'fake news' agenda has on the Government and its priorities?

This is a really interesting area. I think the internet has changed things completely. People have access to views in the media in the broader sense, and also to people who believe what they believe. The evolution of the internet offers not only a vivid alternative to mainstream news, but also the opportunity to shape one's view of the world, even without feeling particularly political. We can live in the world that we want and not come into much contact with those we don't like or agree with. I think people find an enormous sense of support and legitimisation through that and particularly if they are actively political, or feel that they are. Even if they are not they can choose what they want to hear and what they want to ignore. On the other hand, Britain is a smaller, more tightly knit country than the United States and I think the spaces are smaller so it is more difficult to just avoid what other people are talking about.

At the moment, I think it is an advantage, but I do believe it will become a real challenge for political parties to have a more clear and standout voice. It means that parties have almost become parallel on things when arguing with each other. They are not so much arguing against each other for rival merits which means that it becomes much harder to win something by an argument or a persuasion or by a demonstration of fact.

In the US there are many Trump supporters who simply don't believe what the news is reporting. This is a dangerous territory and politics is not the only domain for this. Science and the science of health is also where people feel they can pick their own philosophy and plan. I feel very much that this is to be resisted.

“We need an honest conversation about the NHS.”

In addressing the need to 'do government differently', you outlined some key techniques that could be embraced. One of these was the frank message that government needs to acknowledge the problem. Do you see any movement here? Are we getting any better at having the difficult conversations?

Actually, quite a lot better. If you take the health service and social care it seems to me that there has been a really explicit

attempt by this government to say 'we really need to talk about how this is going to be paid for'. There is a reality behind that; healthcare costs are going up about twice as fast as GDP. A government can't tax its way to supporting the health service forever. The Conservative government under May began that conversation but voters did not like some of the choices in the manifesto.

We will run a project soon about how to make that conversation palatable to people. Not just the stage of austerity and the uncomfortable messages being given to the older democracies about things that are just not affordable anymore.

I don't know yet if there is receptiveness to it. You just hear that there are more conversations around it. Whether it be around people paying more through inheritance tax, or those who can afford it paying more for social care, or does Alzheimer's care come under the NHS and how would that work?

Next year is the 70th anniversary since Nye Bevan spearheaded the establishment of the NHS. That comes against a background of conversation about the health service and the need for change. How much people buy into that I am not sure.

We need an honest conversation about the NHS. I do wonder if that will just be a one-way conversation to say: 'you are simply going to have to pay for stuff. We will protect the least well off but others will have to pay more.' I think this conversation is certainly beginning.

“I am positive about the technical possibility of Brexit. I am less optimistic about the negotiations going on. There needs to be a deal.”

“The government will be judged on Brexit fundamentally.”

In your lecture you picked three priorities of the Institute’s work to highlight – Whitehall, policy making, and Brexit. Can you give an overview of the progress being made in these three areas?

These are still the three priorities. The focus on Whitehall is very much the internal machinery of government, looking at accountability, transparency and the professionalisation of the civil service. The rules of accountability were drawn up when the Home Office had 28 people. It has clearly moved on from that and we need to look closely at how we make civil servants accountable to ministers, and how to make both of those accountable to Parliament. Professionalisation of the civil service is increasingly important in the modern world. It may seem banal but the culture of very bright generalists is still embedded in Whitehall. The world is now very specialised and we need professional people within the civil service producing commercial contracts, in HR, finance and in the buying and delivery of digital systems, for example. If we don’t have very specialised people with modern professional skills, they are going to have commercial businesses running rings round them.

On policy making, we will be doing a lot in the coming year. We have done a lot

this year on tax policy and how to make it better. We will be looking at making the Budget an annual event, and making it more public. We want to get rid of the ridiculous ‘rabbit out of a hat’ approach, where the Chancellor then spends three weeks clambering back on things he had not foreseen a reaction to. It would be beneficial to move to a point where the budget is debated in public for a year beforehand.

We are doing a big piece of work on infrastructure, and how to proceed with the projects we want and need to, and curtail the spending on ‘white elephant’ projects like Hinkley, which have vast costs attached.

And finally, but importantly, Brexit. This is our fastest paced team. We have done a lot on immigration, clearly stating that we can’t have a brand-new immigration system two years from now. It is not ready, but even so, that is an easier problem than trade.

We published a large trade and customs union paper outlining that this is the hard one.

I am positive about the technical possibility of Brexit. I am less optimistic about the negotiations going on. There needs to be a deal. 

BRONWEN MADDOX BIOGRAPHY



Bronwen Maddox is the Director of the Institute for Government, taking up this role in September 2016.

From 2010-16 Bronwen was Editor and Chief Executive of Prospect, a leading monthly current affairs magazine. Prior to that she was Chief Foreign Commentator, Foreign Editor and US Editor of The Times, supervising its award-winning coverage of September 11, 2001. She was previously at the Financial Times, where she ran award-winning investigations and wrote economics editorials.

Before becoming a journalist, she was an investment analyst in the City and a Director of Kleinwort Benson Securities, where she ran its highly-rated team analysing world media stocks.

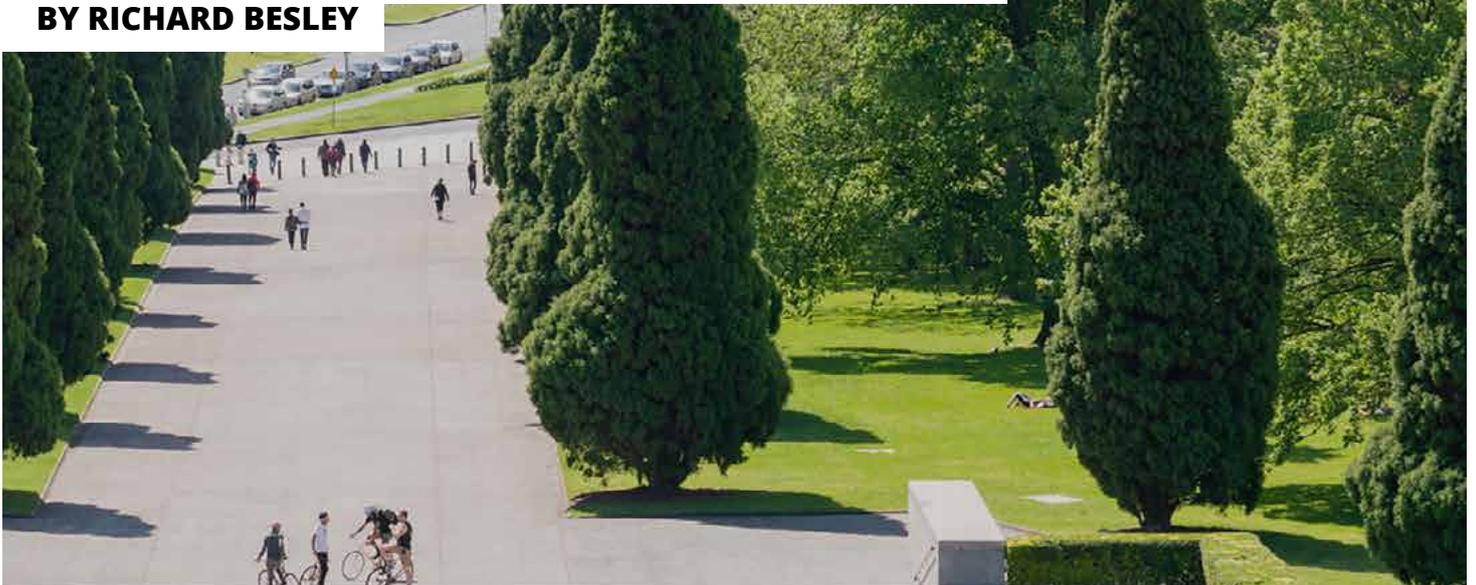
She has a degree in Politics, Philosophy and Economics from St John’s College, Oxford. She is a member of the Governing Council of the Ditchley Foundation which fosters transatlantic relations, and a non-executive board member of the Law Commission, the public body which recommends reform of laws in England and Wales.

www.instituteforgovernment.org.uk



VIEW FROM THE OTHER SIDE PUBLIC OWNERSHIP IN AUSTRALIA

BY RICHARD BESLEY





Richard Besley is a Partner in Panorama, Saxton Bampfylde's global partnership, and is Founding Partner of Cordiner King in Melbourne. He talks to us about the changing face of public service delivery and ownership in Australia and the challenges and opportunities facing this continuously evolving sector.

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Can you tell us more about the relationship the Australian government has with arms-length entities as a specific area of interest?

Australia has many arms-length entities, often referred to as State Owned Corporations (SOCs) or Statutory Authorities. Much like arms-length bodies in the UK, SOCs have independent Boards and an arms-length mandate to serve the government. Arms-length entities are a widely used model in Australia, and there are multiple complexities that public sector executives need to navigate daily.

One example is the Australian water sector, which is government owned via State SOCs and which provided a most interesting comparison for me when visiting OFWAT with the Saxton Bampfylde government team in London. The private ownership of water assets in Britain was quite a contrast in itself, but additionally the public regulator OFWAT has huge responsibility - as reflected in the significant size and scope of the organisation. The operational

model in Australia means the water regulation task is not as significant, but the systems and relationships are similarly complex in their different ways.

“There are multiple complexities that public sector executives need to navigate daily.”

With eight different State and Territory administrations in Australia, how consistent is the approach that they take and how involved are they?

In Australia, there are a total of six State and two Territory administrations, which sit below the Federal government. Each State differs in geographic and community challenges and requirements, but all the States' governments have quite significant on the ground service delivery responsibilities so the scope of responsibilities is similar. These State governments have to

be 'hands-on' and deliver services through a range of public sector bodies. What changes from state to state is the emphasis and priorities which arise with newly elected state governments every three years. Some can be more interventionist or directive, and others more focused on policy settings and allowing the public sector entities to operate more independently within State-set frameworks.

In the UK a number of arms-length bodies need to deliver commercial returns whilst balancing that with a public service mission and focus. How do the arms-length organisations in Australia navigate that balance?

I think the board members and key executives who work in this world and gravitate to these entities have a passion for making a difference within the communities they serve. They also recognise that they need to strive for best practice in culture, talent management, process and governance, which compares

“In essence, there is a recognition that commercial objectives can coexist with public service obligations and that decision-makers need to consciously balance and navigate those objectives.”



equally well to best practice in the commercial sector.

In essence, there is a recognition that commercial objectives can coexist with public service obligations and that decision-makers need to consciously balance and navigate those objectives. Skills in proactive communication with government departments, Ministers and Advisers and stakeholder groups are essential.

Many of our government organisations strive for good commercial practice comparable to the private sector, without such relentless chasing of returns that the public service mission could be compromised. It is a challenge, but with people possessing the right professional credentials working in this system with a passion for what they do, these do not have to be conflicting objectives.

How have Australian governments and SOCs been navigating the changes brought

by privatisation and part privatisation in recent years?

There have been privatisation pushes in Australia, but perhaps not as extensively as in the UK. In Victoria there was significant privatisation after the early 90's recession, dubbed the “sale of government assets”. But there were limits as to how far it went: the rail industry in Victoria is a good example. VicTrack is a State Owned Company with an independent Board. The organisation owns the land, track, signalling and communications infrastructure – significant assets with capital renewal challenges like track and sleeper upgrades and new signalling technology. This is a complex and important community asset, with increasing population and road congestion driving demand for public rail transport. Therefore, the Federal and State governments feel this is best held in government ownership.

From this base of control, the State government has then outsourced the rail train operation to the private sector to drive best practice in

passenger services and timetable. So, we have a balanced approach here where the monopoly assets are in government ownership and the daily use of those assets is contracted to the private sector. Of course if the private sector operator starts to fail in daily delivery of passenger service the government gets the blow back, meaning there is a tight interface between government and the private sector.

In Australia, as in the UK, there has been a period of political upheaval - four Prime Ministers in the past seven years, many of whom have had very different characters. What effect has that level of change had on the way central and State governments have managed their relationships with the SOCs?

In Australian politics the governments are changing all the time, at both State and Territory level, with elections every three years. Two of the changes of



“Those who have spent time in the UK or New Zealand public sectors as well [offer] different perspectives and ways of doing things.”

Prime Minister have been a result of leadership crises rather than elections, so that can cause some real upheaval in the Federal government. However, the State governments are closer to the ground and to most of the SOCs than the Federal government is – that cushions the SOCs to an extent, but with State governments also changing every three years, change is a constant here.

In a sense, leaders in the public sector in Australia just have to accept that there is going to be constant change, and have or develop the skills to work in and with the government system. The best leaders approach it positively and proactively, and aim to have

a constructive influence on policy. Combative styles come to quick endings, and selection panels in the public sector look very closely at these attributes.

We’re in a period of ongoing change in both Britain and Australia – the changes are different in some ways, but there are some deeper similarities around the challenges of demographic change, the need

“These challenges are fascinating, and continuously evolving - I couldn’t think of a better sector to operate in than this one”

for long-term investment, and challenges to the traditional models and workings of government. That makes it all the more important for public-sector executives to manage their careers, and to round out their experience. Some of the strongest

public-sector executives in Australia are those who have spent time in the UK or New Zealand public sectors as well – very similar systems, but ones with different perspectives and ways of doing things and which really add richness and colour to people’s experience.

Finally, what developments do you expect to see over the next few years?

Many of the assets and operations deemed as necessary to stay in government ownership are coming under gradual and subtle pressure. The assets, culture, people and operations need to evolve and be invested in, but at the same time government funding is constrained and targeted by competing funding obligations. In addition to this, our communities are growing in size and complexity. These challenges are fascinating, and continuously evolving - I couldn’t think of a better sector to operate in than this one. **E**

TOUGH AT THE TOP

Leadership challenges in
times of change



By Lisa James, Partner, and Gareth Jones, Partner and Occupational Psychologist, Saxton Bampfylde

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This is a time of wide-reaching change in the public sector. The sector is grappling with the impact of changes in demand, in technology, and in both commercial and partnership models in public service delivery. The public sector's traditional partners in both the private and the third sector are themselves contending with changing funding models and changing needs. Delivery increasingly requires new types of partnership models and working. And, finally but significantly, there is a level of political instability which leads to significant medium-term policy uncertainty.

All of this means that we are in a time not only of change, but also of ambiguity. Public-sector leaders are being tasked not only with delivering discrete and definable change programmes, but also with developing and articulating responses to major national or global challenges at a time when both the problems and the tools available to tackle them are unclear and hard to predict.

AN HONEST APPROACH

The demands that groups put on their leaders in times of change and ambiguity are complex and need to be carefully balanced. In the simplest terms, groups who are facing change will tend to look to their leaders for protection. But, crucially, this does not mean that the task of the leader is to defend the status quo at all costs.

The best leaders will introduce what clarity they can, but are also honest and up-front about what cannot be predicted or guaranteed. They take seriously their role in protecting the team from some of the adverse consequences of change (particularly from pressure from above), but must also resist the urge to be paternalistic – engaging their teams in the design and ownership of the change process rather than allowing them to be passive recipients of it.

This is particularly important during periods of ambiguity. Ambiguity can be paralytic,

and very often leaders will have no more information about, or control over, medium-term outcomes than their teams do. In this context, clarity about the end goal and the team's ultimate *raison d'être* is all the more important. At the same time, leaders can help their teams to focus on the things that they do have power on, and be clear on the contribution that their day-to-day work is still making.

There will always be some members of a team who embrace change wholeheartedly: who see and are excited by the opportunities, and who have low enough needs for security and stability that ambiguity or personal risk do not faze them. For many, though, any truly radical change will be a challenge to a long-established professional identity, and will force them to restructure their view of themselves.

And, of course, in any time of wide-reaching change, there will still be large numbers of people who are engaged in business as usual activities. These people are often neglected in thinking about change, but their work remains as important as ever, and it is easy for their engagement to fall.

KNOW YOURSELF

This means that emotional intelligence is at a premium during periods of change. Pressure will often make people increasingly task-focussed rather than people-focussed – and leaders who are delivering change are often under immense pressure, whether from time pressure, resource constraints, scrutiny, weight of expectation, or all of the above. It is vital that leaders recognise this tendency in themselves and take steps to mitigate it. Equally valid, though, they might choose to bring in other senior members of the team whose strengths lie in their people focus, or identify people within the team who can help them to take its temperature at key points.

LOOKING INWARD AND OUTWARD

Change, therefore, places great demands on leaders. It requires them to balance the protection and the empowerment of their team, and to balance a clear-eyed focus on what needs to be done with empathy for those affected.

This takes real self-awareness, and resilience under great pressure. The final responsibility, then, that leaders have is to themselves. The uncertainty and personal risk which affect teams often affect their leaders no less. All leaders are conscious that they cannot pass the pressure they feel down to their teams too much: but equally, simply internalising it is not sustainable. If leaders are to have the emotional resource to support others, they also need to find ways to sustain themselves effectively.

Much has been written in recent years about the role that mindfulness and similar techniques can play in reducing stress. These are undoubtedly helpful as a way to help manage the personal impacts of stress and to maintain perspective. However, these internally-focussed methods should be seen as just one element in a wider tool-kit.

There are some core leadership skills, like prioritisation and delegation, which are essential if leaders are to make their roles sustainable. However, leaders also need to build effective support networks for themselves, to ensure that they can access the advice and support they need outside the immediate team or organisational environment.

External mentors, whether formal or informal, can play an immensely valuable role as sounding-boards and sources of support. Good coaching can help leaders to identify and focus on the personal goals that they want to set for themselves, and to make sure that they gain focussed personal development from a period of change, as well as delivering for their organisations.

Finally, there is an important role that the public sector can play in establishing cross-cutting support and learning groups. These should, ideally, be focussed not on individual policy areas but on challenges or tasks – whether dealing with policy uncertainty, setting up new organisations or closing existing ones down, or implementing major operational change – to help leaders share best practice and support one another. **G**



VIEW FROM THE RIVER

GOVERNMENT TEAM

LEFT TO RIGHT: Jamie Wesley, Hatty Cadman, Jonathan Morgan, Lisa James and Alex Richmond

TEAM INSIGHT: IN THIS EDITION WE BRING YOU TOP TIPS, INSIGHTS AND 'REVEALING' YOUTHFUL HOPES FROM THE GOVERNMENT TEAM.

Four words to describe your sector

Demanding, diverse, constantly reinventing.

Our predictions for the next year

We've learned better than to make predictions right now! If pressed, though, we'd expect lots of change, and some big legislative and political agendas to be delivered which are going to put high-quality talent at even more of a premium. We're also expecting third parties – especially industry groups and the third sector – to carry on building up their policy capability and developing louder voices.

Our top picks near Westminster

Ichi Richi, on Strutton Ground, for good-quality, reasonably-priced sushi in a cosy basement restaurant. For proper coffee, Iris & June on Howick Place. And Pickles, on Old Queen Street, is an old-fashioned greasy spoon café a stone's throw from our old offices. We once saw *The Thick of It* being filmed inside.

... and near Holyrood

You can't beat the hog roast rolls at Oink.

What we're reading right now

A Little Life, by Hanya Yanagihara – engrossing and unusual. *A Time of Lies*, by Douglas Board – a political satire by a former Saxton Bampfylde colleague, featuring a populist PM, a daring plot, and the threat of a nuclear strike on Belgium. *The Better Angels of Our Nature* by Steven Pinker – fascinating study on the decline of violence through human history.

Our passions, outside work and family

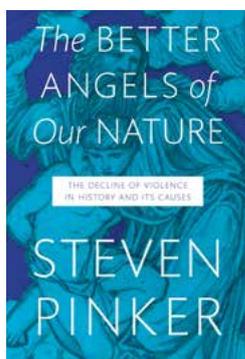
Music, cycling, craft beer, Italy, and travel.

Who would you put on a new £5 note?

With one pick each, we've come up with George Orwell, Beatrice Webb, Tim Berners-Lee, David Attenborough, and Ralph Vaughan-Williams.

What did you want to be when you grew up?

A policeman, a librarian, a chef, a Wimbledon champion/bestselling author/Prime Minister, and Slash from Guns 'n' Roses.



GLOBAL GOVERNMENT TEAM

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Navy Board, UK

Non-Executive Directors
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Non-Executive Directors
Competition & Markets Authority, UK

Director
Institute for Government, UK

Governor
New Zealand Reserve Bank

Fire Chief
City of Vancouver

Chief Executive
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Chief Executive
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SAXTON BAMPFYLDE MISSION STATEMENT

We exist to change the world by changing leaders in interesting and important organisations. At the same time we aim to create an environment wherein all members of our community can grow to their fullest extent emotionally, intellectually and spiritually.

Saxton Bampfylde is an employee-owned business