REFORM

How to run a country
A collection of essays

Edited by
Kimberley Trewhitt
Camilla Hagelund
Katy Sawyer

September 2014

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Our vision is of a Britain with 21st Century healthcare, high standards in schools, a modern and efficient transport system, safe streets, and a free, dynamic and competitive economy.

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Foreword
Richard Harries

When it comes to the reform of our Civil Service, there is a pattern in British politics that has seen successive governments realising too late the scale of the challenge facing them. Tony Blair spoke of "the scars on my back" and of his frustration fighting "the forces of conservatism". Francis Maude acknowledged last year that "despite the very best endeavours of many people", the implementation of his Civil Service Reform Plan had been held back "by some of the very things that it was designed to address – weaknesses in capability, lack of clear accountability, and delivery discipline."

At *Reform* we believe that a key part of the problem is the failure to think about the system of government as a whole, including the role played by Parliament, by ministers themselves and by other political actors (not least those in local government). This needs to change if the country is to move beyond the immediate challenges of fiscal consolidation and begin to implement the vital structural reforms that are needed to respond to demographic change and persistently low productivity.

These challenges are profound and they transcend the cut and thrust of everyday party politics. The reason the Coalition, just like New Labour before it, has struggled to deliver real reform is a reluctance to appreciate the scale of the problem it faces and an unwillingness to acknowledge that some of the answers might lie outside the Government. Yet, as the essays in this collection demonstrate, there is a breadth of knowledge that exists right across the political spectrum, amongst academics and amongst those with first-hand experience working on the frontline and at the most senior levels of public service delivery. It is not knowledge we lack. What we lack is the will to reform.

Britain is at a crossroads. The decisions taken by the next Government will determine the welfare of our citizens and our place in the world for decades to come. To make the right choices, our leaders must be supported by a system of governance designed for the twenty-first century, not the nineteenth. A Parliament properly able to scrutinise legislation and hold the executive to account. A

government freed from silo thinking, led by fewer ministers with clearer objectives. And a Civil Service with the flexibility, capability, confidence and mindset to take risks, embrace innovation, and deliver much more for much less. That is how to run a country.

Richard Harries, Deputy Director, *Reform*

Introduction
Kimberley Trewhitt

The fundamental challenge for 21st century government is to deliver better public services which improve outcomes for citizens, at the same time as achieving long term fiscal sustainability. The complex problems which government must tackle mean that now, more than ever, the machinery of government must promote effective decision making, focus spending on outcomes and deliver value for money and accountability.

As highlighted in the foreword to this collection, *Reform* believes that a key problem of past reform attempts has been a failure to think about the system of government as a whole. To develop thinking and debate on this issue, *Reform* launched a major new programme of work in June 2014 entitled "How to run a country". As the first publication in this programme, *Reform* commissioned essays from people within the governance system, including elected officials, civil servants, advisers, non-executives, and those who have committed their work to observing and understanding government's successes and failures. They are all well positioned to offer their personal thoughts and experience on the idea of "How to run a country".

The collection begins with the role of Parliament, in particular the House of Commons, and explores the effectiveness of the legislative process, the confused nature of the legislature and executive in the UK, and international comparisons. The collection then turns to the balance between elected government at the national and local level, with a focus on local government and the tension between wide support for the idea of "localism", but limited delivery of this in practice. Returning to central government, the next section examines the executive, particularly the relationship between ministers and senior civil servants, and how this could be reformed to improve the effectiveness of both. Section four examines the Civil Service in closer detail, asking what needs to change to deliver a Civil Service fit for the 21st century, particularly the skills, capabilities and structures needed for successful policy implementation. The final section takes a broader view on how government should be organised to focus on outcomes and provide citizen-centred services.

On strengthening Parliament, Anthony King makes the case for a more active Parliament. Counter to traditionalists who argue it is not a bad thing that governments can push through their legislative agenda, he points out that often governments do not know best, and that a stronger Parliament would limit the frequency of governance blunders. Graham Brady also argues for a stronger Parliament, highlighting that Parliament's primary purpose should be to scrutinise legislation rather than populate the executive. He advocates changes to incentive structures such as increasing the power of select committees, paying select committee chairs the same as ministers, and increasing the Commons' power to set its own agenda. More radical reform such as full separation of the legislature and executive could be a longer term solution. Greg Rosen focuses on the particular challenge of Statutory Instruments (SIs). He highlights that although Parliament has increased its efforts to review legislation, SIs, which have significant impact on people's lives, are not subject to the same degree of scrutiny. Lockwood Smith draws on his experience as Speaker of the House of Representatives in New Zealand, noting in particular the importance the Speaker can play in raising the quality of parliamentary debate.

On local governance, Steve Reed argues for a transformation of government to prevent wasted money and ineffective services. He sets out two key principles which would support this: subsidiarity, with decisions being taken as close to the user as possible; and stronger local partnerships and pooled budgets. Michael Lyons and Sally Burlington highlight the importance of collective action and local choice. They make the case for better understanding of the roles of central and local government to overcome current confusion, for example over accountability. Lord True recommends reform of local government finance and draws on the approach of his borough in the shared services agenda. Merrick Cockell argues that the real strength of local government is its proximity to people and therefore its stronger accountability.

On the relationship between ministers and civil servants, Damian Green sets out key challenges such as the limited time spent in operational jobs, multiple centres of government and their relations with individual departments, and ministerial selection and

assessment. He suggests better preparation and performance assessment for ministers. Bernard Jenkin argues that to make ministers more effective there needs to be closer consideration of behaviour and relationships. He makes the case for accountability, trust and leadership as the core values of the Civil Service. Lord Turnbull begins by noting that many of the problems highlighted in the Civil Service are usually within the senior Civil Service and therefore the focus needs to be on relations between ministers and this group. Huw Evans asserts that 21st century ministers face greater challenges with relatively less power compared to their predecessors and highlights the importance of leadership. The focus should be on what ministers want to achieve and how to structure the Civil Service accordingly, which he argues would include a project management approach, emphasis on core skills and building the capacity of the centre.

On delivering a Civil Service fit for the 21st century, Ivor Crewe argues that governance blunders are not all the fault of the Civil Service, but that three key challenges should be addressed: the asymmetry of expertise between the Civil Service and private sector partners; the high level of staff turnover, and the disconnect between policy formulation and delivery. Lord Browne sets out four key priorities for improving the delivery of policy, focused on the management of major projects and risk; the importance of embedding functional leadership; improving human resources and talent management; and recognising secretaries of state as organisational leaders. Sara Weller highlights key challenges as the number of separate departments with overlapping roles and the balance between localism and centralisation. In her list of factors for a world class Civil Service she notes the importance of understanding the front line, commercial skills, co-ordination at the centre and a focus on results. Rob Whiteman sets out three areas where change is required; including increasing transparency and promoting long-termism, the idea of the policy generalist, and the interface between politicians and officials. Measures to support such change would include new rules so that at times officials' advice would not be privileged and a decoupling of the role of permanent secretary and accounting officer. R A W Rhodes cautions that would-be reformers have generated "Civil Service reform syndrome" and that the underlying assumptions behind

reforms are often not fit for purpose. Relationships between ministers and top civil servants are the fulcrum of the system – and politicians are a key factor behind the inertia.

On governing for outcomes, Richard Bacon makes the case for spending less time apportioning blame and more time understanding the "how" of governance. He highlights the importance of the behaviour of all actors in the system, including MPs, ministers and civil servants, and argues for reform efforts to focus on people development. Ray Shostak discusses how to manage government for results and articulates three asks of the next administration, including: a strong performance framework to support inter-agency working; clarity of the role of the centre; and long term focus to promote early intervention. Stephen Rimmer argues for the need to focus on the factors which prohibit joint working, including the separate nature of departments and agencies; accountability frameworks which follow this approach and how the system has not tended to reward collaborative leadership. Ian Barlow describes how Her Majesty's Revenue and Customs has delivered productivity, revenue and service gains, and illustrates the importance of designing services around consumers, through the use of digital services, data and workforce development. Lord Warner draws on his experience implementing reforms to youth justice under New Labour, with lessons including the importance of focusing on the desired change at all levels, multi-agency approaches, new systems, structure and leadership, and the communication of change.

As the essay authors emphasise, there is appetite for reform and belief that government can perform better; the challenge is how best to approach this in a holistic way to deliver real change. *Reform* will continue to encourage debate around the necessary ideas and actions.

Kimberley Trewhitt, Research Director, *Reform*

Contributors

Richard Bacon MP is Member of Parliament for South Norfolk. Before his election to Parliament in 2001, he worked in investment banking, journalism and consultancy. He now serves as a member of the Public Accounts Committee. He has twice been named The Spectator magazine's "Parliamentarian of the Year", while parliamentary colleagues have voted him the House Magazine "Backbencher of the Year" and "Commons Select Committee Member of the Year". He chairs the All-Party Parliamentary Group on Self-Build, Custom-Build and Independent Housebuilding and is co-author of the book *Conundrum: why every government gets things wrong and what we can do about it* published by Biteback Publishing in 2013.

Ian Barlow is the Lead Non-Executive Director of Her Majesty's Revenue and Customs. Ian is also the Non-Executive Director for Smith and Nephew plc, Foxtons plc and Brunner Investment Trust plc. Since 2012 he has served as Lead Non-Executive Director chairing the Board of HM Revenue and Customs. In addition to this, Ian is the Chairman of the Racecourse Association, the trade body for the UK's racecourses and a board member of the China-Britain Business Council. Ian retired from KPMG LLP in 2008 where he had been Senior Partner. Ian is a Chartered Accountant and Chartered Tax Adviser. He holds an MA in Engineering Science from Cambridge University.

Graham Brady MP is the Member of Parliament for Altrincham and Sale West, which he has represented since 1997. He has served as a Shadow Minister, holding the schools, employment and the Europe brief. A member of the Treasury Select Committee through the height of the banking crisis, he is currently Chairman of the 1922 Committee which represents all back-bench Conservative MPs. Educated at Altrincham Grammar School and Durham University, he was awarded "Backbencher of the Year" by *The Spectator* in 2010, and is well known to be independent minded and a champion of selective state schools.

Lord Browne of Madingley is the Government Lead Non-Executive. He joined BP in 1966 and was appointed Group Chief Executive in

1995, holding that position until May 2007. He is a Partner of Riverstone Holdings LLC, Fellow and former President of the Royal Academy of Engineering (a position he held from 2006 to 2011), a Fellow of the Royal Society and a foreign member of the US Academy of Arts and Sciences. He was appointed a Trustee of the Tate Gallery in 2007 before rising to Chairman of the Trustees in 2009. He was appointed as the UK Government's Lead Non-Executive Board member in 2010. He is Chairman of the Trustees of the Queen Elizabeth II Prize for Engineering, Chairman of the International Advisory Board of the Blavatnik School Government at Oxford University and a member of a variety of other trusts and boards. He chaired the Independent Review of Higher Education Funding and Student Finance (The Browne Review, 2010). Lord Browne was Chairman of the Advisory Board of Apax Partners LLC from 2006 to 2007; Non-Executive Director of Goldman Sachs from 1999 to 2007; Non-Executive Director of Intel Corporation from 1997 to 2006; a Trustee of The British Museum from 1995 to 2005; a member of the Supervisory Board of DaimlerChrysler AG from 1998 to 2001 and a Non-Executive Director of SmithKline Beecham from 1996 to 1999. He was knighted in 1998 and made a life peer in 2001. From 1999 to 2002, Lord Browne was voted Most Admired CEO by Management Today. He is also the author of the memoirs *Beyond Business*, the popular science book *Seven Elements that Changed the World*, and *The Glass Closet*, a commentary on the acceptance and inclusion of LGBT people in business.

Sally Burlington is Head of Programmes, Community Wellbeing at the Local Government Association. Sally originally joined HM Treasury as an economist in 1994. She then spent nearly 20 years as a policy analyst and senior civil servant working in various government departments. From 2004 Sally led the secretariat for the Lyons Inquiry into Local Government which reported in 2007. Subsequently Sally became Head of Programmes at the Local Government Association, a post she has held since 2012.

Councillor Sir Merrick Cockell was Chairman of the Local Government Association from 2011 to 2014. From April 2000 to May 2013, Sir Merrick served as Leader of the Royal Borough of Kensington and Chelsea, having been an elected councillor since

1986. During his time as Leader, the Council established itself as a top performer under various inspection regimes and received excellent feedback in resident satisfaction surveys. He was a key architect in the formation of "Tri Borough", a revolutionary new model of delivering integrated public services between the three London Boroughs of Kensington and Chelsea, Westminster and Hammersmith and Fulham. Sir Merrick was Chairman of London Councils from 2006 until 2010, leading local government in London, campaigning for fair funding for public services and making the case for more devolution from central to local government. He served as the Chairman of the Conservative Councillors' Association and as a member of the Conservative Party Board from February 2008 to February 2011 and is currently Chairman of Localis, an independent think tank dedicated to issues related to local government and localism. He is Executive Chairman of Cratus Communications and Senior Adviser to PA Consulting. Sir Merrick was appointed as an Audit Commissioner from July 2009 until June 2011and in October 2010 he was appointed to the Board of the London Pensions Fund Authority. He was appointed Deputy Chairman in April last year. Other positions include Fellow of the British American Project and President of the Chelsea Theatre. He is Honorary Squadron Colonel of 41 (PLK) Signals Squadron. He ran an international trading company for 23 years. He was knighted in 2010 for services to local government.

Professor Sir Ivor Crewe is Master of University College, Oxford and President of the Academy of Social Sciences. He became Master of University College in August 2008. He was appointed Lecturer in Government at the University of Essex in 1971, where he taught and wrote on British politics. At Essex he was also Director of the ESRC Data Archive from 1974 to 1982, Co-Director of the ESRC British Election Study from 1973 to 1981, and Co-Editor of the *British Journal of Political Science* from 1977 to 1992. He established the British Household Panel Study in the late 1980s and was founding Director of its accompanying research centre, the Institute for Social and Economic Research. His academic interest lies in British politics, especially elections, parties and public opinion, and more recently public policy. His many publications include *Decade of Dealignment*, *SDP: The Social and Democratic Party 1981-1987* and *The New British Politics*. He recently published (with Anthony King) *The*

Blunders of Our Governments, a study of major policy failures in the UK from 1980 to 2010. He became a Pro-Vice Chancellor at Essex in 1992 and Vice Chancellor from 1995 to 2007. He was active on the national stage of higher education policy and, as President of Universities UK in the mid-1990s, led university vice chancellors in their support of the Government's introductions of top-up fees.

Huw Evans is Director of Policy, Deputy Director General at the Association of British Insurers (ABI). Huw joined the ABI's executive team in 2008 and served as Director of Operations until 2013. Prior to joining the ABI he was a senior manager in the Group Strategy team of the Royal Bank of Scotland Group. He served as a special adviser in the Home Office from 2001 to 2004 and in Downing Street from 2005 to 2006.

Rt Hon Damian Green MP is former Minister of State at the Ministry of Justice and the Home Office. Damian is a former financial journalist and worked in the Prime Minister's Policy Unit from 1992 to 1994. He was first elected as the Member of Parliament for Ashford in 1997. Damian held various shadow roles from 1998 until 2005, including education and transport. In December 2005 he was appointed Shadow Minister for Immigration. In May 2010 he was appointed Minister for Immigration and from September 2012 to July 2014 he was Minister of State for Policing, Criminal Justice and Victims. Damian is Vice-President of the Tory Reform Group.

Hon Bernard Jenkin MP is the Conservative MP for Harwich and North Essex, having been elected to Parliament in 1992. He was the Parliamentary Private Secretary to Michael Forsyth, the Secretary of State for Scotland, from 1995 to 1997. In opposition, he served as Shadow Transport Secretary from 1998 to 2001 under William Hague, Shadow Defence Secretary from 2001 to 2003 under Iain Duncan Smith and Deputy Chairman of the Conservative Party from 2005 to 2006 under David Cameron. From 2006 to 2010, he was a member of the Defence Select Committee. Following the 2010 general election, he was elected as the Chairman of the Public Administration Select Committee.

Professor Anthony King is Millennium Professor of British Government at the University of Essex. A Canadian by birth, he came

to Britain as a Rhodes Scholar and was a Fellow of Magdalen College, Oxford before moving to Essex during the 1960s. He served on the original Committee on Standards in Public Life (the Nolan Committee) and on the Royal Commission on the Reform of the House of Lords. His most recent books are *The Founding Fathers v. the People: Paradoxes of American Democracy* and, with Sir Ivor Crewe, *The Blunders of Our Governments*. He is a Fellow of the British Academy and a Foreign Honorary Member of the American Academy of Arts and Sciences.

Sir Michael Lyons is Chairman of the English Cities Fund and SQW Ltd. He currently leads the Housing Commission established by Rt Hon Ed Miliband MP, Leader of the Labour Party. He is a former Chairman of the BBC and Deputy Chairman of the Audit Commission. He had a distinguished career in public service including 17 years running some of the country's largest local authorities (including Birmingham City Council from 1994 to 2001) and was knighted for services to local government in 2001. Sir Michael led the national "Lyons Inquiry" into the functions and funding of local government in 2007 and other reviews relating to the relocation of government services and the management of public assets in 2004. He is a former Professor of Public Policy at Birmingham University.

Steve Reed OBE MP is the Member of Parliament for Croydon North and Shadow Minister for Home Affairs. Steve was elected Member of Parliament for Croydon North in a by-election in November 2012. He was a councillor in Lambeth for 14 years and Leader of the Council from 2006 until his election as an MP. Prior to that, he worked in education publishing. Steve led the idea of cooperative councils nationally, based on the principle that public services are more effective if they are directly accountable to the people who use them. Steve led pioneering work to tackle violent youth crime, was Co-Chair of the UK's biggest regeneration project at Vauxhall-Nine Elms, board member for children's services and employment at London Councils, a board member of the London Enterprise Partnership, and Deputy Chairman of the Local Government Association of which he is now a Vice President. He is President of the Cooperative Councils Innovation Network. He was a member of the Public Administration Select Committee before being appointed a Shadow Home Office

Minister.

Professor R A W Rhodes is Professor of Government (Research) at the University of Southampton. Previously, he was the Director of the UK Economic and Social Research Council's "Whitehall Programme" from 1994 to 1999; Distinguished Professor of Political Science at the Australian National University from 2006 to 2011; and Director of the Research School of Social Sciences at the Australian National University from 2007 to 2008. He is life Vice-President of the Political Studies Association of the United Kingdom; a Fellow of the Academy of the Social Sciences in Australia; and an Academician of the Academy of Social Sciences (UK). He has also been a Fellow of the Royal Society of Arts and he was editor of *Public Administration* from 1986 to 2011. He was awarded the 2012 International Research Association for Public Management and Routledge Prize for Outstanding Contribution to Public Management Research. In 2013 he was awarded the Special Recognition Award by the Political Studies Association of the United Kingdom for his outstanding contribution to political science which has "increased enormously our understanding of how government works and done much to raise the esteem of the discipline". He is the author or editor of some 30 books including recently: (with Anne Tiernan*) Lessons of Governing. A Profile of Prime Ministers' Chiefs of Staff* (Melbourne University Academic Press 2014); *Everyday Life in British Government* (Oxford University Press 2011); *The State as Cultural Practice* (with Mark Bevir, Oxford University Press 2010); *Comparing Westminster* (with Patrick Weller and John Wanna, Oxford University Press 2009); and *Governance Stories* (with Mark Bevir, Routledge 2006).

Stephen Rimmer is West Midlands Strategic Lead, Preventing Violence against Vulnerable People. Stephen joined the Home Office in 1984 and worked in a variety of policy posts there and in the Northern Ireland Office until 1993. Having been involved in the Prison Service bid to run Strangeways prison after the 1990 riot, he was Deputy Governor there for two years, before working in the Cabinet Office as Director of the Central Drugs Coordination Unit until 1998. He subsequently became Governor of first Gartree prison in Leicestershire and then Wandsworth prison. He became Director of Policing Policy in the Home Office in 2002, with responsibility for all

areas of police reform and policy work. He joined the Metropolitan Police Service in 2005 as a member of its management board and as Director of Strategy, Modernisation and Performance. Stephen returned to the Home Office in 2007 to become Director of the Prevent Strategy, and of the Research Information and Communications Unit, within the Office for Security and Counter-Terrorism. In 2009 he became Director General of the Crime and Policing Group and had responsibility for the substantial reforms to policing over the last few years, as well as the development and implementation of crime reduction, organised crime, drugs and alcohol strategies. Stephen established the National Group responsible for tackling Sexual Violence against Vulnerable People in early 2013, reporting to the Prime Minister. Additionally, he was Chair of the Serious Organised Crime Agency in its final months before the establishment of the National Crime Agency. In November 2013 he moved from the Home Office to take up a new post in the West Midlands, providing strategic leadership across the region in Preventing Violence against Vulnerable People. Stephen was awarded the CB in January 2014.

Greg Rosen is Director, Public Policy at Bellenden and a Consultant Director at *Reform*. Greg is co-author of *Reform* reports *Whitehall: The View from the Inside* (2013), *Fit for Purpose* and *The Frontline* (2009). Previously a Whitehall strategist, he is now Director, Public Policy at Bellenden. He has written several books on twentieth century British politics and political columns for the *Scotsman* and the *Guardian*. He is the Chair of the Labour History Group and was formerly Vice-Chair of the Fabian Society and Visiting Research Fellow at Goldsmiths, University of London.

Ray Shostak CBE is an internationally respected expert in education and government performance. He was Head of the Prime Minister's Delivery Unit, Director General of Performance Management and member of the Board of Her Majesty's Treasury from 2007 to 2011. Previously, Ray served as Director of Public Services at HM Treasury and has had responsibility for a wide variety of public service and spending control issues, including reforms to UK Performance Framework and a range of internal and cross-governmental projects (including policy development and reviews of childcare, education,

youth, housing and planning reform, the Olympics, and public service inspection). Prior to joining the Treasury, he was Director of Children, Schools and Families at Hertfordshire County Council, where he set up the first fully integrated Children's Service including education, welfare, juvenile justice and health. He has also worked as Head of Pupil Performance in the Department for Education and Skills and held a number of senior roles in local government. Today, Ray works internationally as an adviser to a number of governments and international agencies in improving public service delivery, performance management and performance based budgeting. Ray has a Masters of Science Degree from the University of Southern California and is a Norham Fellow at Oxford University. Ray was awarded a CBE for services to education in 2005.

His Excellency Rt Hon Sir Lockwood Smith is High Commissioner of New Zealand to the United Kingdom. Sir Lockwood served as a Member of Parliament in New Zealand from 1984 until his retirement in early 2013 to pursue a diplomatic career. He served as a senior minister in various portfolios including Education, Agriculture and Trade. Additionally, Sir Lockwood served as Deputy Minister of Finance, Minister of Forestry, Minister of Tourism, Minister Responsible for Contact Energy Ltd, Minister Responsible for the Education Review Office and Minister Responsible for the National Library. In 2008 he was elected Speaker of the House of Representatives and three years later was unanimously re-elected to the role; a position he held until his retirement.

Councillor Lord True CBE is Leader of the Council of the London Borough of Richmond upon Thames. Nicholas True graduated in Classics and History from Peterhouse, Cambridge. He was first elected a Councillor in 1986 and has been Leader of the Council in the London Borough of Richmond since 2010. He served in central government in the Department of Health and Social Security from 1981 to 1986 and as Deputy Head of the Number 10 Policy Unit from 1991 to 1995. He was awarded a CBE in 1992. He ran the Opposition party office in the House of Lords from 1997 to 2010 and took a seat in the Lords in 2011.

Rt Hon Lord Turnbull KCB CVO is former Cabinet Secretary and Head of the Home Civil Service. Andrew Turnbull joined the Civil

Service in 1970, in HM Treasury. He served in the Prime Minister's Private Office from 1983 to 1985 and from 1988 to 1992. In 1994 he was appointed Permanent Secretary at the Department of Environment. Leaving this role he served as Permanent Secretary at HM Treasury from 1999 to 2002. In 2003 Andrew became Cabinet Secretary and Head of the Civil Service. In 2005 he retired from the Civil Service and was appointed as a life peer as Baron Turnbull of Enfield. Since leaving the Civil Service, Lord Turnbull has become Governor and then Chair of Governors at Dulwich College (2003); Non-Executive Director of Prudential plc and British Land Company plc (2006). From 2012 to 2013 he served as a member of the Parliamentary Commission on Banking Standards.

Lord Warner is a Labour member of the House of Lords and a member of *Reform's* Advisory Board. In April 2014 he was appointed by the Secretary of State for Education as Commissioner for Children's Services in Birmingham following critical Ofsted reports. He has served on the Lords Science and Technology Committee; a Lords Select Committee reviewing adoption law; and the Joint Select Committees on the draft Care and Support Bill and the draft Modern Slavery Bill. He was a member of an independent Commission on the Funding of Care and Support that reported in 2011 to the Coalition Government with reform proposals now incorporated in the Care Act. He was a Minister of State in the Blair Government from 2003 to 2007, responsible for NHS reform amongst other subjects. He was the senior policy adviser to the Home Secretary after the 1997 Election, and set up and chaired the Youth Justice Board for England and Wales from 1999 to 2003. As Kent's Director of Social Services from 1985 to 1991 he was heavily involved in reform of community care. He has chaired voluntary organisations and the National Council of Voluntary Organisations, as well as working as a management consultant and advising private companies. Earlier in his career he was a senior civil servant in the Department of Health and Social Security. In 2011 he published a book about reforming the NHS entitled *A Suitable Case for Treatment* and in 2014 he co-authored a report on *Solving the NHS care and cash crisis*.

Sara Weller is the Lead Non-Executive Director at the Department for Communities and Local Government, a position she has held

since 2011. She is also Chairman of the Planning Inspectorate, a Board Member at the Higher Education Funding Council and a plc board member at Lloyds Banking Group and United Utilities. Prior to entering the public sector, Sara was Consumer Development Director at Mars; Consumer Marketing Director at Abbey National; Deputy Managing Director and board member at Sainsbury's; Non- Executive Director at Mitchells and Butlers from 2002 to 2009 and Managing Director at Argos from 2004 to 2011. Sara is also a visiting fellow at the Said Business School at Oxford University.

1
The primacy of Parliament

A useful Parliament?
Professor Anthony King

A wise American political scientist – Nelson W Polsby, now alas dead – once suggested that the democratic world's representative assemblies could usefully be arrayed along a single continuum. Anchoring one end of the continuum were what Polsby called "transformative legislatures", bodies that made laws in practice as well as in theory. They possessed an independent capacity, which they frequently exercised, to make laws themselves or else to mould and transform into laws proposals emanating from other quarters.[1] Anchoring the other end of the continuum were what he called "arenas", bodies that might sometimes be called legislatures but that did not actually make laws. Instead, arenas were principally occupied with publicly debating the issues of the day and commenting, favourably or unfavourably, on the performance and legislative proposals of the government of the day. Transformative legislatures could be, and often were, proactive, reaching out and exercising power. Arenas were essentially reactive, reacting usually to the decisions and proposals of whoever happened to be in power.

Readers of this report will not be surprised to be told that Polsby regarded the United States Congress as the archetypal transformative legislature and the British Parliament as the archetypal arena assembly. Congress makes laws, albeit often with Presidential involvement. Parliament seldom makes laws, though it does so occasionally, on Private Members' Bills. It functions mostly as a debating society (though Polsby, an Anglophile, was far too polite to call it that). The British Parliament, as it now functions, is concerned more with speech than with action. Its members debate rather than discuss. Most of the time, the outcomes of its debates are known in advance. The proceedings of Parliament have mostly a somewhat ritualistic character. MPs go through the motions.

The question arises: is this a satisfactory state of affairs? Traditionalists, of whom there are many, insist that it is: that the function of the government of the day in Britain is to govern and that

1 Nelson W. Polsby, "Legislatures" in Greenstein, Fred I. and Nelson W. Polsby, eds. (1975), *Handbook of Political Science,* Vol. 5*, Governmental Institutions and Processes*.

the active involvement of Parliament in governmental decision making and the making of laws would merely cause confusion and delay. The government of the day, in short, knows best. It should therefore – by and large and subject to a certain amount of scrutiny – be allowed simply to get on with it. On this account, the job of government supporters in the House of Commons is simply to enable the government of the day to "get its legislation" – and pretty much everything else it wants to get.

That view presupposes that the government of the day does, indeed, know best – perhaps not invariably, but most of the time. Sadly, the evidence has been mounting over recent decades that the government of the day very frequently does *not* know best. Governments cock up too often. As Ivor Crewe and I have pointed out in *The Blunders of Our Governments,* governments of all political persuasions have made enormous numbers of egregious mistakes.[2] They have failed to achieve their own objectives, and they have wasted enormous amounts of public money and caused, in passing, substantial amounts of human misery. The performance of Rt Hon David Cameron MP's Government is no exception to what has become, sadly, a general rule. Without reform, there is no reason to believe that a future Labour government would perform any better.

A strong case can be made for the view that the British Parliament should be nudged some distance along the way from being, as it is at present, little more than an arena assembly – in which ritualised debates trump serious discussion – to being more nearly one of Polsby's transformative legislatures. Suppose for instance (but there are dozens of other instances) that Parliament had played a significant role in the overhaul of local government finance during the 1980s – that MPs, including Conservative MPs, had had more of a say in the replacement, or non-replacement, of the rates and the introduction, or non-introduction, of a flat-rate tax on heads. It seems highly unlikely that MPs of all parties, given some additional powers and more freedom of manoeuvre, would have allowed the government of the day to get away with introducing anything as wrong-headed and weird as the poll tax. If Parliament had got in the way of the poll tax (and had possibly come up with something better),

2 King, A. and Crewe I. (2013), *The Blunders of Our Governments*.

Margaret Thatcher – who knows? – might have been able to go on and on as Prime Minister, just as she wished.

Reform of Parliament in connection with law-making would not require a radical change in the British constitution – for example, the introduction of an American-style formal separation of powers – but it would require both an overhauling of institutional arrangements and a quite profound change in the culture of today's Parliament, especially its House of Commons. Institutional change might then, with luck, lead to cultural change.

Suppose that – to make use of a made-up example – there were signs that the size of Britain's pigeon population was expanding at an increasing rate. Suppose further that there was general agreement that an overly large pigeon population would eventually pose a threat to public health and that therefore something should be done about it. As things now stand, the government of the day would be expected to act. It would be expected to lead. If it did lead, its supporters in Parliament would be expected to follow. And, on present form, they probably would, whatever the government of the day proposed. Government backbench MPs have latterly become more rumbustious, but – except over possible British intervention in Syria – they have not become notably more effective.

But the experience of recent decades strongly suggests that the government of the day's measures for dealing with the expanding pigeon population – like successive British governments' decisions regarding the aircraft that should be bought for our two new aircraft carriers – might well be ill-advised: either quite ineffective, far too expensive or else liable to cause disproportionate damage to wildlife.

No set of governing arrangements will ever be blunder-proof (any more than private-sector firms are blunder-proof), but there is a good chance that, if Parliament played a more active role, there would be fewer blunders. MPs themselves might be got – possibly in competition with ministers – to devise possible methods for dealing with the projected surfeit of pigeons. They could certainly be enabled, as a matter of routine, to hold pre-legislative hearings, when they could hear the views of avian biologists, pest-control experts, local authorities (if they were expected to be responsible on the ground, so to speak, for reducing

pigeon numbers), the RSPB and even – heaven forfend – civil servants from DEFRA and, inevitably, the Treasury. A procedure such as this, had one been in place, would have killed the poll tax dead, if indeed it had ever been born, and might now be raising questions about the practicability of, for instance, Universal Credit.

Clearly arrangements like these would require – but why not? – permitting MPs to play an active role in the development of policy before the government of the day got itself too deeply committed; they would obviously also require a drastic reorganisation of the House of Commons' present, strangely bifurcated, committee system. The existing Public Bill committees lack expertise and any means of acquiring any. The existing select committees have at least a modicum of expertise but no say whatsoever in law-making. The Public Bill committee dealing with a health-related bill consists of members who know little or nothing about health; the members of the Health Select Committee (and, fortunately, there is one) are precluded from dealing with proposed health-related legislation. The existing regime is a nonsense. Specialist committees with the kinds of powers and procedures outlined just above exist in most other parliamentary democracies, including all of those elsewhere in northern Europe, and those in Scotland and Wales. The UK Parliament is an outlier, almost a freak. As a barrier to blunders, it is certainly ineffectual.

Of course, MPs' conception of their own role – the culture of the House of Commons – would also have to change. In those jurisdictions that have strong committee systems, Members of Parliament regard themselves as partisans, to be sure, but also as legislators. Even if they disagree with the central thrust of legislation proposed by the government of the day, they regard it as their job, not to fight a guerrilla war against it, but, if they know they cannot win any such war, to try to ensure that the legislation is as fit for purpose as possible. Members of the Bundestag knowingly wear two hats, as members of their party and as members of a legislative assembly which is, to a considerable degree, a transformative legislature in Polsby's terms. In the Bundestag chamber, they are partisans. In committee, they are legislators, with an emphasis on consultation and rational discussion, not sterile debate.

It goes without saying that there are two problems with all of the

above. One, the more obvious, is that the heavy weight of Westminster tradition is against radical reform along these lines – “We’ve never done it that way” (true) and “It couldn’t possibly be done that way” (false) – on top of which government ministers would inevitably, of course, resist any reform that challenged, or appeared to challenge, their current status and power. The other problem, the less obvious, is that 21st century MPs are under intense pressure to function more as social workers and lobbyists for their constituents than as Parliamentarians and legislators. How that problem could be solved is not obvious.

Will there be radical reform? Probably not. Instead, with a peripheral Parliament such as the one we have now, British governments will almost certainly go on blundering more often than is strictly necessary.

Professor Anthony King, Millennium Professor of British Government, University of Essex

Parliament: our principal democratic institution?

Graham Brady MP

> "A long habit of not thinking a thing wrong, gives it a superficial appearance of being right, and raises at first a formidable outcry in defense of custom. But the tumult soon subsides. Time makes more converts than reason."[3]

An Englishman who played a key role in both the American and French revolutions, if Thomas Paine were alive today, he would recognise in our Parliament the last bastion of the patronage state from which he sailed 240 years ago. Whereas the American colonists built a constitution which consciously sought to place democratic checks on the power of the executive; in the mother country we made the prerogative powers of the monarch *seem* more palatable by vesting them in a member of the legislature. If the intention of fusing executive and legislature in the British way was to achieve effective democratic control of government, the result is the opposite: our principal democratic institution is almost entirely controlled by the government.

Defenders of the status quo point to the fact that Members of Parliament are more "rebellious" than in earlier times and to the important steps forward arising from the Wright Committee in 2010: elected select committees and MPs choosing a small proportion of the business that the Commons is allowed to debate. These developments, they say, show that the Commons is a vibrant institution: more independent than it has been for a hundred years. From the inside, it feels very different. The flexing of such small muscles draws attention not to strength but to weakness.

I regularly speak to groups of students. Ask bright, well-educated young people what the House of Commons is for and they will typically say it is there to make laws. If pressed they will say it is to represent the people. At a push they volunteer that it is there to scrutinise government. Almost invariably, people miss the *real* primary purpose of our elected chamber: the Commons exists to populate an

3 Paine, Thomas (1776), *Common Sense.*

executive (plus a shadow executive) and to sustain that executive in office. If the things people think Parliament is meant to do are relegated to a subsidiary role, it is unsurprising that the public holds the institution in such low esteem.

The Commons scrutinises legislation badly. Bills are considered in committees appointed by Party whips. The job of the government whips is to get the government's business approved. It would be odd if they chose to appoint the members who were most knowledgeable, most likely to offer rigorous challenge. Most serious scrutiny in committee is likely therefore, to come from Opposition members and shadow ministers in particular. Given that the government imposes the timetable and always has a majority on Bill committees, it is rare as hens' teeth for amendments to be passed in committee. When the committee "reports" to the Commons there is a theoretical opportunity for all MPs to speak, table amendments and vote on them. In practice though, governments are likely to timetable the business in such a way as to minimise the risk of embarrassment. Little wonder that the House of Lords complains about the quality of the raw material sent to it as a "revising chamber".[4]

The way the House of Commons discharges all its functions is coloured by two further factors. Firstly, there are two big teams: Government and Opposition. Nearly all members are affiliated to one or the other and it is natural that we want our team to do well. Even if we think there is something it is doing badly, there is a natural reticence about causing difficulty or public embarrassment for our friends and colleagues who are "playing" on the front bench.

More obvious and overt is the influence of patronage. If members arrive at the Palace of Westminster imbued with zeal to scrutinise the dark recesses of government, to bring out into the open the things that any executive would prefer to hide: most rapidly adjust their aspirations and set about seeking instead, to become a member of that executive. A Cabinet minister is paid twice as much as a backbench MP. Even the most junior minister is remunerated better than the chairman of an important Commons committee; this gives an insight into the relative importance accorded at Westminster to the executive and the scrutiny or oversight functions. It would be too

4 Lord Waverly and the Hansard Society (2014), *Parliament Revealed*.

cynical to imagine that MPs want to climb the greasy pole *only* for a pay rise and a ministerial car…. but we all have our human frailties. The incentives in British politics too often act away from the public interest rather than being aligned with it. The public wants independently-minded Parliamentarians fighting for their beliefs: the career structure in Parliament rewards machine politicians who blow with the prevailing wind. If the leader of a banana republic dispensed funds to MPs who helped vote his Bills through we would call it corruption: in Britain we call it the "payroll vote".

Even more important than the pursuit of self-advancement, is the desire to gain office to increase our chances of influence. After all, most politicians at least start out wanting to change the world for the better. Keep your nose clean and you will become an unpaid aid to a minister; next a job in the Whips' Office; then a minister in a department. Many who have held office at all these levels will tell you how elusive real influence can be.

Voters take the trouble to send able and thoroughly decent people to Westminster. Increasingly they take big pay cuts to serve the people. Survey after survey suggests that people have a much higher opinion of their *own* Member of Parliament than they do of MPs as a whole. This is one reason to think that advocates of electoral reform are missing the target – people aren't unhappy with the people they send to Westminster: disappointment sets in when they see what happens to us when we get there.

In a weak Parliament, able people quickly become disillusioned. It can seem that being a Member of Parliament *per se* brings little influence: but there are limited opportunities for ministerial or other worthwhile office. The fact that the Prime Minister's reshuffle in the summer of 2014 was accompanied by a rush of sacked or retiring ministers announcing their planned departure from the Commons at the next election speaks volumes about the esteem (even the self-esteem) in which the House of Commons is held.

If we are to restore value and real significance to our principal democratic institution, we must understand the reasons for its decline. The rise of new economic and military powers in the world and the gradual shift of decision-making to the European Union are

important parts of the picture. It is open to us to change some of this but not all. In an earlier time, an age of deference, it may also be that the electorate was more willing to give the benefit of the doubt to Parliamentarians who were less independent than today's. In an age of massive ideological difference across the House, perhaps it simply mattered much more which team won than whether your own representative delivered for you. Today, a large chunk of the electorate is completely disengaged from politics, but a significant minority is more engaged and better informed than ever before.

It is essential that Members of Parliament rise to the expectations of the public; but that can only be done if Parliament itself changes to give them the space they need. The immediate steps are simple. Elected select committees have greater stature: their powers should be enhanced commensurately. Proper confirmation hearings for major appointments, meaningful oversight – even control – of budgets would be natural improvement for a serious Parliament.

Committee chairs should be paid the same as the ministers they are scrutinising; maybe committee members should be paid a little too as the quid pro quo would be an expectation of very high attendance. These roles should be central to an MP's role; they should constitute a genuine career alternative to seeking ministerial office. The House of Commons should take responsibility for allocating its own time, rather than the government handing down the business. This was recommended by the Wright Committee and included in the Coalition Agreement but has been quietly dropped for fear of sharpening parliamentary scrutiny.

Our Parliament is so weak and the executive so strong, that it is easy to think of steps that would be worthwhile improvements. Increasingly, people inside and outside Parliament are asking more radical questions. Would a proper separation of the executive and the legislative branches begin to tackle the public dissatisfaction that we face? If our elections have become "presidential" in style (more so now the genie of TV debates has been released), then perhaps we should accept the reality of a media age and allow people to vote directly for a Prime Minister. Instead of expecting the Prime Minister then to choose an executive from the limited gene pool of Parliament, he could recruit the best qualified candidates from business and

beyond. Freed of the need to furnish scores of ministers and shadow ministers, the Commons could be reduced to a more sensible size. Three hundred MPs with real powers, freed of the lure of patronage and able to focus on their proper role as legislators and representatives of the people.

Graham Brady MP, Member of Parliament for Altrincham and Sale West and Chair, Conservative Party 1922 Committee

The real Prime Minister's Question
Greg Rosen

It is striking that in the debate over the growing political disconnect between government and governed in the UK, how little attention is paid by the media to the nature of that disconnect and what might fix it. Proposals are regularly floated to better "engage" the public – but most are but theatre. The latest proposal – from Rt Hon Ed Miliband MP, Leader of the Opposition – is to allow the public to submit questions to the Prime Minister after the weekly Prime Minister's Questions (PMQs). PMQs is essentially theatre, having been invented for that purpose in 1961 by that great actor-Prime Minister Harold Macmillan. Such proposals will do nothing to address the contention of alienated voters that politicians "say one thing then do another", "will say anything for votes", "are all the same", or indeed that British politics "is run by Brussels bureaucrats, so what is the point in voting?"

PMQs generates heat but rarely, if ever, any actual light. Augmenting the questions posed by politicians with questions posed by the public is unlikely to change the nature of the answers, or the knockabout theatricality. Indeed if it is all about "engaging" the public in politics through the illusion that politics as theatre is government and better actors makes for better government, we are on the road to ever greater public disillusion with the democratic process.

The problem is different. It is because what shapes people's lives is not parliamentary rhetoric but the detail of legislation. As the former minister Baroness Andrews cogently put it during a 2013 debate on the issue:

> "[E]ssentially what impacts upon people's lives in terms of legislation is not primary legislation but the statutory instruments…. that 80 per cent of the laws as they impact on individuals are transported through statutory instruments, whether that is welfare benefits, food safety, planning requirements or competition across the NHS… The trouble is that few people outside Parliament are au fait with the way that statutory instruments work or are debated."[5]

5 Baroness Andrews (2013), *Strengthened Statutory Procedures for the Scrutiny of Delegated Legislation, DPRRC Report*, Hansard.

But the problem is deeper, for by and large statutory instruments (SIs) are neither debated nor meaningfully scrutinised at all.

The problem is not new. The late Lord Diamond, a former Cabinet minister, observed in 1990:

> "[W]e tend to deceive ourselves about the powers we have concerning delegated legislation. For example, where a Bill says that a proposal has to be approved by what we call for short the affirmative resolution, we tend to believe that that means something. It does not. It means nothing. It means that your Lordships can discuss the matter, full stop."[6]

While the growing restlessness of backbench Parliamentarians has led to greater preparedness of Parliament to scrutinise, amend and defeat primary legislation than in the past, it has also led governments to "cheat" by restructuring Bills so that the real content is no longer in the primary legislation. Instead it is left to the SIs, the Bill itself being little more than a skeleton framework.

The trend towards framework Bills is all the more pernicious because there is no effective power to ensure that ministerial commitments to Parliament during the passage of the Bill – on matters that are left to SIs to implement – are actually implemented in the way that ministers had said they would be. Thus Parliamentarians were surprised to find that ministerial commitments during the course of the passage of the 2013 Energy Act through Parliament were not worth the Hansard paper they were written on: once the Bill had become an Act, the government department concerned simply declared that circumstances had changed and so parts of the Act would be implemented differently than ministers had assured Parliament they would be.

As the Hansard Society recently noted:

> "Acts of Parliament often provide a framework into which much of the real detail will subsequently be added through delegated legislation, sometimes with the active agreement of Parliament *but more often without*… the effectiveness of parliamentary scrutiny is constrained by the nature and limitations of the

6 Lord Diamond (1990) *Legislation: Scrutiny Proposal*, vol 515, Hansard.

> process: SIs cannot be amended; debates on Instruments are rare; and often an SI will come into effect before there is time for any scrutiny of it."[7]

This means, as the Hansard Society has observed, that:

> "The use by Parliament of its statutory power either to annul or to decline to approve SIs is seen as a 'nuclear option', to be used rarely or not at all. The last time the House of Commons rejected a SI was in 1979; it appears from the Hansard record that the rejection of this SI may have been a mistake. The House of Lords, despite a 1994 resolution affirming its 'unfettered freedom to vote on any subordinate legislation', has voted down secondary legislation on only three occasions in the last half-century."[8]

Indeed, despite the Lords vote of 1994, the Royal Commission on the Reform of the House of Lords of 2000 noted the House's reluctance to use its "too drastic" power and a 2006 Joint Committee on the Conventions of Parliament found disputes rife amongst peers over whether the Lords did in fact have any power to reject SIs, with some still claiming that a convention exists that the Lords should not vote down an SI (the only thing it can do apart from wave them through) and others that there is not.[9] The result is the legislative equivalent of a game of Mornington Crescent. It is not a recipe for good government.

Only by giving Parliament realistic and effective power to stop SIs being simply pushed through can Parliament genuinely affect and improve legislation. Only then can the process of government be reconnected, via the elected (and unelected) representatives in Parliament, to voters. If government knows that Parliament can do pretty much nothing to stop SIs, where is the incentive to heed the concerns of Parliamentarians?

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7 Hansard Society and the Nuffield Foundation (2013), *Lifting the Lid on Delegated Legislation.*
8 Hansard Society (1979), *House of Commons Debate*, vol 972, 24 October.
9 Lord Wakeham (2000), *Royal Commission on the Reform of the House of Lords; A House for the Future*.

As Baroness Andrews put it during a recent debate:

> "The choice between a debate on unsatisfactory regulations where not even the most perverse consequences can be ironed out, challenged, or removed, and the cliff edge of a fatal Motion which wrecks the entire process, the good bits and all, serves no one. It does not serve the Government, who may have to retrieve their mistakes months later; it does not serve the credibility of Parliament, whose job it is to help get legislation right; it does not serve the purposes of this House; nor does it allow us to undertake our specific responsibility to make government think again and think carefully."[10]

There is no shortage of recommendations for improvement. Virtually every parliamentary committee or royal commission that has touched on the issue has recommended some form of reform to the status quo.

The Royal Commission on the Reform of the House of Lords of 2000 recommended that a reformed second chamber should possess a non-fatal, delaying power in respect of SIs: a power which it might use more often, and to better effect. The 2011 Report of the House of Lords Leader's Group on Working Practices (the Goodlad Committee Report) also recommended a process by which the Lords' power to encourage government to "think again" over primary legislation by means of enforcing a delay would be mirrored by a similar process for SIs. Support for such a move reaches right across the political spectrum and has been additionally championed by senior crossbenchers including Margaret Thatcher's former Cabinet Secretary Lord Butler.[11]

But the Coalition Government, like previous governments, is unpersuaded. Is it more convenient to retain a system where badly written and ill-thought-out Bills can be hurriedly rushed through Parliament as skeleton frameworks and padded out later with SIs? SIs themselves are too often rushed and flawed, and Parliament is unable to properly remedy those flaws. Is it more convenient that the inadequacies of Britain's legislative system are deliberately veiled from

10 Baroness Andews (2013), *Strengthened Statutory Procedures for the Scrutiny of Delegated Legislation: DPRRC Report*, Hansard.
11 Leader's Group (2011), *Report of the Leaders Group on Working Practices.*

public comprehension behind what Baroness Andrews pithily described as a "bank of rolling fog"?[12] Or does the disregard of successive governments of the case for reform reflect an underlying contempt for Parliament and ultimately for the voting public it reflects? That is the real PMQ: how to make a system of legislation in which the public can have confidence.

Greg Rosen, Director, Public Policy, Bellenden and Consultant Director, *Reform*

12 Baroness Andrews (2011), *Localism Bill; Amendment 204EA*, Hansard.

Parliament matters

His Excellency Rt Hon Sir Lockwood Smith

In a country like New Zealand it is easy to take parliamentary democracy for granted. Yet anyone who has been involved in politics internationally, and seen the consequences of compromised freedoms, knows it matters. But politicians can become complacent and worse, the public disillusioned.

That disillusionment, often reflected in falling voter turnouts, is apparent in many of our democracies. If it's to be turned around, Parliament needs to be more effective in all it does. It needs to be seen to be holding the executive to account, not just in how legislation is handled, but also in the budgetary process, in how taxpayers' money is being spent, and in every aspect of the overall performance of government. It's why Question Time is so important in our Westminster style of democracy. Yet that critically important process has too often been captured by political interests rather than the public interest.

The New Zealand Parliament is unicameral with usually 120 seats. An Upper House, or Legislative Council, existed until 1950. While it was meant to act as a check on the executive, the fact that its members were appointed by the executive, often resulted in a "stacked chamber", and a perception that it was ineffective in that role.

The newly elected Government of 1949 appointed a "suicide squad" to the Legislative Council. It helped achieve the Council's abolition on 1 January 1951. But without that conventional, Upper House check on the executive, new mechanisms were needed, which is possibly why New Zealand developed such a robust select committee system.

Those parliamentary committees have evolved over the past 50 years. There are now 18 of them. 13 are subject-specific committees covering the areas of ministerial responsibility, from education and science, through health, social services and commerce, to foreign affairs, defence and trade. Perhaps the most powerful of the general committees is the Finance and Expenditure Committee.

Among the other five specialist committees is the Regulations Review Committee. It provides for scrutiny of delegated legislation.

All Bills are usually referred to the relevant committee for public input following their first reading in the House. The referral period is usually six months, but following recent reforms, if a Bill is referred for less than four months, the government can face a debate in the House without time limit. That reform is proving an effective disincentive for unnecessary reductions in the time made available for interested organisations and people to have input into legislation.

The select committees call for submissions, hear evidence from members of the public and organisations and, after considering input from advisers, including departmental officials, report back the House with a reprinted Bill showing proposed amendments and a report explaining those recommendations.

As part of the budgetary process, those same committees examine the estimates of expenditure for every government department. They have two months to conduct their examination and invariably request the attendance of ministers so that they can be questioned on any aspect of their proposed expenditure.

Committees also conduct an annual review process as part of the consideration of the Appropriation (Confirmation and Validation) Bill. The focus is on the government's financial statements for the previous year, although senior departmental executives, who are asked to attend, can be questioned on both their department's performance and current operations. The Finance and Expenditure Committee has the power to withhold to itself the annual review in any department it believes requires more intense scrutiny.

Both the estimates and annual review work of the committees is all reported back to Parliament and the Opposition can choose which of those reports it wishes to debate in the House at the committee stage of the relevant legislation. In the case of the annual review of Crown Entities, State Enterprises and other public organisations, the annual debate is set down on the Order Paper as a government order of the day.

Most, but not all committees, do have a government majority. With legislation, much of Parliament's work is done at the committees. Members from both sides of the house usually work cooperatively to try and ensure legislation best reflects policy intent. Obviously, where

the Opposition is implacably opposed to that policy, the work is less collegial, although the process whereby all parties hear wide public input on legislation is of enormous value.

Committees can, of course, also establish inquiries into issues of public importance, call for submissions and hear expert advice. The Health Committee, for example, in recent years conducted useful inquiries into Child Immunisation and Prostate Cancer, while the Finance and Expenditure Committee, during time I was on it, investigated Monetary Policy and Productivity issues.

This constructive work of the parliamentary committees, while well-known to non-governmental organisations (NGOs) and those interested in politics, is not widely appreciated by the public. In order to enhance understanding of this process, select committee hearings are now being webcast.

By far the greatest public awareness is of the House itself, which in New Zealand is telecast during all sittings on the Parliament TV channel. Pre-eminent is Question Time, which is not only televised live at 14.00 each sitting day, but replayed twice at 18.00 and again at 22.00. It is this activity that has, perhaps more than any other, painted the perception of our Parliament.

And that perception has been poor. Because, under a particular interpretation of our Standing Orders, a practice developed whereby ministers avoided answering questions, Opposition members found it of little value to even ask real questions. Instead, they would tend to offer an unflattering opinion on whatever the minister was doing that was concerning them, to which the minister would offer an equally unflattering opinion back. The opinions were invariably personalised and the public didn't like it.

The executive was not being held to account, and the public perceived their Parliament to be a place of petty politics, with little relevance to their real lives.

On being elected Speaker in 2008, I was determined this had to change. The Standing Order covering answers to parliamentary questions stated: "an answer that seeks to address the question asked

must be given if it can be given consistently with the public interest."[13]

Speakers' Rulings, and the precedent established over the previous decade, had put the emphasis on the phrase "that seeks to address the question asked". Instead, I reasoned that the important part of the standing order was: "an answer…must be given if it can be given consistently with the public interest."[14]

It was my view that the phrase about seeking to address the question asked was necessary for questions where in reality there was no particular answer. If it was not intended that ministers should answer questions where possible, why, I argued, would the part of the Standing Order that states "so long as it can be given consistently with the public interest" be necessary.

Question Time in the New Zealand Parliament is conducted every sitting day. Twelve primary questions are allocated to parties based on the number of non-executive seats they hold in the House. Up to five supplementary questions are available for each primary question, although those can be used by each Party as they choose.

The primary questions are on notice. Ministers have over three hours to prepare for answering them, including receiving advice from officials. The primary questions are all scrutinised by the Office of the Clerk, and before each Question Time, as Speaker, I would go through them carefully with the Clerk.

I began requiring ministers, where a straight question was asked seeking information about a government activity, to actually answer the question. It started to transform Question Time. Ministers found that they would be sat down if they tried to evade the question and would be asked to answer it. In order to avoid that embarrassment, ministers quickly found it better to come to the House armed with the appropriate information to answer the questions asked.

Members of the Opposition found it more effective to ask a straight question, because they knew they could expect to get an answer from a minister, even if it were embarrassing for the government. They quickly found that incorporating political opinion into their questions,

13 House of Representatives, New Zealand (2008), *Standing Order of the House of Representatives*, Standing Order #377.
14 Ibid.

simply allowed the minister to respond to that political opinion and avoid actually answering the question.

The critically important role of Parliament in holding the executive to account was clearly enhanced. Departmental officials found it necessary to provide ministers with better information in order for them to give real answers, and interested observers gained a whole lot more information on matters of significant public importance.

Perhaps most important of all, public interest in parliamentary Question Time grew and the perception of Parliament has risen. Interestingly, the greater ministerial accountability seemed to do the government no harm. Ministers on top of their portfolios and answering questions without evasion actually look far better to the public than politicians engaging in a political slanging match.

To me the role of the Speaker is pivotal. It reaches beyond just chairing the House. The Speaker is in many ways the guardian of the quality of our parliamentary democracy. The bar was set high by Speaker William Lenthall in 1642. We owe it to his courage to not let it be lowered.

His Excellency Rt Hon Sir Lockwood Smith, High Commissioner of New Zealand to the United Kingdom and former Speaker of the House of Representatives, New Zealand

2
Control shift: a new role for local government

Better government needs people, not politicians, at the centre
Steve Reed OBE MP

Government isn't working. This isn't a party-political point: the way that our government is structured wastes money and stands in the way of effective, citizen-centred public services.

Ministers know that government doesn't deliver what they want but rather than looking at the fundamental reasons behind this their frustration is expressed in an attack on the Civil Service. Rt Hon Francis Maude MP, Minister for the Cabinet Office and Paymaster General, has recently declared the Civil Service to be lacking in capability, accountability and delivery discipline, repeating a complaint made by many previous ministers but which none of them has yet resolved.[15]

Politicians are right to identify that Whitehall stands in the way of effective government but they miss the crucial point that they themselves form a key part of that Whitehall machine. Politicians are part of the problem, but they are also central to putting things right. Doing that requires a recognition that the flaws in the machinery of government relate to the system's culture, structure and leadership and a commitment to changing them.

Across the country many councils are showing the way by radically reforming how they deliver public services by devolving power directly to citizens. If we want to make real change in people's lives we have to change the structure and culture of government so that people have more power over the decisions that affect them. The problem that ministers like Francis Maude identify cannot simply be blamed on Civil Service resistance to ministerial demands. We need whole-system change.

Britain suffers from too much central government, expressed in part by an over-supply of ministers. Every minister wants to do things that demonstrate their individual impact, and with so many ministers this can create a confusion of competing priorities and agendas that can overwhelm the Civil Service and distract them from government's

15 Maude, F. and Kerslake, B. (2014), *Civil Service Reform Plan: One Year On.*

overarching priorities. Britain currently has more Government ministers than France and Germany combined, with little evidence that this is beneficial. Britain needs fewer ministers doing fewer things in fewer central government departments so that power can be released into communities.

There's little in the life of an MP that equips them for the kind of organisational leadership that many ministerial roles involve. Although MPs bring a range of useful skills and experience to their political roles, few have experienced senior organisational leadership. They would benefit from a programme of training, support, review and professional development that would enable them to be more effective. It happens at the top of every other comparable organisation, so why not in government?

Improving ministers' leadership skills is not, on its own, anywhere near enough. Government becomes more effective when it focuses on understanding then delivering the outcomes that citizens and communities really want. Making that happen requires a revolution in the way government works, shifting power away from politicians in Whitehall and placing it in the hands of the people most affected by it. By involving people directly in the decisions that affect their lives we can harness their insights and resources to make sure that every penny of public spending is used as efficiently and effectively as possible in meeting people's real needs.

Lambeth Council moved in a relatively short period of time from being one of the worst performing councils in the country to one of the best as measured by Government inspectors, and the very best in significant areas such as children's services. Giving citizens a bigger voice in decision-making was a critical part of this transformation. My time there as leader taught me that clear and strong leadership is important but that structural change is also necessary to achieve the kind of cultural change that empowering citizens requires.

Give people more control over decisions and they will often try to prevent problems from occurring rather than try to manage failure in the way that our current public services tend to do. For instance, most crime is opportunistic and we know that the best way to prevent crime is to remove the opportunities for crime to take place and focus on

rehabilitating offenders. However, our current policing and criminal justice system focuses overwhelmingly on dealing with the consequences of crime and the management of criminals rather than preventing crime from happening. A victim-focused system would try, above all else, to prevent people from becoming victims in the first place.

The existing system is based on the notion that centralised control is best at predicting and meeting people's needs. There is ample evidence that hoarding power at the centre stifles local leadership, innovation and creativity, promotes dependency on centralised decision-makers rather than promoting self-reliance, and over time allows organisations to prioritise their own interests as producers rather than the interests of their service users. As examples of this, consider the many GP surgeries that open only during the hours many of their potential patients are at work, or social housing services where tenants find it impossible get through by phone to report problems with repairs, maintenance or cleaning.

Making services directly accountable to the people who use them helps to fix this problem. There's a critical role for elected politicians in holding the ring to make sure that wider social objectives are met, expected standards of performance and behaviour are maintained, and access remains open to everyone with a right to use the service. Over twenty councils in the Cooperative Councils Innovation Network are piloting new ways of running local services that hand more power to citizens, and many other councils can point to similar examples. But to go further and create whole-system change based on empowerment we need to remake the structure of government so that citizens are its subject rather than its object.

Two broad principles would underpin such a transformation. We need a principle of subsidiarity that requires decisions to be taken as close as is strategically sensible to the people who are affected by them; and we need to foster stronger local partnerships by pooling budgets at the local or regional level then deploy them to deliver outcomes determined by citizens and communities.

As an example of the current centralising madness take the Government's policy of removing schools from local authority control then trying to run all of them from Whitehall. It's impossible for a single

centralised government department to oversee 24,000 schools and make sure they are all meeting minimum standards, let alone the specific needs of the different communities they serve. There needs to be involvement by the locality in holding public services to account and making sure they are meeting local needs.

The Local Government Association (LGA) has launched a significant campaign called *Rewiring Public Services* that demands this kind of change, and the IPPR's recent report on the *Condition of Britain* moves in the same direction.[16] Flesh is starting to appear on the bones of the new politics of empowerment. If we want to empower local citizens and local communities we need to change the structure of national government. The LGA questions whether we need a national Department for Communities and Local Government if we are devolving more decisions to localities. If more decisions about tackling unemployment, health services and transport are taken locally, then we don't need the Department for Work and Pensions, the Department of Health, the Department for Transport or the Department for Education in their existing highly centralised forms.

Breaking down the silos

Many citizens are frustrated by the silo mentality of public services. They don't join up in ways that make sense to the people trying to deal with problems in their lives; instead they are demarcated in ways that suit the organisations that run individual services. If a disabled person wants to be assessed for a walk-in bath and rehousing if they live in a block without a lift, they often find two different people come to assess them at different times, one from social services, the other from housing services. To the disabled person the problem is the same and, in financial terms, it makes more sense to consider the two issues together rather than separately. But different service departments see things from their narrow perspective rather than from their users' broader view. The same problem happens in health services where the NHS and social care services don't join up properly, meaning some older and disabled people are left to develop more severe conditions requiring high-cost NHS treatment when lower cost care services at home could have prevented their health

16 Institute for Public Policy Research (2014), *The Condition Of Britain*.

from deteriorating. We might address this by giving ministers portfolios focused on desired outcomes that cut across departmental silos, rather than locating them inside a particular silo which over time they come to identify with, further entrenching a silo mentality.

Lambeth is piloting a new way of pivoting decisions on the needs of service users rather than the preferences of service providers. It's called co-operative commissioning, which in effect is a system of decision-making that allows citizens to define their own outcomes as a whole then seeks services that can meet them. The council found that moving towards a citizen-led model of this kind was difficult while the old structures, designed for top-down silo-based decision making remained in place. So they abolished their service directorates and put in place new models of accountability with a much bigger voice for service users. It's still work in progress, but it offers lessons for a reshaping of government and frontline public services more generally.

Conclusion

There are many reasons why government and public services are less effective than they could be. Ministers are too numerous and don't have the right skills; decision-making is a top-down process that excludes citizens; and power is hoarded at the centre rather than shared with people who can exercise it more effectively. The structures and culture of government exist to perpetuate this flawed model; correcting it requires a change in the whole system to allow government to let go.

The benefits of greater citizen involvement are enormous: better value for money, stronger civil society, more innovation and enterprise, an emphasis on helping people develop the self-reliance they need to aspire to a better life. All of this is dependent on sharing power more widely. Trying to make our existing machinery of government do this is like trying to make water flow backwards up a tap. The politics of empowerment requires a complete overhaul of government so that power can flow down to where it is best able to respond to people's real needs and aspirations.

Steve Reed OBE MP, Member of Parliament for Croydon North and Shadow Minister for Home Affairs

Striking the balance between central and local

Sir Michael Lyons and Sally Burlington

Our country is made up of a diverse mix of people, in varied and sometimes fluid communities with different needs, preferences and cultural norms. In considering the role of government in "running a country" we want to draw attention to the role of collective action and local choice in maximising the wellbeing of all our communities. In our previous work together we examined the role and funding of local government and our 2007 report emphasised that the role of local government was not limited to services alone but, crucially, included a responsibility for "placeshaping", which is critical for the building of stronger local economies, attractive sustainable places and resilient communities.[17]

The national challenge

As a nation we face a range of tough challenges. There is an obvious funding challenge: the imperative to tighten public finances is truly a national issue which central government must ultimately be accountable for. And despite unprecedented cuts in funding for public services since 2010, we have much further to go, with further reductions due in 2015-16.

So any system of government must strive to get the most out of every public pound. We have to maximise efficiency in two ways. First, we need to ensure that any service delivers as much as possible per pound spent, in terms of its contribution to overall wellbeing. But second, to get the most value out of spending in every area, we need to ensure that the "fit" between what people need and want, and the pattern of public services and wider support they receive, is as close as it can possibly be. If there have to be cuts, localities themselves are often best placed to make the hard choices and decide for themselves what they are willing to do without.

A second set of challenges lies in the need to stimulate economic

17 Lyons, M. (2007), *Lyons Inquiry into Local Government*.

growth which is sustainable and which benefits every region and area. As we strive to rebuild our economy so it is less dependent on financial services and builds on the potential of the whole country, the contribution of house building comes into sharp relief. We need more homes – not least to enable workers to move to where they are needed – and yet we have seen the capacity of our domestic house building industry shrink steadily since the late 1990s, and face a serious shortage of construction workers. Our national system of training and education consistently fails to match the supply of the right kind of skilled labour to the areas and industries which need it.[18] Central action alone is not enough to ensure the right supply of land and skills across the country.

We also face a range of challenges amongst our communities which are much more personal and impact on individuals' lives. Many communities face pressures from a rapidly ageing population which put a strain on health and social care services, exacerbated by the epidemic of loneliness faced especially by the elderly in our increasingly atomised society. In other areas local communities have to cope with many challenges including changing populations, the impact of serious crime, and the tensions and fear created by differing world views and local rivalries. We need to help local communities to build resilience and cohesion, to help them sustain and support themselves whatever their local circumstances.

A "whole system" response

These are national challenges but they are not evenly distributed. The economic challenges in the North East require a different solution to the housing shortages in London, and young families trying to find a good school and harmony with their neighbours in one inner city area need a different response to the retired communities clustered in some of our coastal towns. Our communities neither need nor want a "one size fits all" solution.

In order to develop the right kind of response to these challenges, we need a much better understanding of the respective roles of central government, local government and other parts of the system.

18 IPPR North (2014), *Home Economics: The Role of Housing in Rebalancing the Economy*.

Individuals and local communities themselves have an especially important role to play in co-producing solutions which build social capital, helping families and neighbours to support each other, and in creating networks and relationships which prevent and reduce loneliness. It is the relationships and behaviours of citizens themselves which make by far the biggest contribution to wellbeing, health and prosperity. To support communities to build those relationships requires a detailed understanding of the circumstances and issues in each community – and no government can hope to decisively influence such a complex system through dictat from Whitehall.[19]

Local government also has a crucial role to play in local economies. It is self-evident that markets operate on a sub-national basis, so the functional economy for a town in the North East is fundamentally different to that for a rural county in the South West. As Lord Heseltine's Review and more recently that of Rt Hon Lord Adonis clearly set out, local leadership is crucial in identifying and developing all the levers needed to develop a thriving economy in each area – akin to the "convening role" set out in our 2007 Inquiry, supporting every part of the system to best play to their strengths.[20] We must mobilise the powers and energy that local government brings to local economies to galvanise the growth needed in every area to rebuild, following the longest recession in recent history.

Barriers

Increasingly, we have seen the rhetoric and stated ambitions of ministers and commentators under the last two Governments shift towards a recognition that a flexible, nimble and effective system of government must make the most of the role which local government has to play.[21]

However, that role is still generally undervalued and misunderstood by

19 *Valuing Carers* (Carers UK and University of Leeds 2011) showed that the value contributed by our 6 million unpaid carers each year is nearly £120 billion, greater than the cost of the entire NHS. In addition, NCVO estimated that nearly 20 million people in the UK had formally undertaken work as a volunteer during 2010/11.

20 Lord Heseltine (2012), *No Stone Unturned in Pursuit of Growth*; Lord Adonis (2014) *Mending the Fractured Economy*; and Lyons, M. (2007), *Lyons Inquiry into Local Government*.

21 Department for Communities and Local Government (2006), *Strong and Prosperous Communities. Local Government White Paper;* and *the Localism Act 2011*.

Whitehall. This leads to some serious confusion, for instance about the role of local government in school improvement: on the one hand Department for Education guidance explicitly stated there is "no expectation that local authorities should take any active role in monitoring the performance of academies" but on the other, Ofsted publicly criticised a council for not doing enough to "support and challenge underperforming academies".[22] Is local government responsible, or not?

This confusion is reinforced by a combination of misrepresentation by key commentators, misuse of the "postcode lottery" argument, and by the fact that ministers and civil servants have an almost innate tendency to mistrust local government, setting them up as part of the problem rather than an important part of the solution.

Such prejudices also ignore some key evidence. Local government has faced the most drastic cuts of any part of the public sector during this Parliament – with funding from central government falling by over a third during that period. However, through a range of often radical changes to merge back office functions, share services and leadership structures, and innovations to improve delivery, key services have been preserved and satisfaction ratings for councils remain stable, with the highest ratings coming from service users themselves.

Survey data also suggests trust in local government remains high, despite the cuts. The vast majority of people (79 per cent) still say they trust their local council to make the important decisions about local services, compared to just one in 10 (11 per cent) who trust the Government to do so.[23] And that gap is even more stark when comparing trust in local councillors with government ministers.[24]

But the problem is not just that local government is undervalued. Centralist approaches are systematically *overvalued*. Policy choices about how to run a country inevitably have to make a judgment about

22 Department for Education (2014), *Consultation on Savings to Education Services grants for 2015 to 2016*; and Grimsby Telegraph (12 June 2014), *Ofsted's damning letter to North East Lincolnshire Council published in full*.

23 IPSOS Mori / NLGN poll (30 January 2013), *Public concerned about cuts to council services, but councils aren't necessarily to blame.*

24 Latest data suggest that 76 per cent of people trust local councillors most to make decisions about how services are provided locally, compared to just 6 per cent who trust government ministers most. Populus poll for LGA (13 May 2014), *Councillors more trusted than MPs, LGA poll finds*.

the *relative* effectiveness or value of doing something one way or another. When civil servants appraise the options, it should be expected they will suffer from some optimism bias in estimating how successful they are likely to be in implementing change or improving services, compared to others. But central government's success record is mixed at best: there remains a wasteful habit of announcing and re-announcing an ever changing pattern of initiatives, as if re-badging and rebranding will somehow make this intervention more effective than the last. And some high profile failures – the West Coast Mainline franchise, the earlier National Programme for NHS IT, concerns about Universal Credit, criticism of the Royal Mail Flotation – or a passing acquaintance with the Public Accounts Committee's work over many years, should all prompt some reflection on what central government is best placed to lead from the centre.

We need to be much clearer about the respective responsibilities of the centre and the locality. We could then develop government machinery that is fit for purpose rather than a system which deters innovation and undermines effective engagement between locally elected representatives and those that elect them. How can any government offer an ambitious local programme or be held to account for it when they are so tightly bound to the whims and peccadilloes of the centre?

Time for change

Fundamentally, there are substantial benefits of operating a more devolved model, in terms of plain efficiency and wider wellbeing. Governments consistently try to do too much at the centre and Parliament contributes to this pressure. The former Head of the Civil Service, Lord O'Donnell, has noted the inherent bias for Parliaments to promote legislation rather than more flexible solutions.[25] The inevitable consequence of a government which tries to do everything itself is that it becomes congested and confused about what it is responsible for. A clearer understanding of which tier of government can best do what, would make central government more effective, as well as the system as a whole.

25 Legatum Institute (2014), *Policy and Wellbeing*.

Repeated promises of devolution which are never quite delivered raises the question of whether we need a more fundamental and permanent change. Despite the clear intellectual and cross-party consensus that greater devolution is needed, the pressures and temptations towards centralisation appear to be irresistible for those in government.

Graham Allen MP and others have repeated our call for a new constitutional settlement for local government which properly clarifies the respective roles of different tiers of government.[26] Many have pointed out the irony that devolution to Scotland, Wales and Northern Ireland has left the regions and economies of England less powerful and more closely bound to Whitehall.

We need a more explicit and transparent agreement over the relationship between central and local, which recognises the crucial role local government has to play in tackling our nation's biggest and most pressing challenges. A strong centre is essential to provide effective coordination and national leadership but it is not enough on its own. Clarity about responsibility is the key to effective accountability: we need to be clear about the essential job of the centre and leave others to do the rest. Most of all, in looking at the whole system we mustn't make the mistake of ignoring the public. Doing more with them rather than to them is the key to lighter, more cost-effective public services and a better fit with the widely differing needs and preferences reflected across this nation.

Sir Michael Lyons, Chairman, English Cities Fund

Sally Burlington, Head of Programmes, Community Wellbeing, Local Government Association

26 LGA and Political and Constitutional Reform Committee (2012), *Independence from the centre: does local government's freedom lie in a new constitutional settlement?";* and Graham Allen MP (4 June 2014), *Devolution: a principle, not an expedient says Graham Allen MP*.

Local government and the ladder of trust
Councillor Lord True CBE

A dangerous gulf has opened – not only in the UK – between those who populate the institutions of government and those they work for. 21st century politicians hire focus groups and pollsters to tell them what people want to hear. They shy away from novel ideas, being instead dedicated followers of fashion or popular thinking. Yet from this ever-ingratiating political class the public feel remote and powerless.

Meanwhile, since 1970 major change has set the nation state in a larger, powerful EU; altered the Lords, higher legal system and local government; set a rule of human rights over the common law; devolved power to new Parliaments; introduced new electoral systems; liberalised the Church; and enacted freedom of information. Little of this has offset growing disengagement. Sometimes, to become engaged, one needs to know where one's feet are on the dance floor. That is true of our relationship to a society's key institutions. Constant changes of mind do not engender trust.

In bridging this gap between governing class and governed, the familiar dimension of the local council may assist. The internet age has brought mass involvement in tracing "roots". Growing interest in history was seen again in D-Day and Great War commemorations. A sense of place matters. The liberating, if sometimes bullying, impact of information technology means scarcely a park, library or hospital lacks its e-enabled group of "Friends". Even if such groups are first motivated by fear of change, they may become lasting vehicles for creative involvement. They reflect a wish to influence local services and character. Elephantine central government can never engage at this level. Local government can.

Victorian local government was a significant engine of social improvement. Rural government had deep foundations in ancient counties, while new industrial cities found identity, improvement and embellishment through powerful local authorities, led by whiskered, gold-chained Aldermen, public spirited figures whose hands had often baked the bread, mined the coal or caught the fish that created local prosperity.

Have we not lost something in the creative partnership between centre and locality? For 50 years national and local government have growled in mutual contempt. Alongside central financial controls came the stripping away of functions and hyper-regulation. The result was the paradox of 2010: as the wish for local identity and engagement grew, representative local councils were weaker than ever. Yet many local councils still recorded scores for satisfaction no government could dream of.

Most councils are financially dependent on central government. Those raising a high proportion of funding from council tax might aspire to fiscal independence. It would need devolution of business rates which now hover uneasily in a limbo, set centrally, collected locally. Councils that attract business can retain benefits, but central fear of the potential "irresponsibility" of elected councils has held back freedom.

All parties show welcome interest in "fiscal devolution", returning to councils the local product of business rates or stamp duty. That could restore creative power to our great cities. London's unique regional government and sheer scale would make it problematic without checks in governance to stop Outer London, whose residents contribute massively to Inner London's growth, being made a cash cow by a Mayor and Inner majority. This is not beyond solution.

Some want higher property taxation – new council tax bands or a populist "mansion tax", originally proposed by Vince Cable as an annual levy on homes worth over £1 million. (What new tax keeps its low introductory rate?) An annual levy, immediate or deferred, which bears no relation to income, is potentially easy to collect, but unjust and divisive. Council Tax, Stamp Duty and Inheritance Tax jointly make UK property tax internationally high. Stamp Duty's low threshold and harsh cliff faces harm labour mobility. It has fuelled an ugly extension boom, gumming the market for growing families, as homeowners prefer to build on, rather than pay heavy tax.

Reform of local government finance should review yields of Council Tax, Stamp Duty, business rates and Inheritance Tax (if that hated tax on bereavement is not culled). It might embrace local charges. Declaratory statements by national politicians tend to touch one

element or another without considering the whole. The aim should be greater local choice and fiscal independence, without increasing the unsustainable burden of public taxation.

Even if councils did not wish to reduce costs, which most do, the tight fiscal climate makes it inescapable. This means even wider sharing of administration and services, while retaining decision-making autonomy. Shared services need not mean identical provision across, or even within, authority boundaries. A local council can ensure balance.

My authority, Richmond upon Thames, and neighbouring Kingston are reviewing *all* services, from top to bottom, deciding what could *not* be shared, not what might be. We are not the first in this, even if our ambitions are radical. We have devolved our Children's Services to a not-for-profit community interest company. Such social enterprises empower gifted professionals. Our latest service-sharing plans should save some £8 million, on top of £35 million savings already from a £200 million discretionary budget. Yet our residents say services are *improved*. Which government department can point to that?

Service sharing need not stop with councils. Offices can be shared with the private sector. Sclerotic bureaucracies, like the police or NHS, could learn from partnership with councils, a partnership rightly required in community care by 2020. Councils with a scrutiny governance model could, like parliamentary select committees, forcefully examine local services *not* provided by councils, as well as those that are. If they need new powers to require co-operation from service providers, private or public, they should have them.

Local councils can serve as the "spirit of place".[27] They need not be a direct provider, but should aspire, *and be permitted*, to be defenders of local interests, with the same confidence as those whiskery Victorian Aldermen. That means three further things.

First, government must direct less. Rt Hon Eric Pickles MP, Secretary of State for Communities and Local Government, reformed local audit and dismantled the vast centralising bureaucracy of "comprehensive performance assessment". How odd then to see his Department

27 Essex County Council (2008), *Spirit of the Place*.

return to old vices in footling regulations. Must Whitehall dictate how local councils broadcast, or vote at, *public* council meetings? Do civil servants at the Department for Communities and Local Government know better than local communities how to manage parking in the local high street? Away with top-down regulation; let local diversity reign.

Second, Whitehall must trust more. Lately, the Department for Education introduced permissive regulations enabling reforming councils to transfer more services to not-for-profit enterprise. How odd the same Department prescriptively forbids councils, the very bodies that have a statutory duty of providing schools, from proposing one! Or screens information about possible free school sites from councils, the planning authorities most likely to know of them! Meanwhile, another central department's boneheaded *diktat*, letting developers cash in by converting offices to flats without planning permission, is losing possible school sites for growing urban populations. How much easier to "join up" government locally. Whitehall should stop deliberately bypassing councils. Why not a permissive and inclusive approach allowing willing and innovative councils – there are many – to act, while retaining backstop powers to nudge the obstructive?

Third, we must embrace localism. The Localism Act touched many sound notes, but enacted one prescriptive model, a neighbourhood forum, unelected and immovable for five years. It was a caricature of central government attitudes to local that the only bodies that cannot propose a new local forum are.... local councils!

Localism must be dynamic, involving hundreds of people, not dozens, forming and reforming around different issues. It cannot embrace only those with loud voices, or time to run web campaigns. There is a silent majority out there, which is too rarely touched, but does feel. It meets on the local high street. Communities do not have boundaries fixed in time or place. When we invited our residents to define their communities, those boundaries had fuzzy edges, not sharp lines on maps. People may feel loyalty to two places. Excellent though neighbourhood forums are, a one-size-fits-all bureaucratic model will not serve.

Councils should be allowed to support varying forms of community engagement. This presents major challenges, in spreading personal and e-engagement; framing effective consultation; assisting hard-to-reach groups; and, at times, balancing the demands of a few against the interests of the many. In our "village planning" process, we allow 25 per cent retention of planning benefits in the area, and let residents nominate streets for priority pavement repair. People relish such opportunities.

Councils will not always get it right, and have the duty to take occasional unpopular decisions. But conflict settles more easily if issues have been fully aired. That is why I led a fight in Parliament to defeat the Coalition's bizarre plan to deny neighbours the right to comment on a big extension next door. Even the derided local planning committee can serve to reconcile difference and build consent.

Local authorities, for all their imperfections (including perhaps too many Members!), are best placed to hold the ring between micro-communities and the modern State, and understand and enhance what makes a place what it is, or might become.

If people can sense they have influence over local services, and their local council can show its voice is heard – and *respected* – at the centre, then we may begin to repair the ladder of trust between centre and periphery, whose sole, somewhat rickety, rungs are now provided by a lone local MP. With trust comes consent, and a society less angry, less frustrated and more at ease with itself. Local government, if permitted, can do much to help.

Councillor Lord True CBE, Leader of the Council, London Borough of Richmond upon Thames

The gathering storm
Councillor Sir Merrick Cockell

There's a storm brewing in local government. The winds of change are all blowing towards agreement that "local" is the way forward. And with the Scottish referendum looming, these winds are now reaching gale-force.

The day after I stepped down as Chairman of the Local Government Association this July, a House of Commons' select committee published a report including these words, "Scotland and Wales are gaining much greater control over taxation and borrowing, including responsibility for business rates, stamp duty and partial control over income tax. […] A similar case can be made for devolving many of these powers to areas in England."[28] This was not the first call for greater devolution to come from outside of local government. During my chairmanship, Rt Hon Lord Heseltine supported local growth in his *No stone unturned* report, the Council of Europe has recommended greater devolution in England and more recently the two biggest parties have both spoken of the benefits of decentralisation.

Beyond politicians, support for councils is also growing among people. In these times of political apathy, disillusionment and expenses scandals, 77 per cent of people trust their councils most to make decisions on local public services. In comparison, only 13 per cent of people trust government most to make these decisions.[29] Eurobarometer figures show that Brits trust local and regional authorities almost twice as much as national government and three times as much as the European Union.[30]

So why is this? Well, for me, there are two reasons: people know how to reach their local elected representatives who are part of and live in their community, and accountability is immediate and personal. In simple terms; there is nowhere to hide.

This is something that neither Brussels nor Westminster can offer.

28 The Communities and Local Government Committee (2014), *Devolution in England: the case for local government*.
29 LGA (2014), *Polling on resident satisfaction with councils.*
30 European Commission (2014), *Tables of results. Public opinion in the European Union.*

Imagine if every constituent of a British Member of the European Parliament lined up outside their office in Strasbourg. The queue would stretch over 700 miles from Strasbourg, through France, across the Channel, all the way up England to Stockton-On-Tees. And if every constituent of a British MP lined up outside their office in the Houses of Parliament the queue would stretch around 13 miles from Westminster, all the way to the M25.

But if a councillor's constituents all lined up outside their local office the queue would stretch for about a mile – not much more than the length of a local high street. And when a person reached the front of this queue, they would be face to face with another local person – who, in many cases, would be able to deal with their concerns far better than any European or national politician ever could.

The long road ahead

Yet while there is momentum and local government has much to offer this country, there is still a long way to go to make local government a "full player" in British politics. For me, one personal experience shows the challenges ahead. On the morning of 23 May 2014, the day after the local elections, I stood on College Green opposite the Houses of Parliament being interviewed by a major political journalist. I was one of a very few interviewed that day actually standing for election.

Standing there I wondered: where else on earth do local politicians have to endure "national" local elections? Where else are national politicians invited to come and tell our story whilst we, elected local representatives, sit ignored in the corner?

It would never happen in France, where the door between local and national politics is left unlocked. Where politicians like Alain Juppé rise to become Prime Minister and then return to local politics as Mayor of Bordeaux. It would never happen in countries like Canada and Denmark where between 60-70 per cent of public expenditure is spent at regional or local level. Yet, in the UK, we are not only lacking necessary powers, but we are also subject to the kind of counter-productive micromanagement unthinkable in most of the developed world. Instead of criticising the minor details of signage in local public libraries, government commissions should spend their

time proposing solutions for how local and national levels could work together.

As in all politics, the relationship between local and central government is very much dependent on individual personalities. It often depends on the attitude of a given minister. Some might claim that local government will always cry wolf, no matter what the issue. But the truth is that despite the hard times and the tough cuts imposed by central government, we as local government are looking to our own sector to provide constructive solutions to the problems facing our country today.

Local solutions for local people

As LGA Chairman, I always sought to be demanding not only of central government, but of local government too. If anything, the latter is more important.

Today, we are striving out on our own, not waiting for central government to give us permission or tell us the answers. We are not simply identifying the problems, but we are also proposing ready-made, fully-costed, long-term solutions for the problems facing councils and residents today.

Just look at our Municipal Bonds Agency, which I've previously described as the local government sector's "declaration of independence". The Agency has just got the green light from the LGA's executive board. It is being funded by councils and owned by them too. Combining economic pragmatism with political symbolism, it will save councils money whilst also proving that local government, working collectively has the will and means to put such a project into action. 34 councils of all sizes, types and political control from all over the country have already committed to invest. Altogether, we are already half way to our end of year target of £8 million.

On top of the entrepreneurial spirit shown by the Agency, councils across the country are heeding Michael Heseltine's words that "to invite criticism is a sign of strength, to accept it is a sign of confidence."[31] LGA peer challenges and sector-led improvement are

31 Lord Heseltine (2012), *No Stone Unturned in Pursuit of Growth*.

putting local government in the driving seat on raising council performance. In the last three years we have undertaken more than 350 peer challenges with local authorities, tailor-made to their individual needs.

And finally, as a sector, we are coming up with bold and radical solutions to the problems facing our country. At our recent conference in Bournemouth, my successor Cllr David Sparks OBE launched the LGA's latest campaign *Investing in our nation's future, the first 100 days of the next government*.

The accompanying document set out how, with a real commitment from the next government to devolution and financial independence, local government could deliver tangible results on a whole range of issues. Over the next Parliament, we could build half a million new homes, guarantee a place at a good, local school for every child, cut youth unemployment by half and reduce long-term unemployment by one third. And given the tough economic environment facing local and central government alike, this plan would also save the taxpayer around £11 billion.[32] Our next challenge will be to get these ideas into the manifestos for next year's general election before the ink sets.

"Quo vadis" local government?

If local government is to truly reach its potential and deliver results for local residents and their families, it needs a united front. And that means that, as councillors, we need to put the "public interest" before "self-interest". Recently, we have healed many of the divisions which once plagued the sector – between different types of council, different parties and different parts of the country. But local government must set the pace to turn the radical ideas of "100 days" into reality.

And what about central government? Every five years, national politicians make their sacrifice at the altar of local government, only to recant their faith once the votes have been cast. But how can we make 2015 different? What will it take for a political party to realise our untapped potential? And which party will it be?

It will be the political party that understands that there is something

32 LGA (2014), *Investing in Our Nation's Future: the first 100 days of the next government.*

deeper happening when people say that they trust local choice over national decisions; that they trust people who know the local area and who live and work in their local neighbourhood. It might not happen this year, or next year, but it will happen. And when it does, politics in this country will never quite be the same again and much the better for it.

Councillor Sir Merrick Cockell, former Chairman, Local Government Association

3
Ministers and mandarins: a new relationship

If government doesn't work, whose fault is it?

Rt Hon Damian Green MP

The apparently eternal battle between politicians and bureaucrats for control of the government machine has been better for TV comedy writers than for the governance of Britain. Ministers complain that officials obstruct their plans to implement election promises; officials complain that special advisers drive a short-term media-obsessed agenda, and everyone objects to interference from the centre (except at the centre where everyone complains about off-message barons pursuing personal agendas).

Given all of this it is surprising how effective the British government is. Manifesto commitments are implemented, public services are reformed, taxes are collected, and at times we even see improvements in infrastructure. Quietly a large amount of public sector transactions have moved online and now work as smoothly as the private sector (which is to say patchily). Let me deal with each of the main issues in turn, because there are rectifiable faults in all parts of the system.

The first big divide that any minister faces is between policy advice and operational capacity. I will start with policy, because it is where the British Civil Service has always prided itself on providing, in one of the great mandarin clichés, a Rolls-Royce service. In most areas their pride is fully justified. As a minister it is normally true that if you are not getting good advice it is your fault. Either you have not asked the right question, or you have been unclear about what you are trying to achieve. If you have been clear about what you want and there is still nothing useful coming back then change those who are giving the advice. There are capable people around Whitehall who can think deeply and write clearly.

This is not to say that everything is for the best in the policymaking world. There is the characteristic sin of allowing many days for clearance at each stage of the policy document rising through the official ranks, and it then landing with the minister 24 hours before the final deadline. Again a strong-minded minister will only have this

happen once. Even more dangerous is the view held, almost unconsciously, by some senior officials that they bear ultimate responsibility for the decision. I was shocked to hear a senior (and very good) official ask a colleague whether he wanted to be the civil servant responsible for introducing one particular controversial policy. Call me old-fashioned, but I think ministers are responsible for introducing policies, and if future ministers want to reverse them, that's democracy in action.

Despite these caveats I think the process of policy formation is one of the more successful areas of UK governance. Indeed the capacity of the executive to generate proposals is not remotely matched by Parliament's ability to process and scrutinise them. One of the hidden annual battles is the attempt by departments to place proposed legislation in the programme. Most bids fail. The increased number of days given to Opposition parties by the current Government has exacerbated the difficulty in finding time for reforming legislation. Those who believe that all legislation is undesirable will welcome this, but it certainly slows down some necessary but often politically undramatic reforms.

Much less satisfactory than the policymaking area is the ability of departments to run day-to-day operations, especially those which demand large numbers of transactions. At various times difficulties within the benefits system, with tax collection and with all parts of the immigration system have become significant political problems. Each has been the result of individual difficulties and failures, but one systemic unifying factor has been the unwillingness of the system's high-flyers to spend more than the minimum amount of time in their early career in operational jobs.

Whatever the rhetoric, and indeed genuine desire, from the top of Whitehall to improve the relative status of the operational jobs, it has not permeated down. As one young, talented and ambitious official told me: "No one ever became a permanent secretary because they were good at running a Job Centre." There have been various attempts to get round this underlying attitude, notably by turning the operational parts of the Civil Service into agencies, but this has not had consistent success. It has neither ensured that the delivery is any better, nor has it served the perhaps more cynical purpose of

protecting ministers from political fall-out. Indeed one of the responses to the successive failures of the old, huge, UK Border Agency has been not just to break it up but to bring parts of it back into the Home Office, to give closer ministerial oversight.

The answer, then, lies elsewhere, in the infusion of managerial talent at all levels of these operational parts of the system. Given that salaries are likely to remain less flexible than those in the private sector this does involve persuading a higher proportion of those with most talent in the Civil Service to spend a greater amount of their career in these jobs. This will only happen if operational jobs are seen as the route to the top.

One of the other issues which needs addressing is normally expressed as the balance between the centre and the individual departments. For decades spending ministers have complained about the primacy of HM Treasury, and its desire to convert control of the money into control of every detail of policy. This is a permanently live debate, but there is another which is less often addressed and which seems to me to cause even more problems. This is the proliferation of “centres” inside Whitehall.

The Blair/Brown era saw HM Treasury entrench its power, and to counteract this, the Downing Street operation massively increased its capacity and therefore its ability and willingness to control the detail of policy. Added to this is the growing ambition of the Cabinet Office not just to act as the guardian of the machinery of government, but to play an active role in decisions as they are being made.

There is a good case to be made for any or all of these institutions flexing their muscles. At different stages of my political life I have worked on either side of the divide between the centre and the departments, so I am emotionally neutral on the subject. But it cannot be sensible to have three different central departments asserting their ultimate authority, particularly when they do so at such a late stage of the normal negotiating process as to introduce completely new arguments long after they should have been factored into discussions. This happens more often than it should.

One of the questions which has never been resolved is the involvement of policy advisers at Number 10 in the early stages of

policy development. Some departments (and some ministers) welcome this, while others regard is as an affront to their authority and ensure it does not happen. It cannot be impossible to organise a set of rules which sets down what should and should not happen at each stage of the policy preparation process to ensure that all interested parties have their say at the appropriate stage. This would ensure that the last-minute compromises which are characteristic of the current process would be less necessary than they are at present, and that policy coherence would be enhanced.

Despite these extensive caveats, my overall verdict on the system is that the real problems do not lie with the eternal war between the politician and the official. Ministers who know what they want and recognise that those who are paid to deliver it are also human beings, with a range of different skills and levels of ability, will indeed be able to make a difference. While there are improvements to be made in the training and career planning of civil servants, there are also serious questions to be asked about how ministers are trained, chosen and assessed.

Of course there are complex political factors to be taken into account in the choice of ministers, but the fact that there is almost no formal preparation for the job, little or no professional development while in the job, and no objective assessment about performance means, in the long run, that the relative balance of power between ministers and officials is skewed towards the Civil Service. Politicians who complain about this may in individual instances be right, but the solution is in our own hands. We take the job of being a minister incredibly seriously as a mark of status, but treat the skills required to be a good minister with cavalier indifference. Until we rectify this, we will continue to provide excellent material for new generations of comedy writers.

Rt Hon Damian Green MP, Member of Parliament for Ashford

Making ministers more effective
Hon Bernard Jenkin MP

When the Public Administration Select Committee (PASC) reported on *Smaller government: what ministers do,* we found they often take too many relatively minor decisions and are engaged in activities that could be delegated to others, instead of focusing on providing leadership and setting the overall policy of their departments. Our continued work has exposed this as merely the tip of an iceberg of a challenge about how to make Whitehall, and thereby ministers, more effective. We set this out last September in *Truth to power: how Civil Service reform can succeed*.[33]

For our system to work, a high level of trust between ministers and officials is required. This trust, and with it the relationship between ministers and Civil Servants, seems to be breaking down.

Rt Hon Francis Maude MP, Minister for the Cabinet Office and Paymaster General, has demonstrated, amid regular expressions of frustration, how much can be achieved by shaking the tree from the centre, to improve IT, digitisation, project management, efficient use of property and so on. But the friction generated also demonstrates that trying to improve commercial skills, issuing directives, and setting new targets and objectives on their own have their limits.

The departure of Tesco's chief executive in the summer suggests that the Tesco leadership model, with its primary focus on cost-cutting and efficiency, has also proved its limitations. To get real sustainable improvement, the Whitehall leadership first needs to recognise why things don't work so well now, and the real changes which need to be made. They are not about structures, or contracts, or performance benchmarks. They are not just about hard skills like contract management and IT. Hammering at just things like this cannot create the true, broad, responsive and accountable capability which ministers crave. The 2014-15 Permanent Secretary Objectives and indeed the Civil Service Reform Plan, with its "seven game changers", are not on their own enough.

33 Public Administration Select Committee (2011), *Smaller Government: what do Ministers do?*; and Public Administration Select Committee (2013), *Truth to power: how Civil Service reform can succeed.*

The change needs to be far more about people, their attitudes and learned behaviour. Many people struggle to combat the negative, cynical, secretive, competitive, unsupportive and ultimately destructive culture of Whitehall. There is still too little emphasis on what it is to lead people, what it feels like to be accountable for that leadership in Whitehall, and too little importance attached to understanding what it is like to work in Whitehall departments. Pitifully few of the 2014-15 Permanent Secretary Objectives even mention employee engagement, and the importance of improving the annual engagement index in departments and across Whitehall as a whole. And yet no organisation can function effectively, let alone optimise performance, without high levels of employee engagement. It should be a primary objective of all leaders in Whitehall: a prime indicator of performance, not just a tie-breaker.

The announcement of a new Civil Service chief executive creates an opportunity. It must be someone who recognises that accountability cannot be achieved by forcing obedience to ministerial orders so that instructions are carried out more directly, or finding who to blame when things go wrong. Accountability is about trusting your subordinates that they will not just observe process, but that they will exercise their judgement, as they carry out their roles, responsibilities and tasks. In turn, leadership is about winning the trust of subordinates, understanding problems they face, and supporting them as they resolve them.

The new chief executive's prime objective should be to promote the understanding that accountability depends upon trust and openness between individuals at all levels, and that this depends upon every leader and decision-maker across Whitehall developing a shared understanding of what it is together they aim to achieve. Rt Hon David Cameron MP, the Prime Minister, and Francis Maude need to become the political champions of this approach. Without this understanding, performance management reduces relationships to a top-down transaction, as though Permanent Secretaries should manage their subordinates like double glazing salesmen. In the most effective organisations, working relationships are not transactional, but based on shared belief in the overall mission, on shared values and the active sharing of strategic intent. It helps if you like the person

you are working for; and *vice versa*. Then people become willing to take responsibility and to be held to account. And when things get difficult and mistakes are made, as always happens, openness and trust become even more essential if there is to be learning and improvement.

In the complex arena of Whitehall, working relationships depend above all upon subtle understandings between the individuals concerned. There needs to be trust that information and knowledge which is shared will be used to help and support one another, not to undermine or to discredit. Rather than Tesco, this demands more of the John Lewis Partnership approach, in which your performance is evaluated against the manner in which you approach your tasks, and treat your colleagues, not just on the output. The mission, the purpose, is the primary means of leadership. Francis Maude rightly wants passionate commitment from civil servants to their tasks. This requires developing a shared vision and purpose, backed by values like honesty, fairness and service in pursuit of the public good. Indeed, this is the only means of achieving it.

For ministers to become more effective there needs to be a rather different conversation across Whitehall, about promoting a common purpose, increasing employee engagement, and promoting the right values. Leadership is about building a shared understanding of objectives, of agreed plans, and of agreed ways, means and ends. Accountability, trust and leadership must be regarded as core values of the Civil Service. Then ministers and officials can agree on a plan about how to reshape attitude and behaviour: or what some call the "culture" of Whitehall.

This is much harder than restructuring, or deciding to contract out, or setting new objectives, but there is no substitute for promoting such real change. Now, there is a challenge for a new Civil Service chief executive. And he or she will need the full backing of the Cabinet Secretary and ministers, including the Prime Minister. Disunity or disinterest from the top will just mean change takes far too long, if it happens at all, and ministers will continue fighting the system.

Hon Bernard Jenkin MP, Chairman, Public Administration Select Committee

Civil Service, ministers and Parliament
Rt Hon Lord Turnbull KCB CVO

The Civil Service has faced a chorus of criticism from ministers, Parliament and the media. There have been accusations that civil servants have been blocking ministers' wishes. There have been veiled, and not so veiled, threats by ministers – "if you don't deliver your side of the bargain, we will appoint our own people who will". There have been briefings against individual officials, what Sir Bob Kerslake called "noises off" in his message announcing his retirement.[34]

The Public Administration Select Committee (PASC) has called for a parliamentary commission to consider the future of the Civil Service. All this comes just four years after the Constitutional Reform and Governance Act of 2010 which enshrined in legislation the core principles under which the Civil Service operated for many years. These are an impartial professional service, appointed and promoted on merit, serving whoever forms the government of the day, while conducting themselves in such a way that an aspiring opposition can have confidence it will enjoy the same commitment. Civil servants are accountable to ministers who are in turn accountable to Parliament. All this is overseen by a statutorily based Civil Service Commission. This architecture was endorsed by the PASC and the House of Commons and by the Constitution Committee and the House of Lords. So why the attempt to overturn it so soon by giving ministers the right to appoint their own senior officials and by redefining accountability so that individual officials can be personally criticised?

There have certainly been some high profile delivery failures, though whether these are due to the failures of the Civil Service or the policies they have been asked to implement is far from clear.

But is it the case that the Civil Service is seriously failing the nation it serves? Looking at the big picture there have been some notable successes:

- Civil Service numbers have been sharply reduced, down 16 per cent since 2010 to the lowest level since World War Two, with further reductions in prospect.

34 Kerslake, Bob (15 July 2014), *Announcement from Sir Bob*.

- Despite less money and fewer people the Civil Service has continued to deliver pretty much the same services – collecting taxes, paying out benefits, helping people into jobs, running the courts and prisons so its productivity is sharply up. Contrast this with the ministerial/special adviser cadre whose numbers have risen despite the savings which could have been made by devolution.
- It has successfully pioneered a wide range of digital services.
- It has had some notable policy successes, e.g. pension reform, welfare reform, and produced sound analysis of the Euro and Scottish independence.
- It has helped the country cope with a huge financial crisis. Indeed, the programme it developed for stabilising the banking system was world leading.
- It has helped the government sustain a long programme to correct serious imbalances in public finances.
- Its reputation for integrity, as measured by the IPSOS/Mori Trust Index, has risen steadily over the past 25 years, and it has been untainted by the scandals which have affected the political world.

So where are the problems? To answer this, we need to be clear what we are talking about. There is a lot of sloppy language, using the term Civil Service when really talking about the public sector or when talking only about its senior officials in Whitehall. The Civil Service at just 400,000 is less than 10 per cent of the public service. The most calamitous failings in public services have been elsewhere in the public sector, e.g. the NHS and the police.

When ministers and Parliament criticise the Civil Service they are usually referring not to the 400,000 up and down the country whom they regard as doing a good job, nor even to the 40,000 in Whitehall. Instead they are likely to be referring to the 4,000 Senior Civil Service who comprise its leadership and who work directly with ministers, or just to 200 or so senior officials and permanent secretaries.

Much of the discord is located in the relationship between this small

group at the top and ministers. This is evidenced, not by an increase in appointments by ministers which have been firmly controlled by the Civil Service Commission, but by the growing number of dis-appointments, as permanent secretaries are edged out after complaints and briefings, the latest being the Head of the Civil Service himself.

So any improvement in Civil Service performance must start with a sharp focus on the relationship between ministers and senior officials, not just on the Civil Service alone. Some politicians have claimed that some civil servants have refused to carry out instructions or are foot-dragging. A more telling accusation is that the Civil Service, far from being obstructive, has been too ready to give effect to ill thought out proposals and unrealistic timetables.

Many of the remedies championed by the Minister for the Civil Service, e.g. a ministerial right to make their own senior appointments and the creation of extended ministerial offices, would make things worse rather than better. They would drive a wedge between ministers (and their special advisers) and their departments, rather than fostering closer working. Serious damage would be done if, after each reshuffle, ministers also wanted to reshuffle their officials.

Another remedy proposed is to draw up clear contracts, setting out who is accountable for what, with the aim of making it possible to identify publicly failing officials. What ministers get under the present bargain is frank advice from officials which they must take into account but have the right to reject. Ministers also take the credit for success as well as the blame. But a corollary of this is that they are not publicly criticised and undermined by their own officials. An attempt to impose a direct accountability of officials will inevitably lead to a right of reply. The current arrangement is a subtle balance but, with sufficient trust, it can be made to work.

The Institute for Government has looked at this question of accountability (*Ministers and Mandarins* September 2013) and concluded:

> "The starting point is that secretaries of state and permanent secretaries have shared accountabilities and responsibilities. Neither one nor the other is generally to blame for projects that go wrong. Trying to separate them is an illusion …"

> "The relationship with secretaries of state is bound to remain personal and impossible to express in contractual terms."[35]

All this leads to an important conclusion (highlighted by the focus of *Reform's* project) that an inquiry focused on the future of the Civil Service or on Civil Service Reform is misconceived as it assumes that the principal problem to be solved lies within the Civil Service. A more fruitful approach is to examine a wider set of issues such as how the executive (ministers and officials together) as a whole works, how the executive is held to account by Parliament and by citizens, how ministers' careers are developed and how they are trained. Ultimately, beyond the scope of this essay, there are fundamental problems in our democracy, e.g. the collapse of membership of political parties, their excessive reliance on a narrow funding base of vested interests, and low electoral turnout.

Addressing the players in turn I would suggest the following:

The Civil Service needs to press on with its Reform Plan, in particular the development of the four priority skill sets it has identified:

- Leading and managing change
- Commercial skills and behaviours
- Redesigning services and delivering them digitally
- Delivering successful projects and programmes

I would also add a review of the internal jobs market in the Civil Service to the agenda. For many years of my career postings were largely decided by senior management. This was considered to be too opaque, too reliant on discretion and prejudice, not open enough to candidates, especially women, who did not fit the mould, and obstructing recruitment from outside. In consequence, and with the best of intentions, the Civil Service adopted an advertising/application model in which anyone could apply. This has contributed to the excessive rotation ministers complain about. It has left senior management in departments with too little power to post people where needed by the department and to resist moves which, while attractive to the candidate, damage the continuity of departmental

35 Riddell, Peter (2013) *Ministers and Mandarins.*

business. Some degree of management override needs to be built back into the system

The Civil Service needs to continue its efforts to bring in talent from outside. I say continue as the number of outside appointments to the SCS in the last 15 years has substantially increased as the CVs of the top 200 in the Civil Service will show. If this is to continue, the salary cap by reference to the Prime Minister's salary (which does not include the present value of future earnings) needs to be lifted.

Finally, there needs to be further improvement in evidence-based policy-making and of the use of genuine pilots and trials where the national roll-out does not start until the early results are in.

For ministers, the agenda should include the following:

They should start by dropping attempts to change the appointment process for permanent secretaries; the recently modified guidance from the Civil Service Commission provides them with adequate input and effectively leaves the Prime Minister, rather than any individual secretary of state, with the final say. Next, ministers, and the Minister for the Civil Service in particular, need to adopt a consistent language in addressing the Civil Service. Rather than veering from gushing praise to denigration they should adopt the concept of "constructive challenge" used by the Corporate Governance Code, which means cutting out public criticism of their staff who have no right of reply.[36] In short, an end to Ratnerism.

More needs to be done to build collaboration and trust between all three points of the triangle, ministers, special advisers and officials.

The special adviser system should be returned to its original purpose of providing expert but politically supportive advice. Looking along the front benches one can see that it has become too much of an intern programme for aspiring politicians, giving them training in a very narrow set of skills, such as media, while denying them the chance to gain wider experience relevant to leading major departments. As Lord Norton of Louth, Professor of Government at Hull University, has been arguing for 15 years or more, the training of ministers needs to be developed.[37]

36 Financial Reporting Council (2012), *The UK Corporate Governance Code.*
37 Norton, P. (1999), "How to be a minister – get some training!" in *The Edge*.

In Parliament, the questioning of ministers and officials needs to be searching, but it does not have to be rude or sarcastic. Questions should be questions seeking information not lengthy statements of views. I think the Public Accounts Committee (PAC) and its Chair need to question whether their approach is right. In the search for best practice the PAC proceeds largely by examining a set called failures and spends too little time in searching another set called successes, whether in the UK or abroad.

Parliament also needs to question whether it is doing an adequate job in examining legislation. As Bills arrive in the House of Lords I am reminded of the books they used to sell in France where the pages had not been cut. There are too many clauses and schedules which leave the Commons untouched by human hand.

Is all this best handled by a parliamentary commission? PASC has used the analogy of the Parliamentary Commission on Banking Standards (PCBS), on which I served. The analogy is weak. The PCBS was not examining itself but an outside sector, banking. But if, as suggested above, there are questions for politicians and Parliament, as well as the Civil Service, a parliamentary commission does not have the necessary objectivity.

Rt Hon Lord Turnbull KCB CVO, former Cabinet Secretary

"To govern men"
Huw Evans

The difficulties of ministerial leadership are nothing new. As far back as the 18th century, Thomas Jefferson was reflecting that "to govern men...is a painful and thankless office".[38] But for ministers in 21st century Whitehall, these difficulties must feel particularly acute with power both diffused (by devolution) and shared with the EU, local government and quangos. Add in eye-wateringly tight limits on what you can spend, increasingly tough parliamentary and external scrutiny and the transparency stimulated by digital technology, and you have ministers facing great challenges with less power than the predecessors they see memorialised every day in Westminster.

Is the answer to this to throw out the old techniques of ministerial leadership and adopt a new template for departmental leadership? Or should our ministers spend more time reading biographies of their predecessors to pick up both some perspective and some time-honoured tricks? I think the route to success is to get better at both.

Let's start with the time-honoured bit. The most dangerous lesson ministers can learn from their predecessors is to believe the mythology. As Charles Moore's unsurpassable biography of Margaret Thatcher repeatedly reminds us, the difference between success and failure at the highest levels of politics can be wafer thin. Successful political leaders who leave a worthwhile legacy are nearly always bold, inspiring and skilfully determined. So are many of the failed ministers whose resignation in the heat of a Westminster frenzy denies them the chance to define their time in office. Therefore (i) for a successful minister the most effective mindset is to be already reconciled that meaningful leadership may cost you the job but to want to do it anyway. This mindset can give ministers an extra edge in their dealings with the Prime Minister and Chancellor, fellow ministers, media and stakeholders and helps them take the calculated risks that are essential to being a leader.

Equally critical (ii) is the need to use the power of the central government departments to maximise your impact. Nobody can truly

38 Jefferson, Thomas (1796), "Thomas Jefferson to John Adams, December 28, 1796" in *The Thomas Jefferson Papers Series 1. General Correspondence. 1651-1827.*

succeed running a department without allies and support in Number 10, HM Treasury and Cabinet Office. The most successful ministers devote their own time and that of their inner circle to keeping these relationships well-oiled, ensuring that bad policy can get challenged without it unduly damaging them, while seeing that vexatious interference is kept to a minimum. The second wave of Rt Hon David Blunkett MP's asylum and immigration reforms as Home Secretary was improved significantly as a result of Number 10 engagement, while equally close contact with the centre during the same period helped strangle at birth some of the Strategy Unit's blue sky thinking on drugs policy.

No less time-honoured is (iii) keeping Parliament and wider stakeholders engaged and energised by your agenda. Successful ministers recognise the value of having a wider team to do this; an empowered inner group of junior ministers, parliamentary private secretaries, whips and special advisers as well as a wider set of informal ambassadors inside and outside Parliament who promote your agenda and can help with access and information flows. Gordon Brown's pre-2007 operation in this regard was almost industrial in its scale, but all effective political leaders over the years have recognised the value of being surrounded by concentric circles of confidants who can advocate, promote, form wider alliances and be alert to hostile activity.

So what of the leadership of the future? Here we do need to continue to think more radically about what we want ministers to be able to achieve – and frame our Civil Service accordingly. Our state apparatus still has many advantages: it is free of corruption, it attracts high-performing talent to its upper echelons and it is still able to operate within a broadly secure legal framework, pointless Judicial Review applications notwithstanding. But nobody with experience of working inside Whitehall could pretend it is well geared up for the complex challenges of 21st century statecraft, especially when state spending is having to adjust to lower norms.

To me, this means (i) embracing a fundamental change of view about what the Civil Service is for to recognise the centrality of project management. Instead of departments viewing themselves as there to originate, legislate and administer public policy, they could accept

their role is more akin to a being responsible for a series of major projects on a five-year cycle. This would help break down the "departmental policy" mindset that new ministers find so infuriating and start to deliver a change of emphasis that valued formal project management disciplines, was capable of working effectively with external partners and with the main focus on the successful delivery of outputs on the ground, not the successive navigation of parliamentary and Whitehall processes. Such an approach would also mitigate the risks posed by ministerial restlessness and impermanence as the government could only explicitly commit to so many major projects in a term of office, meaning the bar would be higher for a new minister wishing to drop or re-scope a project in the middle of delivery.

With a greater focus on project management as the normal business of government, would come (ii) a more disciplined emphasis on the core skills, resources and work planning needed within departments to get ministerial objectives met. Regular performance assessment against targets and the generation of routine and reliable management information are essential for any chief executive officer, yet ministers too often find they are regarded as marginal in departments or the exception rather than the rule. In an increasingly complex world, power for political leaders can often come from having basic facts and analysis at their fingertips to shape the narrative and illuminate the trade-offs at the heart of all political decision making. Yet the provision of data and its use to ensure targets are set and met effectively is still viewed as counter-cultural in many areas of Whitehall.

With rolling project management and a core focus on targets and management data, has to come (iii) capacity at the centre. As the world gets ever faster with instant communication of facts, lies, propaganda and human stories spinning round the world, it has never been more important for ministers to have the capacity around them to be able to separate the important from the trivial, facts from propaganda and hear the truth amid the noise. This means significantly increasing the support system around them.

For most ministers in government below secretary of state level, increasing the support and capacity would simply mean a private

office not run on a shoestring with a high turnover of private secretaries as is usually the case now. All ministerial offices should be equipped with the number of people and the mix of skill sets required to help ensure the minister can perform to their maximum capacity, as well as lead when the unexpected happens. Too often we still have ministerial offices who think their job is to ensure the minister performs in Parliament, gets legislation through and signs what they are told to sign in their red boxes. This is a reductive view of what ministers can achieve and it has the effect of dimming the impact of all but the most determined individuals. At secretary of state level, a European-style Cabinet is required to run alongside the traditional private office function if political leaders are to have the level of impact most want to achieve. Not all these appointees need be Special Advisers in the typical model, but experts in particular fields and "greybeards" who can add weight and insight to the running of the department.

So to run a country in our challenging and multi-dimensional 21st century, senior ministers need a mixture of time-honoured techniques and a new approach to how their departments organise themselves. But neither the techniques nor the willingness to embrace new ways of working matter if ministers lack the most important quality of all: leadership.

No political leader is ever the same but all the most successful ones share the same qualities. They can take decisions, lots of them, and focus on the future rather than wallow in introspection. They prioritise as instinctively as breathing, knowing that the enemy of leadership is keeping busy with whatever is top of the pile. Successful leaders inspire, realising that they cannot achieve anything permanent without others who want to join in and own the decisions made. Finally, effective leaders can perform in the public realm they inhabit, thriving on the limelight rather than resenting the intrusions, and making their best decisions when under the fiercest public scrutiny. Some of these qualities were apparent in the emperors of Rome, others are more appropriate to the challenges of a modern western democracy, but all successful leaders have an ability to tailor the core components of leadership to the time and era in which they live and then to demonstrate extraordinary resilience in trying to govern.

So running a country effectively is a mixture of understanding what has always worked, knowing what changes are required going forward and having the core leadership talent to pull it off. Allowing yourself to understand the past and the future and be imprisoned by neither. Having ability that you are prepared to develop in the most intense of environments. And, above all, yearning for a legacy that will see you held up by others who, in turn, want to understand "how to run a country".

Huw Evans, Director of Policy, Deputy Director General, Association of British Insurers

4
A Civil Service fit for the future

Fit-for-purpose Whitehall
Professor Sir Ivor Crewe

Politicians used to respect the Civil Service. They looked upon it as a Rolls Royce machine that purred into action on ministerial instructions. This changed with Margaret Thatcher who railed against officials "who come to me with problems instead of solutions". Tony Blair felt similarly: "fighting the forces of conservatism", he complained, had "left scars on my back". "Not fit for purpose" was John Reid's verdict on the Home Office, a month after taking over as minister in 2006.[39] Rt Hon Iain Duncan-Smith MP, Secretary of State for Work and Pensions, publicly blamed his officials for the botched roll-out of Universal Credit. Rt Hon Francis Maude MP, Minister for the Cabinet Office and Paymaster General, one of the very few ministers in modern times to take a serious interest in Civil Service reform, acknowledged last year that the implementation of his Civil Service Reform Plan had been held back "by some of the very things that it was designed to address – weakness in capability, lack of clear accountability, and delivery discipline".[40]

Is Whitehall so "unfit for purpose"? The idea of smooth-talking conservative mandarins and stick-in-the-mud officials intent on frustrating government plans, especially those of a fresh incoming government, is a perennial Westminster myth. The opposite is closer to the truth: officials generally welcome a change of government and the opportunity to take new initiatives. If the new policies flounder it is usually because they were ill thought out in opposition by under-prepared shadow ministers. It probably isn't the horse's fault if the novice rider stumbles at the first fence.

Under the Coalition Government the Civil Service can claim some considerable achievements, not least the slashing of its own numbers by between a quarter and a third in most departments, large savings in procurement and substantial progress in the digitisation of government services. But there have also been some spectacular failures, including the bungled tender for the modernisation of the West Coast Main Line and a succession of mishaps in the

39 Home Affairs Committee, Fifth Report of Session 2005-06, *Immigration Control*, HC 775-III (Oral and additional written evidence).
40 Maude, F and Kerslake, B. (2013), *Civil Service Reform Plan.*

outsourcing of services, from disability assessments to the electronic tagging of offenders.

Until the Thatcher Governments of the 1980s the role of civil servants could be simply described. Senior officials in Whitehall advised ministers on matters of policy and, when necessary, constitutional propriety, while the lower ranks across the country got on with executing policy.

Changes of governance make this simple model obsolescent. Senior officials no longer have a monopoly of policy knowledge or advice. Ministers are exposed to a world of policy-thinking – of think tanks, policy institutes and consultancies – that has expanded and diversified and politically appointed special advisers are here to stay. Governments of all parties are steadily contracting public services to the private sector. Ministers' expectations of what the Civil Service should deliver are more demanding – sometimes unrealistically. Ministers want to incorporate business practices and culture, sometimes appropriately, sometimes not.

A fit-for-purpose Whitehall in the coming decade must have the capacity to do the following:

1. design policies that achieve the government's objectives, in the light of policy ideas and advice from other sources;
2. ensure that government policies are implemented on budget and on schedule;
3. tightly manage the government's private sector partners and service providers;
4. ensure that government decisions comply with the law and established constitutional convention.

These are analytic distinctions. In reality no policy can succeed unless design, implementation and external management are integrated. Thinking about policy ends has to be combined with thinking about policy means; working out what is desirable has to be accompanied by working out what is doable.

The governing of Britain in recent decades has increasingly been marked by major policy blunders – by careless policy initiatives which

have backfired, at huge expense to the taxpayer or widespread human distress, or both. The poll tax, the mis-selling of pensions, the Child Support Agency and entry into the Exchange Rate Mechanism at the wrong level are examples from the Thatcher/Major era; the Millennium Dome, the public-private partnership for the London Underground, countless IT fiascos and the on-off-on again introduction of ID cards are examples from the Blair/Brown era. The Coalition Government's £9,000 University tuition fee, Universal Credit and HS2 have all the makings of policy failure, although it may still be premature to judge. Misgovernment on this scale has probably got worse in the past 30 years and many states abroad (Germany, all the Scandinavian countries and Canada come to mind) appear to blunder far less.[41]

The Civil Service is not always or even usually to blame. Misgovernment is more often the result of over-hasty and ideologically-driven ministers ignoring the advice of their officials and outside experts, and pressing ahead with proposals in a highly centralised system of government that lacks checks and balances. But three features of today's Civil Service often contribute to policy failure and should be the focus of reform.

The first is the asymmetry of expertise between civil servants and the private sector service providers and partners whom they must manage. The second is the excessive rate of staff turnover. And the third is "operational disconnect" – the failure of ministers and senior officials designing policies to connect and consult with those whose job it is to apply the policies on the ground.

Here, then, are three targets for Francis Maude's reform plans.

Target one: plug the skills gap. Today's Civil Service lacks the critical commercial and technical skills needed to deliver major policy initiatives, administer programmes and, of particular importance, manage service providers. Countless post-mortems on policy failures from the National Audit Office point to the absence of skills and experience in programme and project management, procurement and commissioning and the negotiation of contracts. Staggeringly wasteful and obsolescent defence procurement and abandoned IT

41 King, A. and Crewe, I. (2013), *The Blunders of Our Governments.*

projects are the tip of the iceberg. Officials must be able to deal with their counterparts among private providers on equal terms. This will require a much more ambitious programme of in-house training, the establishment of permanent programme planning units in each department, recognition of project management as a professional grade within the Civil Service and recruitment of talent from the private sector at competitive salaries. The rigid cap on public sector salaries may have been necessary as a temporary measure to control public spending, but will have to be loosened if the Civil Service is be staffed with people of the right skills.

Target two: deal with the problem of runaway staff mobility. The annual turnover of officials has reached alarming proportions, especially in the Cabinet Office and Treasury (where it has reached at least 30 per cent among middle and senior management).[42] Part of the explanation rests with the austerity cuts in staffing, the restructuring of departments that followed, and uncompetitive remuneration. But the main culprit is the historical assumption in the Civil Service that staff development and retention require a rotation of jobs every two to three years between different departments. This is combined with the equally rapid turnover of ministers in many departments: the typical length of time that the same minister and permanent secretary are jointly leading their department is 12 months and the same instability is replicated at the junior ministerial and deputy secretarial level. This is no way to run a country.

Staff turnover on this scale makes misgovernment almost inevitable. In his damning report on the Department for Transport's mishandling of the bidding for the West Coast Mainline franchise, at the cost of £50 million to the taxpayer, Sam Laidlaw laid the blame on the loss of key staff, the asymmetry of expertise between the Department and the bidders, the reluctance of inexperienced mid-level officials to voice their concerns, and the arrival and departure of no fewer than four permanent secretaries during the 26 months of the process before it aborted.[43] Too often officials are learning the ropes in their new job. Too many of them are interns, or temporary secondees

42 Institute for Government (2012), *Whitehall Monitor #11 – analysis of Civil Service turnover rates*, 31 January. See also Wintour, Patrick (2012), "Civil service exodus sees one third of senior officials leave", *The Guardian*, 13 April.

43 Laidlaw Inquiry (2012), *Lessons Learned for the Department for Transport from the InterCity West Coast Competition,* HC 809.

hastily drafted into a project team. They do not stay long enough in post to build up expertise and "own" a major project. Short of experience they lack the confidence to warn off ministers against blunders. Departments lack a corporate memory, re-invent the wheel and repeat mistakes from the past.

The Civil Service urgently requires more stable leadership. To avoid the sclerosis and complacency that can set in to organisations with very low turnover, the stratum of senior and experienced officials should be leavened by specialist professionals recruited on medium-term contracts for major programmes and by policy directorates with non-executive advisers drawn from business, the professions, the universities, the think tanks and the voluntary sector. Officials should be appointed to departments (or a group of cognate departments), not the Civil Service as a whole, and career development should be designed within not across departments, as it is for the Foreign and Commonwealth Office. Cross-departmental transfers should be the exception, not the norm.

Target three: prioritise implementation planning throughout the process of policy design. This requires embedding a different operating procedure in policy formulation. Officials and other public sector staff responsible for applying the proposed policy at street level should be engaged in the policy design. The civil servants in central departments should be seconded as part of their career development to the local agencies and offices charged with delivering policy. All policy design should be subjected to what the military call backward mapping: if the department wishes to reach destination Z, what are the preceding steps Y, X, W etc. which would have to have been reached first – and what might have prevented that? Ad hoc retrospective evaluation studies of policy initiatives (which are rarely acted upon) should be replaced by an expansion of the *What Works* programme – one of the Coalition Government's more imaginative initiatives in governance – a programme which evaluates a variety of implementation measures drawn from many countries, not just the UK.

Finally, a target that should be dropped: Francis Maude should abandon most of the proposed reforms that purport to make senior civil servants more "accountable". There is sufficient accountability already. They can be summoned to appear before parliamentary

committees, which are public and televised, so there is no need formally to make them directly accountable to Parliament. Ministers have always been able to transfer Permanent Secretaries in whom they have lost confidence, so there is no need to give them formal powers of selection – and serious drawbacks in doing so. The more dependent senior officials are – or feel they are – on the patronage of the minister of the day, the more they will curry political favour, play political games and speak flattery and falsehood rather than truth unto power. The problem with the Civil Service is not that it is unaccountable and intentionally obstructive. The problem is that it has gradually ceased to be fit for the purposes of running today's Britain.

Professor Sir Ivor Crewe, Master of University College, Oxford

Excellence in delivery
Lord Browne of Madingley

The role of the Civil Service is evolving. It has a deserved reputation for excellence in policymaking, but that must now be matched with excellence in the delivery of policy. With that in mind, the Coalition Government made a number of important changes to the way in which Whitehall departments operate. Secretaries of state now chair departmental boards, lead non-executive board members were appointed to each department from outside the Civil Service, and a more business-like approach to government was implemented. Non-executives have transformed the tone of departmental boards, bringing greater focus to problem solving, strategic planning and the implementation of policy. Outside the boards, they lead independent reviews and special projects, form audit and risk assurance committees and support the recruitment of senior leaders in the Civil Service. They have become advisers to, and critics of, ministers and civil servants, who value this new source of independent expertise. Enhanced departmental boards have become an established part of formal and informal governance in Whitehall.

As the Government's lead non-executive board member, I have reported on progress so far in each of my annual reports. That progress is good, but incomplete. A reform programme of this magnitude takes time, and there is much more still to do. Here I want to set out four areas on which, from the perspective of the non-executives, government and Civil Service should focus over the year ahead and at the beginning of the next Parliament.

The first is the management of major projects and risk. Innovations like the Major Projects Authority and the Major Projects Leadership Academy have made important contributions to the professionalisation of project management, but the Civil Service has a long way to go before it becomes world-class in this area. The next important step is for departmental boards to take more responsibility for risk management. There should be explicit discussion of risk tolerance at board level to identify how much project risk a department is prepared to absorb, and large or particularly innovative projects should automatically go to the board for approval. This is not happening at

present, which means that departments might be taking on risk without fully understanding its scale or implications. Non-executives can use their experience and expertise to help to judge risks inherent within projects and to act as an internal scrutiny panel for their department's project portfolio. Some departments already make extensive use of this resource; all departments must now do so.

The second area of focus should be embedding functional leadership. In the Civil Service, heads of professional functions such as finance, project management and IT have not been full time positions and they have not traditionally spoken for the Civil Service as a whole. Reliable functional advice and activity enables management and boards to focus on the design and delivery of policy, in the knowledge that they can rely on heads of profession to supply and develop functional capabilities. The non-executives and I strongly support the Government's move towards a more unified approach across a range of professional functions, but progress has been uneven, and IT in particular lags behind the development of other professional functions. The progress made in legal services, communications, HR and finance needs to be replicated across the board, so that governments of the future have the skills and capabilities needed to implement policy.

Human resources and talent management is of such critical importance to the delivery of government policy that non-executives have devoted significant attention to it, and it is the third area of focus which we have recommended. The effectiveness of talent management across the Civil Service varies significantly, and generally follows the amount of time available and invested by senior leaders to enact it. Permanent secretaries and directors-general should start by having a specific objective covering succession planning and talent management, and non-executives with talent management expertise should sit on the Senior Leadership Committee. World-class talent management requires that the right strategy, the right processes and the right culture are in place. The processes in the Civil Service are generally fit for purpose; the changes that are now needed are about behaviour and leadership.

Finally, we often fail to recognise that Secretaries of State are organisational leaders, which means that they should be provided

with the support they need to lead effectively. That support should include the provision of time for them to discuss their approach to key strategic and delivery issues with board members, and providing them with training where necessary, particularly when it comes to the most effective ways to chair board meetings. As leaders of their departments, secretaries of state should also be allowed to devote sufficient time to managing the department's project portfolio and to ensuring clarity in accountability for actions to be undertaken.

When the role and responsibilities of an organisation change as profoundly as they have in the Civil Service, so too must the skills and capabilities of those who work in it. Expertise from the private sector has a role to play not in telling the Civil Service what to do, but in advising it on how better to get things done. Non-executives in government have made a significant contribution in all areas of their remit, and can provide a valuable source of continuity and expertise during any transitional period following the election. With their experience in organisational change and transformation, they can also play a role in the ongoing discussions about Civil Service reform and the wholesale review which most people expect into the Civil Service's capabilities, structures, processes and lines of accountability. That would be a valuable contribution indeed, and one which the non-executives stand ready to make.

Lord Browne of Madingley, Lead Non-Executive Director, HM Government

"All for one and one for all"
Sara Weller

Running a Country, and running it well, is a Herculean task. Success takes perseverance and time, two things in short supply in politics.

To run a huge operation, like a country, well demands both great leadership and great implementation. Simplistically, the former comes mostly from politicians, the latter mostly from civil servants. Both are vitally important and only in partnership can the two halves make a successful whole.

Great leadership, which sets up the conditions for success, requires many things: a joined-up strategy; clearly articulated and agreed priorities; shared objectives; well defined accountabilities; an unfettered "line of sight" to the end-result; a common view of "what good looks like"; and collective responsibility for sticking with it until the end.

The high profile changes involved in running a country (or any other hugely complex, people dependent enterprise) need a shared vision that spans departmental boundaries, and ministerial teams whose interests eschew parochialism in favour of collective success. Like the Three Musketeers: "all for one and one for all".

Against this blueprint for successful leadership, ministers, Whitehall, and the Civil Service which operates within it, face multiple challenges.

Two that seem to me to be very relevant to this question of "How to run a country (successfully)" are: the sheer number of separate departments, all of whom have overlapping roles and independent, and sometimes competing, portfolios of priorities; and the balance between the drive for decentralisation, or Localism, which puts decision making in the hands of communities, and the desire for centralisation of decision making to ensure nationally consistent solutions and leverage economies of scale.

I work closely with the Department for Communities and Local Government. Three of our core programmes are fundamentally cross-departmental: the enablement of Local Growth (shared with the

Department for Business, Innovation and Skills and others); the shift of Adult Social Care from "reactive" care in NHS facilities into "preventative" care provided in the community by Local Authorities (shared with the Department of Health) and the support of the Department for Work and Pensions' welfare reforms and their impact on housing needs. None of these major transformation programmes can be achieved without total collaboration between Whitehall departments, in partnership with frontline service providers. Achieving this is no mean feat, although the success of the Troubled Families programme shows that, with great leadership, even the most complex problems can be tackled effectively.

But if we assume that the political leadership is strong in such pan-government programmes, and that they are indeed set up for success, then the Civil Service can and should then be held to account for delivery.

What skills and capabilities would successful delivery then require of 21st century civil servants?

For me there are six factors that need to be our blueprint for a world-class 21st century Civil Service:

Firstly, it must have a ruthless focus on results or impact – what change are we trying to make happen and how do we know if we are achieving it. Having clear views on impact has become seen as synonymous with "targets", which has become something of a dirty word. But without a clear view of "what good looks like", and ways to measure the impact of policies on people in communities, we cannot be sure we are delivering value for money, nor be sure the plans are working. Change here is slow; yet unlocking this is fundamental to accelerating the pace of reform and changing attitudes and expectations.

Secondly, goals at the centre, in the agencies and at the frontline must be aligned, and that alignment must be reinforced by a coherent system of incentives and rewards. Everyone involved in the chain of delivery must be working towards the same outcome – pulling together not pulling apart. This alignment from central to local can sometimes be seen as being at odds with Localism, and certainly takes careful planning. It is true that devolving decision making takes

patience and time – probably more than one parliamentary term – to achieve. Building the capability and local infrastructure needed, such as Local Enterprise Partnerships who are now constructing locally supported Growth priorities, takes years not months. Patience must not run out, and the direction must not be changed, before the capability has had time to mature.

Thirdly, we need policymakers who understand the frontline – who've experienced operational delivery in unsexy roles or unsexy parts of the country. The Whitehall system currently does not deliver this. Whitehall people don't want to move "to the country" in case they get lost. Ministers do not want to let their best policy people go. And the centre doesn't measure, value or sufficiently reward frontline experience, so people don't see the point in getting it. All of this is recognised, and change is underway, but time is ticking and reform can move faster.

Fourthly, government departments must be more joined up in their implementation and think about how various departmental programmes come together (or don't) in communities across the country. Policymakers who've worked in a range of departments are often better at joining up across the boundaries, but without that pan-departmental leadership, it is left to partners on the ground to attempt to join up uncoordinated central department initiatives into a coherent whole. Money may be released in lots of little pots to support political headline-grabbing announcements. Local partners then find themselves engaging with a plethora of central funding streams, which is fiendishly difficult and requires navigating excessive bureaucracy and undue hoop-jumping. This slows down the pace at which people in communities get to benefit from the investments intended to help them.

Fifthly, we need greater commercial acumen, and less resistance and antipathy towards the "for profit" sector in finding innovative ways to deliver "more for less". With decreasing budgets, and increasing demands, public investment has to deliver ever greater value for money. Government needs to work in close partnership with commercial ventures to deliver its goals. Currently there are too few people whose experience bridges public and private sectors and too little understanding, on both sides, of what the other brings so the

exchanges represent a battle more than a collaboration. Public servants are ill equipped to forge the necessary long term, mutually beneficial relationships. Encouragingly, this commercial skill set is a clear focus of the Civil Service Capability Plan, and the presence of industry leading non-executives on departmental boards is helping to diffuse commercial mind-sets across senior Civil Service teams to good effect.

And finally, success and failure must both be embraced and mastered. Public opinion loves to see any change in plan as a "U-turn", and a major sign of weakness. So, politicians live in a climate of fear, afraid to halt weak programmes, or change approach in response to evidence and experience. Problems are ignored, and no-one admits to failure, even though it is a fact of life. The Major Projects Authority is working hard to increase professional project management, recognising these issues. All ambitious programmes with stretching goals need to undertake "course correction" – learning as they go. As the saying goes, the only one who has never failed is the one who has never attempted to do anything worthwhile.

In summary, what skills and capabilities does the 21st century government need to run a country successfully?

Undoubtedly success starts with powerful, co-ordinated political leadership – a joined up strategic vision, with a long term agenda, a simple departmental structure with clear accountabilities and a powerful drive to see things through.

This must then be supported by outstanding implementation by commercially astute Civil Service leaders, who understand the communities they serve and the departments they work with, who are courageous enough to learn and to "course correct" where necessary to achieve results, and who work on securing total alignment between the goals of the centre and the goals of the local partners they work with, to ultimately deliver ever better value services to the citizens who they serve.

Sara Weller, Lead Non-Executive Director, Department for Communities and Local Government

Taking the long view…
Rob Whiteman

Today's Context

Notwithstanding that for localists like me the greatest problem with Whitehall is that it does too much in relation to English regions, as someone who has spent a career working with or belonging to the senior Civil Service, I am schizophrenic on Civil Service reform. John Gay's famous satire of Walpole in *The Beggar's Opera*, "How happy could I be either, were t'otherdear charmer away" sums up the quandary.

On the one hand, I can be defensive when problems are laid at its door that in part should reside elsewhere. In particular, our political system could be more effective, both in terms of: how its institutions work, for example how Parliament checks and balances the executive; and the way our parties operate, for example their narrow selection of political candidates, and focus on the short term news cycle. There is a defensiveness by political leaders about the need to improve their side of the bargain, which for officials and organisations they have close contact with means that the one sided analysis that sees only the need for civil service reform can ring hollow.

But on the other hand the Civil Service is its own worst enemy. After 20 years of improving wider public services from the Charter Mark onwards, quite honestly too much about the Civil Service feels the same. There is not enough ambition for real change, and if the Civil Service Reform Plan were implemented in full it would not equate to transformation. Ministers paradoxically find senior officials who jump through hoops to develop any radical policy requested, but appear reluctant to change the way Whitehall and the Civil Service operates. The policy solution in the summer of 2014 to create a chief executive that is not a chief executive demonstrates both the headline willingness to change and the grudging unwillingness to really change!

Taking a long view, I believe there are three areas where the Civil Service needs greater change:

First, the senior Civil Service is too forgiving of the lack of transparency and the short-termism of our present political system. It should develop solutions and speak with greater confidence on this because there is a risk it will be reduced to the perception that it plays along with the game of politics and assists in the cover up of embarrassing news. I would like to see the Civil Service argue for more formality to its constitutional roles and responsibilities, whereas at present it guards the special relationship or "safe space" where advice is considered. I think the role of permanent secretary should change as part of a new relationship.

Secondly, the senior Civil Service is still culturally dominated by the cult of the policy generalist, which remains the route by which most permanent secretaries have reached the top. A wider range of skills needs to be developed and retained. For Civil Service reform to be real, fundamental culture and behavioural change is needed from policy generalists.

Thirdly and finally, I would argue that it is time to speak about the interface between politicians and officials more openly and the soft skills needed by the Civil Service and ministers to work effectively with each other. We should encourage the main parties to celebrate the difference between politicians and officials where the present discourse from ministers too often defaults to a deficit model.

Transparency

Interestingly we have varied constitutional settlements in different parts of public service on the appointment and role of senior officials. For example, local authority chief executives are appointed by politicians but expected by law to transparently provide advice and information to all parties and the public. Transversely, civil servants are appointed via an independent recommendation but thereafter covered by rules where even disclosures to Parliament as an accounting officer are solely on the behalf of the government and cleared by ministers.

I have argued for some time that we should see a cleaner set of rules where officials' advice is at times not privileged. To make this effective we should unbundle the present role of permanent secretary and accounting officer.

I propose the transparent political appointment of departmental heads where the secretary of state appoints the top official/ professional subject to a confirmatory hearing and/or assessment by a civil service commissioner that they are "above the bar", on a rolling fixed term basis so that the department's chief executive enjoys confidence and is at the heart of their leadership of the department. But, very importantly in so doing we should decouple the role of permanent secretary and accounting officer. Departments' chief financial officers, as accounting officers instead of the permanent secretary, should independently score policy proposals and programmes and publish their advice on risk, cost, medium term sustainability and delivery performance. Greater transparency at inception and during delivery would drive better decisions being made. I believe that this approach would drive decision makers toward more medium term and sustainable financial decisions that are essential to the decade ahead of further fiscal consolidation. Such transparency would also drive benchmarking and cost comparison in line with other public services.

Changing Culture

The key issue, as said over many years in different reports, is the need to create a stronger accountability culture. We should change the career link between developing policy advice/expertise as the de facto driver to future management seniority. The Civil Service must promote leadership and management skills to be intrinsically more valued. It has always struck me as perverse that whilst seeking to bring in external delivery expertise to the Civil Service, there are many gifted operational managers who sadly fail to be promoted to the higher levels of the senior Civil Service.

In my evidence to the Public Administration Select Committee (17 June) this year my thoughts were as follows on this point:

> "Whitehall has within itself capacity to overcome the insufficient skills mix at the top if it accepts that culture change is required to value different perspectives on how organisations develop and deliver successful medium term organisational strategies. At present the senior Civil Service, often unintentionally, tends

to reinforce the problem. There is an unsaid culture that talented policy generalists can learn to be good operational or project managers if given the chance (which can be true); whilst good operational or project managers cannot gain more senior positions because they lack policy expertise. Generally, high performance organisations create a mix of skills and perspectives rather than valuing one competence above others; and a valued expertise is not necessarily linked to management seniority. Such a change would make it easier to create clearer delivery through governance arrangements by creating confidence that capacity exists to deliver success. At present, departments can feel more like an oversized policy institute with specialist organisational management insight and expertise marginalised to an ancillary pursuit rather than the core organisational purpose. Importing some outsiders will not in itself have impact if the culture is resistant to change and in my view non-executive directors and new recruits to the Civil Service could have more impact on the Civil Service if it operated more like a normal organisation."

The list of people brought in from outside who then leave is a long one. As a colleague said to me "no sooner the transplant was complete, then the antibodies attacked" and so an acknowledgement by our most senior officials is needed that culture change by the career senior Civil Service toward delivery expertise is vital for the future.

Vive la différence!

Finally, over the last couple of years Civil Service reform has become reduced to a one-sided debate about politicians' frustrations that officials need to be better at delivering their wishes. Actually, working for politicians to deliver their policies is a challenge, and I would like to see a constructive debate where ministers reflect that by any standard this is a complex environment and they are not collectively the easiest people to help.

In this respect, for local government, health and central government over the years I have used a common set of five facets to describe

the interface between politicians and their officials: legitimacy, accountability, transparency, horizons and process.

Legitimacy – it is important that there is a mutual respect of roles. Politicians have a democratic mandate and must consider public sentiment, while officials have an understanding of resource allocation, measuring service outcomes and managing staff.

Accountability – officials must understand that accountability to the public lies with politicians. But officials also have a duty to advise partners, stakeholders and the public.

Transparency – officials must respect that politicians do not have to take their advice, but politicians should know that while they can decide between options they cannot tell officials what to recommend or define their professional advice.

Horizons – public officials need to implement and evaluate the often short-term policies of the day, but also convince politicians of the importance of sustainability.

Process – the greatest tension of all, because politicians often view long-winded processes as unnecessary blockages to implementation. Officials need to ensure proper procedures are followed when spending public money, without using this principle as an excuse to stall innovation or change.

My concluding point in stating this far from perfect list is that it brings us firmly to the territory of team building. A welcome factor of the coalition government has been reduced ministerial turnover. If sustained, Whitehall – ministers and their officials together – could learn from corporate best practice in private and public sectors that real change is seldom made without the players involved working at it. For the departmental boards instigated by Lord Browne's to quicken reform, the next government should really work at it by recognising the difference between politicians and officials, and building effective teams that celebrate this.

Rob Whiteman, Chief Executive, CIPFA

So you want to reform the Civil Service
Professor R A W Rhodes

The story so far

Reforms of the Civil Service proposed by both think tanks and governments over the past decade are pervaded by beliefs in evidence-based policymaking, business management, and choice by the users of public services. These ideas are the shared, almost tacit, knowledge of contributors to the continuing debate about public sector reform. Thus, although Rt Hon David Cameron MP, the Prime Minister, claimed that "something very big and different is happening" in the *Open Public Services White Paper* (2011), most observers could see only more of the same. The emphasis fell on "building on evidence of what works". Again according to the Coalition's White Paper, choice is the first principle of the reforms: "the old centralised approach to public service delivery is broken", so "wherever possible we will increase choice" and "power will be decentralised to the lowest appropriate level".[44]

To use Christopher Hood and Martin Lodge's helpful phrase, all these reforms are part of the "Civil Service reform syndrome". So, "initiatives come and go, overlap and ignore each other, leaving behind residues of varying size and style".[45] The syndrome persists because the assumptions behind reforms are not fit for public sector purpose. My aim is to understand, not justify, the status quo. I want would-be reformers to be aware of the likely pitfalls; that is, to know what they are seeking to reform. Most permanent secretaries most of the time are not managers. Rather, they are political-administrators helping ministers run a government.

Five Axioms

Over three years, I observed ministers and permanent secretaries in three departments in their daily life. I asked the simple question, "how do things work around here?" I studied the everyday beliefs and

44 HM Government (2011), *Open Public Services White Paper.*
45 Hood, C. and Lodge, M. (2007), "Civil Service Reform Syndrome – are we heading for a cure?" in *Transformation: promoting new thinking in the public sector.*

practices of civil servants and their ministers. From this work, I distilled the following five axioms about public service reform, which may oversimplify but dramatise the difference between the reformers' proposals and the everyday world of life at the top.

Coping and the appearance of rule, not strategic planning

At the top of government departments, we find a class of political-administrators, not politicians or administrators. They live in a shared world. Their priority and their skills are about running a government and surviving in a world of rude surprises. The goal is willed ordinariness. They do not need more risk. They are adrift in an ocean of storms. Only reformers have the luxury of choosing which challenge they will respond to. Ministers and permanent secretaries have to juggle the contradictory demands posed by recurring dilemmas, and still appear in control. Policy emerges from routine and builds like a coral reef. It is not a matter of solving specific problems but of managing unfolding dilemmas and their inevitable unintended consequences. There is no solution but a succession of solutions to problems that are contested and redefined as they are "solved". This view of the minister's and the permanent secretary's world is an anathema to the would-be reformers, but it characterises what happens to their reforms. Strategic planning is a clumsy add-on to this world. Its timescale is too long. Its concerns too far removed from the everyday life concerns of its short–stay incumbents. The demands of political accountability and the media spotlight do not pay attention to strategic priorities. Relatively trivial problems of implementation can threaten a minister's career. Much government is not about strategy and priorities but the appearance of rule. The job is "about stability. Keeping things going, preventing anarchy, stopping society falling to bits. Still being here tomorrow".[46] I do not seek, as the authors of *Yes, Prime Minister* sought, to make people laugh. I see much wisdom in their irony.

46 Jay, Anthony and Lynn, Jonathan (1987), *The Complete Yes Minister.*

Institutional memory, not internal structures

Reform all too often involves splitting up existing units, creating new units, redeploying staff, bringing in outsiders, and revamping IT systems. A key unintended consequence is the loss of institutional memory. All three departments that I studied reformed their internal structure. It was a tacit policy of running down a proven asset for unproven gains. Institutional memory is the source of the department's folk psychology, providing the everyday theories and shared languages for making sense of the world. It explains past practice and events and justifies recommendations for the future. Ministers see the gaps. Permanent secretaries say there has been a serious weakening of corporate memory. But nothing is done, and I am tempted to suggest the priority in reform is to repair institutional memory.

Storytelling, not evidence based policy

To talk of storytelling might imply that I trivialise the art of briefing ministers. Yet ministers and civil servants regularly tell one another stories about what happened yesterday. They talk of getting the story straight. They ask what the story is. Such stories can include an evidence-based policy analysis. It is simply another way of telling a story alongside all the other stories in a department. Each story is one set of spectacles for looking at the world. So, civil servants ask whether a story is defensible, accurate, and believable. They test "facts" in committee meetings and rehearse story lines or explanations to see what they sound like and whether there is agreement. They judge how a story will play publicly by the reactions of their colleagues and ministers.

Contending traditions and stories, not just management

Even today, ministers and civil servants act as if the 19th century liberal constitution sets the rules of the political game. They continue to believe in ministerial accountability to Parliament as if ministers can be forced to resign. The British constitution reminds me of geological strata, a metaphor which captures the longevity of the beliefs and

practices. I do not want to suggest that nothing has changed. Obviously much has changed, but much remains. So, for example, managerial reforms coexist with the inherited generalist tradition. As a result, there is no agreed standard for comparing stories. Even within a government department, let alone across central government, there is no shared story of how British government works. Yesterday's story remains an important guide to today's practice. So, the managerial story (in its various forms) has not replaced the Westminster tradition. Indeed, managerial reform is all too often a secondary concern for ministers and their civil servants, and I can see why. When I imagine myself in a minister's or a permanent secretary's shoes, management does not matter. Useful, but not where the real action is. Ministers are not managers. It is not why they went into politics. A minority of secretaries of state take an interest, even fewer ministers of state. These brute facts undermine reform. The Civil Service exists to give ministers what they want and most do not want anything to do with management reform. At best, it is not a priority. At worst, it is not even on the radar.

The politics of implementation, not top-down innovation and control

One strand in the British political tradition asserts that "leaders know best", yet the track record of much top-down policymaking does not inspire confidence. We know street-level bureaucrats shape service delivery in crucial ways. They use local knowledge to decide what policy will be for clients. Understandings of how things work around here are embedded in the taken for granted routines and rituals of the department. But the beliefs and practices of actors at lower levels of the hierarchy are as important. Not only is such knowledge rarely part of the policy process, it is not valued. Yet the success of policies, especially in their implementation, depends on such knowledge. Moreover, when implementation is part of government thinking, it is strangely divorced from everyday knowledge. Thus, the *Civil Service Reform Plan* (2012) adopts the top-down, rational model of implementation with its imperatives for clear objectives, robust management information, and project management. If social science research ever teaches us anything, it tells us the top-down model is

plagued with implementation failures. Everyday knowledge would tell policy makers about the limits to implementation, but no one is listening.

Conclusions

The lessons of my fieldwork are not the basis of conventional reform proposals. I paint a picture of a storytelling political-administrative elite with beliefs and practices rooted in the Westminster model that uses protocols and rituals to domesticate rude surprises and recurrent dilemmas. It is not the conventional portrait. It is the antithesis of the evidence-based policymaking, business management, and users' choice.

The attempts to impose private sector management beliefs and techniques to increase economy, efficiency and effectiveness resulted in the Civil Service reform syndrome. If private sector techniques offer such obvious and available ways to manage, then why is the track record so patchy? It is not because public managers are ill-trained, stupid or venal, but because private sector techniques do not fit the context. Such techniques can be neutered by both bureaucratic and political games, and are subjected to public accountability. Public sector officials do not share the same risks and rewards as private sector managers. Politics, value clashes, interests, cultures, symbolic imperatives, and accountability all make the business model untenable in public policy decision-making.

Reform must start with the relationship between ministers and the top civil servants because that is the fulcrum of the system. Ministers and civil servants have overlapping roles and responsibilities in which the old idea of a Civil Service "generalist" is not dead. Ministers need political-administrators with the political antennae that point out the hole before they fall in. They need the political skills that pull them out of the hole afterwards, and argue that they never fell in. Have would-be reformers persuaded ministers to desert the cocoon of willed ordinariness at the top of departments that exists to protect them? Private offices exist to domesticate trouble, to defuse problems, and to take the emotion out of a crisis. Protocols are the key to managing this pressurised existence. Everyday routines are unquestioned and

unrecognised. When critics of the Civil Service attack it for the slow pace of change, they attack the wrong target. They should look instead to ministers as the main wellspring of change in British government. As long as ministers are in the spotlight for civil servants, they will give priority to preserving the cocoon and willed ordinariness.

I want would-be reformers to be aware of the likely pitfalls; that is, to know what they are seeking to reform. The reformers have had the field to themselves for decades with, at best, modest success. They have created little beyond the civil service reform syndrome. I am using observations of everyday life to explain why that success is modest. Reformers who recommend evidence-based policy making need to draw on observational evidence in designing change. It is conspicuous for its absence. Ministers bleat for reforms which they then do little to support. A key part of the inertia is not the Civil Service but the politicians, and reformers will continue to see their reforms fail because they continue to target the civil service. We must never forget that Civil Service reform is about the constitutional and political role of public administration in the polity; it is not about better management.

Professor R A W Rhodes, Professor of Government, University of Southampton[47]

47 For further reading see: Rhodes, RAW (2011), *Everyday Life in British Government*; and Rhodes, RAW (2013), "Political Anthropology and Public Policy: Prospects and Limits", Policy and Politics, 41 (4).

5
Putting people first: governing for outcomes

Why government keeps getting things wrong – and what we should do about it
Richard Bacon MP

Sir Michael Barber once observed that the "How" question is relatively neglected in the writing of history and politics.[48] A textbook would say of some medieval king that "he gathered an army and hastened north" without pausing to consider just how difficult that was to do.[49] Yet when governments embark on anything new, it is quite normal for things not to turn out as planned – and the problems are nearly always to do with the "How" question.

We have seen an NHS dental contract which left large numbers of people without a dentist; a new system for marking school tests where up to three quarters of the marking was wrong; a pension regulatory body which had no objectives; and an urban regeneration project which had no budget. People have died because flawed hospital computer systems meant they were not told about their next vital check-up until it was too late. Holidays have been ruined because the Passport Office couldn't issue passports on time. Failed asylum applicants with no right to be in the country – who happened to be murderers, kidnappers and rapists – have been released from jail to wander free in our community because no one could be found to deport them. Farmers have committed suicide because of the Kafkaesque horrors of the Rural Payments Agency. The NHS mismanaged its recruitment of junior doctors so badly that medics – whose training had been paid for by British taxpayers – were forced to flee abroad in search of work, only to be urged to return soon afterwards, at the highest agency rates, due to a government-induced shortage of doctors. Some failures are so infamous they have become household words – the Child Support Agency or the Criminal Records Bureau (CRB) – even surviving Orwellian rebranding efforts to stamp out memories of a fiasco; no one I know calls the CRB the "Disclosure and Barring Service".

Ministers routinely enter office with no knowledge of why things have

48 Barber, Michael (2007), *Instruction to Deliver; Tony Blair, Public Services and the Challenge of Achieving Targets*.
49 Ibid.

gone wrong so often in the past. Few civil servants are around long enough to tell them. After only eighteen months as an education minister in charge of academies policy, Andrew Adonis found he had been in post longer than any of the officials who were supposed to be advising him. The Department for Transport somehow managed to have *four* permanent secretaries in two years.

Given the track record, one might expect the *quality* of government spending to be a matter of sustained national concern. One can't say "Oh, that's management" and expect someone else to do it. It turns out that the "How" question can seriously affect the "What" question or even "Whether" anything happens at all.

The case for examining much more closely the quality of what we are doing has never been stronger. In a rapidly changing world there is an almost perfect storm of problems. As we get better at keeping people alive longer, we face inexorable rises in the cost of pensions and healthcare systems. As our population gets older and the tax base shrinks, our need to invest in better infrastructure – including better broadband connections, roads, railways and airports – only grows more urgent. We have an ongoing skills crisis. Our people need to be more numerate, literate and IT-savvy. We need to produce more housing but we have a dysfunctional model that fluctuates between near-stasis and a market bubble. Across the globe we face a burgeoning population and the need to produce more food on less land with much less water. We also know that if we can't help the world's people *in situ* they will instead come to us, compounding the pressures we already face. And we grapple with all these problems while struggling under a growing mountain of public debt, because successive governments seem quite unable to live within their means.

Squeezing much more out of the lemon is simply essential. We know that our governments must cost us less while being much more efficient and effective, to help us to deliver the changes we need. All this is probably common ground among most political parties, but the truth is that we are very bad at learning from our mistakes. Many politicians, civil servants and journalists are more interested in getting on with the next policy initiative, the next project or the next story.

Who is responsible for all this failure? Many screw-ups are plainly the

result of poor decisions by ministers, who either try to do things too quickly or who won't listen. Officials advising ministers on the Common Agricultural Policy were explicit that using the "dynamic hybrid" method for calculating single farm payments would be "madness" and a "nightmare" to administer; ministers chose it anyway.[50] The big regional contracts in the NHS's National Programme for IT were agreed at indecently high speed – and duly signed before the NHS knew what it wanted to buy and the suppliers knew what was expected of them – because of pressure from Downing Street; the result was an expensive catastrophe. Tax credits still cause misery for thousands of low income families who have been overpaid, because HMRC demands repayments they cannot afford; the policy was Gordon Brown's from its inception.

But what about civil servants? When managers at the Learning and Skills Council failed to count the money for the FE Colleges building programme while handing it out – thus pledging billions of pounds which they didn't have – the Innovation and Skills Secretary John Denham said grimly that "there was a group of people that we might have expected to know what was going on who did not themselves have a full grasp of it".[51] In the InterCity West Coast franchising competition, the officials in charge at the Department for Transport were unaware of advice from external lawyers that the Department's actions were unlawful. And even in the case of the Rural Payments Agency, where decisions were very ministerially driven, the choice of the "dynamic hybrid" method for determining single farm payments was made – as Dame Helen Ghosh, the Permanent Secretary, eventually told MPs – because "ministers were being told it was possible when it was not in fact possible."[52] The reality is that there is more than enough blame to go around. We need to spend less time blaming and more time seeking to understand what is going on.

In recent decades there has been a whole string of attempts to reform the Civil Service, including *Continuity and Change*, the *Citizen's*

50 Hunter, David (2007), recalled by George Dunn in written evidence from the National Union of Farmers to the Environment, Food and Rural Affairs Committee, 7 March and Dunn, George (2007) in oral evidence to the Environment, Food and Rural Affairs Committee, 7 March.

51 Quoted in: Innovation, Universities, Science and Skills Committee (2009) *Spend, spend, spend? the mismanagement of the Learning and Skills Council's capital programme in further education colleges*.

52 Ghosh, Helen (2008) in oral evidence to Public Accounts Committee, 23 January.

Charter and *Taking Forward Continuity and Change*. Then came *Modernising Government* and *Civil Service Reform: Delivery and Values*. Imaginatively, this was followed by *Civil Service Reform: Delivery and Values – One Year on*, which in turn was followed by the "Capability Reviews", then *Putting the Frontline First: Smarter Government* and *The Civil Service Reform Plan*. Now we have *The Civil Service Reform Plan – One Year on*. That's roughly one white paper or major initiative every two years for twenty years. And eight years after the Capability Reviews – more than the time required to fight the Second World War – the Government launched the *Civil Service Capabilities Plan*. A year later the new head of the Major Projects Authority identifies that there is "a lack of distributed capability around delivery across Government".[53] The problem is not a lack of "to do" lists.

For sure, it is down to the Civil Service and its accounting officers to make sure there is a system that works. As Richard Heaton, Head of the Cabinet Office put it: "It is our job, without ministerial pushing, to create a civil service that has the capabilities that the Government need".[54] But what should a civil servant do when a powerful minister is on the rampage and demanding the impossible? The epic scale of the failures should tell us that the problem is *systemic*. As the former Head of Tesco Sir Terry Leahy put it: "Management and democratic process are not a good mix".[55] But we will only solve the problem when we stop looking in the wrong place. As Bill Clinton nearly said: "It's behaviour, stupid."

Of course, influencing behaviour is almost a new Holy Grail among policymakers. We are told it will help us reduce crime, tackle obesity, ensure environmental sustainability and make sure people pay their taxes on time. It works – and it's not that new. Making unleaded petrol cheaper than the leaded stuff sees more people buying it. Making it easier for people to recycle achieves better results than moral hectoring.

But what about the *behaviour* of civil servants and ministers? And the behaviour of Parliamentarians? What about the behaviour of suppliers

53 Manzoni, John (2014) in oral evidence to Public Accounts Committee, 5 June.
54 Public Accounts Committee (2014), Oral evidence: *Centre of government*, HC 107-I, 7 July.
55 Policy Exchange (17 October 2012), *Sir Terry Leahy – What can governments learn from successful businesses?*

to government such as big IT firms, who – unsurprisingly – have a preference for large IT projects regardless of what might actually be best for taxpayers. What if you have a civil servant running an IT project whom no one dares challenge? Or a team of civil servants foisted on a project without the right skills? What should you do when you have a permanent secretary and a Cabinet minister who barely talk to each other for months? Just as in Margaret Atwood's novel *The Handmaid's Tale*, this has all actually happened, somewhere, sometime.[56] As HM Treasury's Permanent Secretary, Sir Nicholas Macpherson, has observed: "I have worked under Tory governments where Chancellor and Chief Secretary weren't really speaking to each other. I have certainly worked under Labour governments where that was the case".[57] Many billions of pounds have been squandered this way. If we really want better outcomes, then understanding this – and changing it – is much more important even than policymakers' efforts at "influencing" the behaviour of citizens.

Economics has seen a big shift towards studying how people actually behave, rather than how they are supposed to behave. We need a similar shift inside government and politics. The London 2012 Olympics showed we *can* get it right. The outstanding feature of the Olympics, as Head of Programme Control David Birch put it, was that "we worked hard to generate and recognise one source of truth".[58]

The world's most successful organisations, whether in manufacturing or in services, spend a disproportionate amount of time and effort developing people. Our governments need to do the same. MPs are among the most determined people you will meet – otherwise they would rarely have become MPs – but as a class they need much better preparation for ministerial office. In the British Civil Service we have one of the world's best talent pools but we don't get the best out of them. Instead of incessant exhortation, we need to think harder about what makes people tick. Sir Ken Robinson, a teacher renowned worldwide in the development of creativity, wrote that "human resources, like natural resources, are often buried deep. In every organisation there are all sorts of untapped talents and

56 Atwood, M. (1985), *The Handmaid's Tale*.
57 Macpherson , Nicholas (2014) in oral evidence to Public Accounts Committee, 7 July.
58 Birch, David (2012), *Olympic Delivery Authority Learning Legacy: ODA Special Supplement, Project Magazine.*

abilities".[59] Don't we need every hand on deck in order to get out of the mess we have landed ourselves in? It is always sensible to make the most of what you have. The answer is to look more closely at ourselves and our nature – and to act on what we find.

Richard Bacon MP, Member of Parliament for South Norfolk and Member of the Public Accounts Committee

59 Robinson, Ken (2011), *Out of Our Minds: Learning to be Creative*.

Managing government for results
Ray Shostak CBE

In May 2015 election winners will be sitting around the Cabinet table. They will have promoted their vision for the future in their manifesto and given an indication of what they would do for us all. They will have campaigned, made speeches and promised change. And, no doubt, they will mean to deliver their promises.

It has always intrigued me that after tirelessly campaigning to get elected, which means huge attention to detail, the same consideration is not given to what needs to be done to achieve it all.

Too little thought is given to the leadership required for delivery and to creating a performance framework that would drive performance. In some countries there is a gap between the announcement of whom the voters have chosen and taking office. Here, it happens overnight. So turning the political mandate into change and change into results starts on day one.

From my time both at the frontline, and working as a senior civil servant, I think there are many lessons to be learned about effectively getting results. There are some important truths to remember and I hope the new government will consider that:

1. **Frontline services are delivered at the frontline**
   It is the interaction between the frontline professionals (teachers, doctors, nurses, care workers, police officers….) and citizens that makes the difference to educational outcomes, safer communities, improving health…… That is where results happen. Government should be about creating the conditions for that interaction to be successful and it forgets this at their cost.

2. **Many of the results that matter are co-produced with citizens**
   Educational achievement is as much (if not more) about what parents do as what schools do. Similarly, meeting the challenge of obesity, community safety, environmental sustainability and most of the “wicked” public policy issues will require an approach that motivates and engages local people.

Government policy can sometimes be a long way from that interaction and the levers for motivating and changing behaviour are not the normal focus of most policies.

3. **Government is organised in vertical silos, yet the outcomes they are after often go beyond departmental boundaries**
   In every country I work I find that the policy areas that governments want to crack involve more than one department. The only way to tackle youth unemployment is to get departments like education, skills, employment and communities working together. To make progress on anti-social behaviour involves departments including Communities, Education, Home Office, Justice… and many more. However you organise government, you get silos. So the challenge is to find ways to get departments working together.

4. **All improvement means change**
   Both incremental improvement, as well as more fundamental innovation, means that people need to change their behaviour. It also means that government departments need to change theirs – to get synergies with their policies and activities. If we do what they have always done then the public will get what they have always got. Recognising that this involves people suggests that just having a policy is not enough.

5. **Leadership from the top sets the agenda**
   Both civil servants and those involved in delivery read the priorities of leaders by what they do rather than what they say. If leaders focus primarily on communications/media, new policy announcements or strategy then the system will respond to those concerns. Alternatively, if the focus is on whether citizens and those that are delivering services understand and share their priorities, the quality of services and are results being achieved on the ground then that will become a priority. And if the government cares about results, not just reform, and puts in place ways of knowing if they are meeting their ambitions then the system will know it matters.

So there are consequences from what the leadership of government does. High achieving companies have come to learn that from collective, consistent and coherent leadership comes transformational change. This collective approach has been proven to have benefits in both strategy formulation and in devising the policies that turn strategy into action. But business is also very clear that leadership is not just about strategy and policy – it is delivery that matters more.

The new government will need to address the way it provides leadership to the coordination of policy formulation, to policy implementation and to the approach it takes to hold departments to account for its results. In addition to the need to balance the books, they will also need to get more from public investment. We have already taken savings from within departments and now much more must be done from across departments. We have learned that implementing poor policy is a waste of public resources so it is critical to get the policy right first time. And, equally, a lack of focus on the implementation of policy leads to duplication, gaps in provision and poor results.

So, given the cross departmental nature of both of these activities there is now a task that can only be done by Downing Street, the Cabinet Office and HM Treasury working together. The search for coherence and consistency is not unique to the UK. I find, often, there are inconsistent messages coming from the office of the Prime Minister/President, the finance ministry and the ministry overseeing administrative reform about what matters leading to confused leadership.

The “centre” in the UK is generally regarded as Downing Street, HM Treasury and the Cabinet Office. Rightly so. It is there that the roles of strategic management, ensuring policy coordination and providing leadership to monitoring/improving performance across departments must be done – as it actually can’t be done by anyone else. And it is, of course, best done if the three work coherently, consistently and with focus. The government’s performance framework – be it implicit or explicit – is what makes that happen and it matters.

The current approach, through Departmental Business Plans, was intended to bring about a fundamental change in how departments

were held to account for implementing policy commitments. It is now possible to establish if this has brought about better results than the previous performance regime – based on outcomes and the centre playing an explicit role in supporting individual departments (and sometimes groups of departments) to achieve results.

The centre cannot abrogate its responsibility for the over £700 billion of public money that is spent each year. Everywhere I work I find the work of departments, and the government as a whole, is enhanced when the centre works effectively. Most are looking for ways to break down the tensions between the centre and departments – and creating frameworks that enable departments (at both ministerial and official level) to work better together. Applying this to government in the UK is complex – not least because of the interface of political leadership and managerial leadership. It is difficult for government to get right and we have seen in recent years the relationship between ministers and civil servants deteriorate. But the consequences of getting it wrong impact not only on the Civil Service but the entire delivery system; not least as departments look more inwardly and invest less in working across government.

As for accountability, that is also complex. I think the four tests of accountability that the Institute for Government developed for permanent secretaries can be applied more widely and the search should be for clarity (avoiding confusion by making more transparent who is responsible for what and to whom); sufficiency of control (ensuring those responsible have the ability to influence the factors for which they are held to account); sufficiency of information (having relevant performance information): and consequences (creating a link between performance and the rewards and sanctions that flow from it).

When the new government is in place, or preferably before, it will need to form a view on these issues. I hope the new administration will do three things as a priority.

Firstly, they need to think again about a performance framework. The new administration will be inheriting some new emerging delivery landscapes. But, as previously, the considerable policy overlaps require the government to find a unifying framework that incentivises and supports inter-agency working at government and local level. The

framework will need to reflect the diversity of provision of public, private and third sector bodies, and should focus on where outcomes are produced – in local communities.

Secondly, I hope the new administration will articulate more clearly the role that the centre will play in leading and managing government for results. It will need to ensure that there is sufficient leadership that encourages innovation, motivates frontline staff to secure the results they are after and enables those frontline staff to be responsive to citizens in finding new ways to improve services. I hope the centre will particularly focus on improving performance. The centre, if not the Cabinet as a whole, should invest in building an approach to collective leadership and should work together on providing leadership in defining the priorities (if everything is a priority then nothing is), value for money (because it is not just a Treasury issue) and in supporting cross departmental working in developing new policy and programmes – starting from the perspective of the citizen rather than Whitehall.

And finally, I hope that the centre will develop an approach to managing across departments that has a longer term focus, including breaking the cycle of late intervention to avoid the social and financial costs of addressing social problems only when they erupt. By the centre leading and managing government, recognising that the wicked public policy problems are not boxed in departmental siloes, they will begin to transform the way in which government works.

Citizen experience is not experienced in departmental silos. Nor are the motivations and agendas of many frontline staff. The sooner government realises this and adjusts the way it works, the better.

Ray Shostak CBE, former Head of the Prime Minister's Delivery Unit, Director General of Performance Management and member of the Board of Her Majesty's Treasury (2007-2011)

Delivering core public services with less money: transformation in the real world

Stephen Rimmer

Whatever public services are for, it seems a fair presumption that protecting the public from serious risk of harm will continue to be a core statutory duty and (as important) a moral imperative. The clarity of that mission, however, is belied by mind-boggling complexity – built up and regularly (though individually) reformed over many years – of roles, responsibilities, structures and working practices across the police, social services, education, health and criminal justice sectors (to name but a few). Little wonder that frontline professionals, let alone vulnerable people and communities, find it so hard to "navigate" their way through the maze.

It doesn't have to be like this. Imagine you are a police officer, investigating a case of a fluid network of middle aged men, using online and onstreet capabilities to groom and exploit teenage girls (a depressingly realistic scenario). The police – you – can't do any of this on your own. You need a clear "profile" of intelligence and information around victims, offenders, locations and institutions. You need to understand what social services are tracking around vulnerable girls, what health issues have surfaced, what's going on in the relevant schools, what probation has been doing with any offenders within the network, what the National Crime Agency has got by way of online links, what the local street-based agencies are getting by way of referrals, etc. And then you need to take collective decisions to respond to the profile, sequence interviews and other interventions with key partners, track who is doing what and who has lead responsibility for what. You might then have a fighting chance of nailing a particularly horrible and manipulative form of exploitation, rather than chasing your tails and getting bogged down by bureaucracy.

We shouldn't need to imagine this. All of it is technically within our grasp, via IT systems and "data protected" protocols – even if our legislative framework could do more to put information sharing across designated professionals as the default position, rather than (as it still feels too often) a favour to be exceptionally granted. It doesn't need co-location, just a trusted team of committed professionals working

to the same operating model. It doesn't need morphing of different agencies – the capabilities needed from the police, social workers, health visitors etc. rely on a range of complementary skills. It doesn't need extra money – public protection is core business for most of our key public services and this is therefore about core funding. We just need to get on and do it.

So why don't we? Why do so many cases of public protection failure or "near misses" – catastrophic lapses in the state's responsibility to protect its citizens, especially those who are vulnerable from those who are predatory – routinely pinpoint the lack of join-up between the key agencies as the core problem? "Lessons will be learned". Really?

There's no question that some parts of the country are already moving towards this kind of integrated operating model. Long gone are the days when any single agency can regard "partnerships" – a much maligned term, probably fairly as it's a bit lame – as a bit of froth or a shared pursuit of extra funding. When you look at Greater Manchester, for example, you see some really strong strategic leadership between the local authorities and the police increasingly connecting to a system that joins up a huge range of agencies to tackle "complex needs and dependencies". In my own area of West Midlands, we are starting to see a similar approach as we seek to "join the dots" both at the local authority level on violence and vulnerability issues, and across the region as a whole.

And of course at the national level, we have the Troubled Families Programme, operating to many of these principles, and genuinely driving a set of behaviours that puts integration at the heart of the delivery of services to the most challenging of families.

We need though to be honest about how some really powerful factors drive a very different set of behaviours. To illustrate:

- The policy, resource, legislative and regulatory environment within which most public services operate are defined by separate, singular departments of state and their agents. To take an obvious example, the formidable power of Ofsted almost exclusively bears down on local authorities, who are by no means the only public service responsible for "safeguarding" children;

- Accountability flows principally from the above framework and retains a strong compartmentalised identity all the way through the operational line of hierarchical public services. Integrated teams – which tend to work better the closer to the frontline (because closer to reality) – manage to work their way around a lot of this, of course (which in itself can be a waste of scarce resource), but when something goes wrong, their fate will be determined organisationally, and they are painfully conscious of that. Despite all the rhetoric, who has ever been sacked for not working together effectively?
- Leadership, at all levels, "didn't get where we are today by being collaborative". Most public service leaders are astute and thoughtful enough to know that they must move in this direction. Their – our – actual behaviour suggests otherwise. Most leaders are seen as successful when their personal impact comes to the fore – and it is human nature to feel better about yourself in such heroic circumstances – but those behaviours can easily generate distrust and scepticism amongst other agencies, and when the immediacy of "crisis" fades, egos trump any sense of shared mission;
- Whitehall remains uncomfortable with a model that generates a dynamic and increasingly integrated leadership locally. This of course is where Troubled Families itself can look a bit old-fashioned – a highly centralised programme, triggered by additional funding rather than core business. And the Whitehall culture – prizing personal impact over collaborative leadership and policy thinking over operational delivery – is well behind the curve.

These are big, stubborn, factors. So what can be done?

Well, two things help straightaway. One is less and less money. This really can change organisational behaviours far more profoundly than its opposite, and is clearly going to continue for the foreseeable future. The other is that the best work that gets done at the frontline incontestably operates to this model and is self-generating. Despite all the constraints and frustrations, the most important and transformative public servants – the ones who actually work together

to tackle these big challenging issues around risk, threat and harm – get on and operate in this way because it works.

Beyond that, I have a "wish list" of three to give some big impetus to this work:

First, whichever government is in office next year, let's have a 2015 Spending Review which structures the delivery of public services and allocates public money so as to incentivise core business in this way, not just a few "add on" pots and baubles as special announcements within a set of traditional compartmentalised departments. The Review itself should "model" the key operational set of required outcomes and trace back to what central government can do (or not do) to enable those outcomes to be delivered. That modelling should be directly informed and interrogated by bright, sharp, frontline practitioners – rather more than policy wonks.

Second, ensure any significant reform of any specific public service has to pass a short, sharp (and non-bureaucratic!) "integrated impact assessment" (IIA), i.e. the reform can only be implemented if it demonstrably adds value to public service delivery. Again, the IIA should be driven by sharp, frontline practitioners, not Whitehall. It would clearly help any government not to be saddled by a smorgasbord of unrelated commitments to improve specific services – why not organise joined up pre-briefings between aspiring ministers (and their shadow counterparts) and senior officials, rather than the usual department-by-department "dance", as one way of shaking the tree on this?

Third, the right "quid pro quo" for the centre to get more out of the hair of local services is to retain a line of accountability that relates to a small number of key outcomes. Any government should expect this level of collective accountability and consistency in service delivery. Those outcomes, I hope it goes without saying, must be the most important ones that really matter to communities, not necessarily the ones that are easily measureable. So in relation to public protection: victim reporting up, action against perpetrators up, high risk numbers of vulnerable people down, community confidence up. The smaller the number of key outcomes, the more the accountability for their delivery becomes genuinely shared across a number of public services.

That's it. Not revolutionary and not rocket science. I guarantee our delivery of public services on some of the trickiest, riskiest and most complex of social policy issues facing our nation will improve if we do this – recognising in the process that the best frontline teams are operating like this already and should be directly shaping the rest of our behaviours, rather than being patted on the head. Maybe that is quite revolutionary after all....

Stephen Rimmer, West Midlands Strategic Lead, Preventing Violence against Vulnerable People

Building our future: reforming Her Majesty's Revenue and Customs

Ian Barlow

The government, as a provider of services to the nation's citizens, needs to reflect and respond to the changing demands of those it serves, in the same way that innovative private sector organisations do. While, for the most part, citizens aren't able to exercise consumer choice in the services provided by government, that doesn't remove the responsibility from the Civil Service to ensure that it is keeping in step with modern practices, and innovating in its own right.

This is especially relevant to Her Majesty's Revenue and Customs (HMRC), which needs to provide effective, efficient and impartial services to its 41 million individual and 5 million business customers and keep pace with both consumer expectations of good service and government expectations of efficiency in revenue collection.

For much of the nine years since the merger that created HMRC, the Department has focused relentlessly on maximising tax revenues and sustainably reducing its costs. Last year, for the first time, it collected more than £500 billion in tax revenues – including £23.9 billion in additional compliance revenues – while reducing its costs by £235 million. It has also shrunk its workforce and estate from 97,000 full-time equivalent (FTE) employees in 560 offices in 2005 to fewer than 60,000 FTE in 190 offices today.[60]

Customer service, during this period, has focused on performance targets for answering phone calls and turning around post. Last year, HMRC delivered its best-ever results on these measures, answering 79 per cent of all calls and dealing with 83 per cent of post within 15 working days.[61]

These productivity, revenue and service gains have been achieved largely through continuous improvement, using a variety of lean methods to improve internal processes and performance, and improved IT to enable taxpayers to interact more efficiently with the Department, primarily by putting existing paper processes online.

60 Her Majesty's Revenue & Customs (2014), *Annual Report and Accounts 2013-14.*
61 Ibid.

And, of course, through the commitment and hard work of its people, who in my experience strive to provide a good service to taxpayers.

Incremental gains through continuous improvement, though, only take you so far: transformation involves making step-changes at important times. With the expectations of taxpayers for digital service continually increasing, as they experience huge advances in other aspects of their online lives – such as in banking, utilities, travel and shopping – and increasing pressure from government to deliver further productivity improvements and cost efficiencies, HMRC is making one of these step-changes.

HMRC has embarked on a radical and ambitious programme of change and innovation designed truly to put customers at the heart of everything it does. That means redesigning its processes around its customers, rather than around the taxes they pay or the benefits they receive.

There are three key enablers: enhancing digital services and making digital the channel of choice for customers; harnessing the potential of data; and developing its workforce with the new skills the Department needs for this digital and data future.

HMRC understands that this change is as much about delivering excellent customer service to support people to get their taxes and entitlements right in the first place, as it is about its more traditional enforcement and compliance activities.

It is in this context that HMRC's ambitions are to develop first-class, personalised online services, which, along with improved use of data and automation, will manage customer compliance "upstream". By making better use of the data it holds about its customers, HMRC's ambition is to personalise its services according to customer behaviours and needs, so they feel like HMRC really knows them. HMRC will also bring everything together in one place, so that customers, whether individuals or businesses and other organisations, can interact with it once and be done, rather than multiple times with multiple people.

An example is the launch of a new online account for small businesses this year, bringing together everything small businesses

need to deal with their tax affairs. The same services will be provided for their intermediaries and agents. Ultimately, every taxpayer will have their own personal account, where they can transact securely with HMRC, having the freedom and taking the responsibility for filing, making amendments as their circumstances change and, of course, paying their taxes.

There will still be a multi-channel approach with telephone back-up for those who can't interact online and personal contact, even home visits, for those who need extra help. But the vast majority will find it easier (and will prefer) to transact online, saving money and time for both taxpayer and HMRC and with increased transparency of data for both parties.

Effective use of data will not only ensure easier transactions by compliant taxpayers: it will also improve voluntary compliance, such as by automating and checking calculations to prevent inadvertent error, or by utilising intelligence and insights into customers' behaviours to inform the use of automated "nudge" techniques to prevent deliberate error. This will free up HMRC's tax compliance professionals to focus their energies on the small minority who are really trying to cheat the system.

What will it take to achieve these ambitions? None of this will be achieved without investment by HMRC in its people and the changing skills they will need in the future. This will be a smaller, but more nimble and professionalised organisation with far fewer manual, paper-based processes, and a need for more judgement in dealing with customers' needs and more analytical skills to exploit data in tackling the non-compliant minority. This is a challenging change journey for HMRC's staff, but one that provides opportunities for many to enhance their job satisfaction through acquiring new skills.

HMRC recognises the importance of investing in its own people – after all, like any organisation it is only as good as the quality, commitment and ambitions of its staff. HMRC has taken the bold step of instigating a national conversation, called *Building our Future*, setting out its vision of the future, but before the detail of the plans to get there have been thoroughly worked through. This is designed to engage its people in the Department's journey and to begin a

discussion about where HMRC has come from, what it may look like in 2020 and beyond and why. But most importantly, it is giving its people the opportunity to help shape and build that future.

Through *Building our Future*, HMRC will ultimately clarify the types of stretching job roles that its people will be doing, the skills and capabilities they will require, and identify where workplaces will be based and what they will look like. While the content of these conversations may not be entirely new – HMRC and its predecessor departments have a long history of innovation – what has changed is the pace of change and the opportunities presented by new digital technologies and better use of data and behavioural insights.

In return for including, involving and investing in its people, HMRC expects them to make a commitment to be flexible, ready to learn new skills, do new things and be ready to make the most of the forthcoming opportunities. It is only as one HMRC that it will meet the challenges of the 21st century.

What I have described is the journey that an ambitious leadership at HMRC is mapping out for the Department: a digitally-enabled customer service model, a data-driven approach to non-compliance and a changed workforce providing more skilled and challenging roles in fewer, but more modern facilities, where careers can be forged across different parts of the Department, leading to higher productivity through lower cost and improved yield. Idealistic? No, just ambitious and achievable. Indeed there are already developed exemplars of what the future will look like, some of which I have cited earlier.

I have described HMRC's journey in terms of its own priorities and responsibilities to Parliament – to collect all taxes due in the most effective manner. However, it can be readily seen how much of its agenda is relevant across government and how working together with other departments, particularly those that deal directly with individuals and businesses, could generate further efficiency and ease of access by citizens. The Government's reform agenda is already focusing on how shared approaches to resourcing and procurement across the Civil Service could yield savings and HMRC is playing a role in this through hosting some of these shared services. Data sharing is another area for further examination although from HMRC's

perspective its commitment to the confidentiality of taxpayer details is crucial to its effectiveness as the nation's tax collector.

The focus of Civil Service reform, in the end, is on the citizen, because that is who the government and Civil Service ultimately exist to serve – in the most efficient and effective way they can. The transformation that HMRC is undertaking to modernise, digitise and create services which start and end with customers is clear evidence that the Civil Service does have the right focus, the right vision and the right leadership and capability to reinvent itself to apply the principles it has established over centuries to the expectations and needs of the modern age.

Ian Barlow, Lead Non-Executive Director, Her Majesty's Revenue and Customs

Crime and punishment – learning from the past
Lord Warner

Labour's approach to youth justice

In its pledge card for the 1997 Election the Labour Party promised to halve the time for bringing persistent young offenders to justice. At the time this was seen as a major political problem with little effective action by a failing youth justice system to check the anti-social behaviour of many persistent young offenders. Not only was this pledge delivered within two years but a major overhaul of the youth justice system was implemented. This introduced multi-agency youth offending teams (YOTs) at the local level and a Youth Justice Board (YJB), nationally, at arms-length from central government and with scope to experiment. The Board monitored and directed performance improvement at local level and acted as a commissioner of custodial places for young offenders.

A wider range of community sentences (including the use of tagging) were introduced for offenders under-18, with the aim of reducing the use of custody. From a position where over 3,000 children under-18 were in custody the number has fallen to about 1,200 in 2014.[62] The potential of restorative justice both to reduce reoffending and improve victim satisfaction was developed but remains significantly underexploited among the adult population. The number of young people coming into the criminal justice system has reduced as has reoffending. Although the number of 18-20 year-olds in custody has reduced in recent years it still remains high at about 6,000.[63]

Labour's reformed youth justice system with its greater emphasis on effective community sentences, local multi-agency working and a dedicated independent body leading change, has shown the potential to reduce the high custodial population that is such a feature of the UK's adult criminal justice system. The key lessons from the successful youth justice changes are that to reform a dysfunctional

62 Youth Justice Board and Ministry of Justice (2014), *Youth Custody Report.*
63 Ibid.

system there has to be (a) a strong focus on desired changes at central and local levels; (b) a wide range of agencies and organisations have to contribute to solutions rather than simply leaving matters to the criminal justice system; (c) new systems, organisational forms and leadership are required; and (d) changes have to be explained and marketed to courts for their behaviour to change. Relying on existing criminal justice service organisations to drive the necessary change is unlikely to work.

The success of the youth justice changes in reducing crime, reducing re-offending and reducing the use of custody have all been independently validated. Yet despite this the Coalition Government tried to abolish the YJB who had driven the changes. This ill-considered decision was only stopped at the last minute in November 2011 by a cross-Party alliance in the House of Lords in which I played a part. Even today some in the Ministry of Justice are trying to nibble away at the independence of the YJB, despite its proven record in securing change by vested interests.

Changing direction

The former Chief Inspector of Prisons, Dame Anne Owers, in her 2010 valedictory lecture made it clear that in the past decade "there is no doubt that prisons became better places – better able to keep prisoners safe, provide a decent environment, offer some purposeful activity and provide some resettlement opportunities."[64] However looked for changes in individual behaviour do not stick because there are too many people housed in prison, often for too short a time to work with them and too often they are moved around the system too rapidly. About three-quarters of prisoners who have problems with both employment and accommodation on release reoffend within a year, compared with just over 40 per cent of those without these problems.[65]

If prison is to work better the population has to be reduced and that almost certainly means changing sentencing policy with a shift to more demanding community sentences and far fewer short and indeterminate custodial sentences. The upward creep in sentence

64 Owers, Anne (2010), *Valedictory Lecture*, Westminster Central Hall, 13 July
65 Brunton-Smith, I. and Hopkins, K. (2013), *The factors associated with proven re-offending following release from prison: findings from Waves 1 to 3 of SPCR*.

tariff, particularly for non-violent offences, probably needs review with a stronger emphasis on proportionality and greater judge discretion. However to make sentencing change publicly and politically acceptable a great deal more thought needs to be given to the system changes needed both in prisons and the community. Here we should draw on the lessons from Labour's successful youth justice reforms and the reports of Baroness Jean Corston on women offenders and Lord Keith Bradley on mentally ill offenders.[66] This will almost certainly mean changes to existing organisations such as the Prison Service and National Offender Management Service (NOMS) as functions are redefined and reallocated.

A new direction for punishment

So we know that in its present form prison doesn't really work for most of those subjected to it. We know we are now entering a period – possibly lengthy – when there will not be the public expenditure to continue as we have been doing over the past two decades. We are beginning to understand why crime is falling and changing (e.g. the decline in heroin and crack use, better policing, technological protection of goods and property, an ageing population, more white collar crime). We know that the offender population is not homogenous and that different groups of offenders have different needs – a view that prison services tend to struggle with. These factors point to finding a new approach to criminal punishment.

The starting point for change would be greater political acceptance of breaking down the offender population into separate categories, each with some commonality of needs, so that a more bespoke system of service responses can be designed around those needs. Without accepting that starting point it will be difficult to make progress.

A suggested set of offender categories for bespoke reform might be:

- Youth justice up to 18
- Young adults 18-24
- Women

66 Baroness Jean Corston (2007), *Review of women with particular vulnerabilities in the criminal justice system* ; and Lord Bradley (2009), *Review of people with mental health problems or learning disabilities in the criminal justice system*.

- Seriously violent or prolific adult males requiring higher security
- Other adult males
- Possibly foreign prisoners with view to deportation

It will be important to refine the definitions of these categories and to assess their merits and disadvantages and the relative priorities for action. Trying to make all these changes in one go would almost certainly be a mistake. It has taken a decade to produce the benefits of the youth justice changes. The Corston and Bradley Reports provide a strong basis for progressing more rapidly changes for women and mentally ill offenders. Consideration could be given to extending the remit of the YJB to cover young adults on a phased basis in order to speed up progress in this area.

A new policy dimension should be added to future offender policy and rehabilitation of offenders and that is increasing the role of local government. Most offenders on community and short prison sentences – say up to three years – could reasonably be regarded as the responsibility of the local authority of their area of residence, male or female. They are likely to go back to that area and the local authority may well have to deal with their housing needs, a critical issue in rehabilitation. Local people will be more familiar with employment opportunities and skills development than staff in a more remote prison.

Local authorities are used to buying in services from a mixed economy of providers and have done this in social care, leisure services, refuse collection and social housing. These contracting skills are very much those needed for shifting the approach to changing offending behaviour. Tagging and curfews provide services that local authorities could buy in to restrict liberty as part of punishment, together with the organisation of payback schemes that YOTs have done for under-18s. It would be possible for local authorities to run weekend and evening custodial facilities with lower security costs than traditional prisons so that employment could be maintained, as happens in parts of Europe. Local authority participation in new Health and Wellbeing Boards would give them more leverage in ensuring the NHS played a fuller part in meeting the mental health and addiction needs of offenders.

There is no reason why local authorities – or consortia of them –

should not be given the budgets for local prisons and those on community sentences to buy in the services required to meet the needs of the courts. The prison and probation services would be able to set up social enterprises to bid to provide service for these less serious offenders, along with service providers from the private, voluntary and social enterprise sectors.

For the more serious offenders, where the security of the public was paramount, it would continue to be the responsibility of the Prison Service or approved private contractors to run the custodial services and manage the re-entry of released prisoners to society. It would be necessary for the overheads of the Prison Service to be reduced appropriately. It is difficult to see much of a role for NOMS after shifting much of the responsibility and budget to local authorities who would need to be compensated from these savings for their new management responsibilities.

Conclusions

In the current and foreseeable financial climate for public services the evidence suggests that it is poor value for taxpayers' money to finance a prison population of around 85,000.[67] To downsize that population and improve rehabilitation, sentencing policy for less serious offenders needs to change but so do the services and their organisation for underpinning a shift to more local and community-based punishments. The next government should learn from the success of Labour's youth justice reforms and the lessons in the Corston and Bradley Reports on redesigning services and around new categories of offenders. Local authorities should play a much greater role in the organisation and purchasing of services for the less serious groups of offenders. Consideration should be given to a phased and orderly transfer of the budgets for funding these contracted services to local authorities or consortia of local authorities, over the lifetime of a Parliament.

Lord Warner, Former Chair of Youth Justice Board (1999-2003), Former Health Minister (2003-2007) and Member, *Reform's* Advisory Board

67 Criminal Justice Alliance (2012), *Crowded Out? The Impact of Prison Overcrowding on Rehabilitation.*

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