

Government Reimagined



A Handbook for Reform

Findings from the Policy Exchange Reform of Government
Commission, Chaired by Dame Patricia Hodgson

Report by Benjamin Barnard



UK Government

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About the Commission

The Policy Exchange Reform of Government Commission is comprised of the following members:

Dame Patricia Hodgson DBE, Chair of the Policy Exchange Reform of Government Commission. Dame Patricia is Deputy Chair of Policy Exchange. She is a Board member of the Centre for Data Ethics and Innovation, the AI Council and the Science & Technological Facilities Research Council. She was previously Chair of Ofcom, Principal of Newnham College, Cambridge, and Senior Independent Non-Executive Member of the Competition Commission. In her executive career, Patricia was a producer at the BBC, a main board Director between 1993-2000, leading on strategy, policy and the BBC's switch to digital, before becoming Chief Executive of the Independent Television Commission. She has served on the Statistics Commission, HEFCE, The Wellcome Trust and the Committee for Standards in Public Life.

Rt Hon Hazel Blears is a former Labour Party politician. She was the MP for Salford from 1997 to 2010, and MP for Salford and Eccles from 2010 to 2015. She served as Secretary of State for Communities and Local Government from 2007 to 2009 and as Chairwoman of the Labour Party from 2006 to 2007. Between 2001 and 2003 she was the Parliamentary Under-Secretary for Health. In 2003, she became Minister of State for Policing, Security and Community Safety. She was also a Member Labour Party National Executive Committee from 2004 to 2010 and a member of the Intelligence and Security Committee of Parliament from 2010 to 2015. After leaving Parliament in 2015, she was elected as a Member Nominated Director of The Co-Operative Group, and founded Salford University's Dementia Institute, receiving an honorary doctorate in 2019 for her services to dementia research. She is also a long-standing trustee of the Social Mobility Foundation and an Alzheimer's Society Ambassador.

Rt Hon Lord Hill of Oareford CBE, PC contributed to this report until November 2020, when he was appointed by the Chancellor to lead the Review of the UK Financial Services Listing Regime following Brexit. Lord Hill is a Conservative member of the House of Lords, serving as Leader of the House of Lords and Chancellor of the Duchy of Lancaster between 2013 and 2014. Formerly an adviser in Whitehall in the 1980s and 1990s, he worked at three government departments - Employment, Trade and Industry and Health - before joining the Number 10 Policy

Unit in 1991. He was Political Secretary and Head of the Prime Minister's Political Office from 1992 to 1994, running Prime Minister John Major's campaign during the 1992 General Election. In 1998 he founded Quiller Consultants, a strategic communications consultancy. From 2010-2013, Lord Hill served as Parliamentary Under Secretary of State for Schools. In July 2014, Lord Hill was nominated as Britain's European Commissioner, where he acted as European Commissioner for Financial Stability, Financial Services and Capital Markets Union until 2016.

Rt Hon Sir Lockwood Smith KNZM is a former New Zealand High Commissioner to the UK and Ireland (2013-2017) and served as speaker of the New Zealand House of Representatives between 2008 and 2013. Smith served as a Member of the New Zealand National Party from 1984 until his retirement in 2013. First representing the Kaipara electorate, and later Rodney electorate, Smith was the Minister of Education, Minister of Agriculture, Minister for International Trade, and Associate Minister of Finance. He was appointed a Knight Companion of the New Zealand Order of Merit in the 2013 Birthday Honours for services as a Member of Parliament and as Speaker of the House of Representatives.

Lord Macpherson of Earl's Court GCB was former Treasury Permanent Secretary. Lord Macpherson is a crossbench Member of the House of Lords, serving on the Parliamentary Works Estimates Commission and the House of Lords Audit Committee. Formerly an economist at CBI and later Peat, Marwick & Mitchell, Lord Macpherson worked for the Treasury from 1985 until 2016. In 2005 he was appointed Permanent Secretary to the Treasury. Lord Macpherson has served as Chairman of C Hoare & Co since 2016 and is also a Visiting Professor at King College London and Trustee of the Royal Mint Museum.

Trevor Phillips OBE, Senior Fellow at Policy Exchange. Trevor Phillips is a writer, broadcaster and businessman. He is the Chairman of the Green Park Group, a leading executive recruitment consultancy, and co-founder of the data analytics firm Webber Phillips created with Professor Richard Webber in 2014. He was, until June 2018, the President of the John Lewis Partnership, Europe's largest employee-owned company. He is an award-winning TV producer and presenter, with three RTS journalism awards to his name. He is a Times columnist and hosts Sky's 'Trevor Phillips On Sunday' programme'. Trevor is also Chairman of Index on Censorship, the international campaign group for freedom of expression, and was founding chair of both the Greater London Authority, and of the Equality and Human Rights Commission.

Rt Hon Marquess of Salisbury KG, KCVO, PC, DL served as a Parliamentary Under-Secretary for the Ministry of Defence, and Lord Privy Seal and Leader of the House of Lords from 1994 to 1997. Lord Salisbury is a Deputy Lieutenant in Hertfordshire and was Chairman of the Thames Diamond Jubilee Foundation. He was knighted by the Queen in 2012 and was appointed a Knight Companion of the Order of the Garter (KG) in February 2019. Lord Salisbury is also Chancellor of the University of Hertfordshire and the Chairman of the Constitution Reform Group (CRG), a cross-party pressure group which seeks a new constitutional settlement in the UK by way of a new Act of Union.

General Sir Peter Wall joined the Royal Engineers in 1974 and had a 40 year career in the Army, finishing his service as Chief of the General Staff from 2010 until 2014. He had previously been Head of Operations in the Ministry of Defence and Commander-in-Chief Land Forces. He has served all over the world including operations in Rhodesia, the Balkans, Iraq and Afghanistan. After leaving the Army he co-founded Amicus Limited, a leadership advisory business where he is a director. He is also a director of the General Dynamics Corporation and President of Combat Stress, the UK veterans' mental health charity.

Lord Caine of Temple Newsam, former Special Adviser to six Secretaries of State for Northern Ireland. Lord Caine was nominated for a life peerage as part of David Cameron's Resignation Honours in 2016. Since July 2020, Lord Caine has served as Deputy-Chairman of Committees in the House of Lords.

Rt Hon Baroness Morgan of Cotes PC, is a former Education Secretary and Secretary of State for Digital, Culture, Media and Sport. Baroness Morgan was the Conservative MP for Loughborough from 2010 until 2019. Baroness Morgan was Economic Secretary to the Treasury from 2013-2014 and became Financial Secretary to the Treasury in 2014. Baroness Morgan was also appointed Minister for Women and Equalities from 2014 to 2016. She also chaired the House of Commons Treasury Select Committee for 2 years. She was appointed as a Conservative Life Peer to the House of Lords in January 2020 and serves on the House of Lords COVID-19 Committee. Baroness Morgan is also a qualified solicitor. Before entering Parliament she worked as a solicitor specialising in M&A. She is now a Non-Executive Director on several Boards and a consultant on digital and tech matters to the law firm Travers Smith.

Ben Houchen is Tees Valley Mayor. Ben Houchen was elected as the first Mayor of Tees Valley in May 2017. He was reelected in May 2021 after winning 73% of the vote. Prior to becoming Mayor, Ben was a Councillor on Stockton-on-Tees Borough Council, representing Yarm and Kirklevington Ward. Ben is a qualified solicitor; he has worked for two local firms specialising in commercial litigation and employment law.

About the Report Authors

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Chris Brannigan, Project Manager. Chris Brannigan is a Senior Fellow at Policy Exchange. Most recently he was at the No10 Policy Unit providing policy advice to the Prime Minister. He was part of the Integrated Defence, Foreign Policy and Development Review Task Force. Prior to that, he was Director of Government Relations to Prime Minister Theresa May.

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- Sir Stephen Laws, KCB, QC,
- Lord Lisvane, KCB, DL
- Rt Hon Lord Maude of Horsham PC,
- Rupert McNeil,
- Dame Sue Owen, DCB,
- Lord Sedwill KCMG, FRGS
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Endorsements

“I am delighted to welcome Policy Exchange’s Reform of Government Commission report as an important contribution to this crucial debate. If we are to face the blizzard of future technological, environmental, and economic challenges and changes, we must embark on a reform and modernisation programme so that government serves the public better. Covering a wide range from the history of Civil Service reform to the Sisyphean challenge of upgrading our digital and data infrastructure, this report is a valuable guide to modernisation of government. As this report argues, Ministers and officials will ensure the promotion of the most capable Civil Servants, with promotion based on talent rather than time served. This will help us to level up opportunity and build back better after the pandemic.”

Rt Hon Michael Gove MP, Chancellor of the Duchy of Lancaster

“This is an authoritative and timely report. Crucially, the Commission addressed governance as a whole, encompassing both the political and professional elements of public service. In considering their recommendations, central, devolved and local governments should likewise maintain a comprehensive perspective.”

Lord Sedwill, former Cabinet Secretary

“I congratulate the Policy Exchange Reform of Government Commission on this timely report. The levelling up agenda, including the dispersal of national government offices and functions, provides a clear opportunity to align local and national priorities. This opportunity must be grasped.”

Sir Howard Bernstein, former Chief executive of Manchester City Council

“This is not another report setting out the problems; the Commission has grasped the big questions on civil service reform with a really constructive set of proposals.”

Dame Sue Owen, former Permanent Secretary in DCMS

“This report is both a timely and well-researched contribution to the ongoing debate about the reform of the Civil Service and, therefore, the efficiency, effectiveness and modernisation of government.

There is a reminder of the work of the Fulton Committee in the late 1960s, upon which Richard Crossman, a then Cabinet Minister, had quite a lot to say in terms of the experience outlined in *The Crossman Diaries*. Had reform been carried through vigorously at that time, the Civil Service might well have been better prepared for the following 50 years of extremely rapid change. That is why the recommendations relating to technology are very welcome. All of which, of course, should not just be about the efficiency of the Whitehall machine, but its relationship with citizens, users of services and business.

Chapter 6 in relation to Arm’s Length Bodies is particularly relevant. Lack of accountability and transparency have bedevilled proper scrutiny for the whole period since what academics describe as “the hollowing out” of the State.

Given the recent controversy the role of Lex Greensill, and those from outside business and commercial interests embedded within the Civil Service, it is appropriate that the report reminds all of us that it is crucial that proper safeguards are put in place in order to ensure that relevant experience can be drawn in, rather than taking a step back from recruiting the best people in the most relevant circumstances.

The current gestures to further devolving civil service functions outside the capital is dealt with sensitively and, in my own view, presciently. It is, as pointed out, important that there is a synergy where departments working outside London are not simply dropped into a community in order to fulfil a political pledge, but rather to ensure that there can be integration of functions, much more cross departmental working, and building on the decentralised provision that already exists. This ranges from the north-east of England, Leeds, Sheffield and Liverpool, and, of course, in Wales and Scotland.

Most interesting, from a politician’s point of view, are the recommendations in relation to offering the right skills and support to incoming Secretaries of State and Ministers. This has never existed and is detrimental to the effective implementation of political priorities and policies, but also to ensuring a robust but constructive and successful relationship between politicians and their advisers, and the permanent officials there to serve whatever government is elected by the people; and to be outward facing in terms of providing both efficient administration and the delivery of services.”

Rt Hon Lord Blunkett PC, former Home Secretary

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Chair's Foreword

Dame Patricia Hodgson

In a little over a year, three seismic events have transformed our understanding of what it takes to govern the UK effectively in a strikingly new world. Elections, national and local, signaled a change in tribal loyalties, reflecting frustration with some of the impacts of global technocracy. The UK has left the European Union and set about recalibrating international trade and defence relationships. Throughout all this, the Covid pandemic shut down normal life, testing people and structures of government like nothing since the war.

This report is about the structure and capabilities of government, including the lessons from that extraordinary period; not about blame for things that went wrong but about learning from things that went right. Above all, it is about leadership, in government and public service. Organisations I know well, from media plcs to comms companies, government departments to regulators, succeed when they have talented leaders able to manage teams with the right mix of policy and business backgrounds, public service and operational experience, technical and delivery skills. And this is precisely what has worked for government during the pandemic.

Covid produced new patterns of cabinet and cross-departmental working. Public, business and military skills came together to impressive effect, whether in building Nightingale hospitals or delivering the national vaccine programme. But the pandemic has been merciless in highlighting political or bureaucratic failings; many systemic.

This Commission took evidence from serving and past ministers, officials and politicians at home and abroad, leaders of central and local government, academics, specialists and consultants. We learned from serving officials of frustration with bureaucracy and an appetite for the managerial freedoms and mix of skills brought in to deal with the crisis. Key themes commanded support:

- Large scale data management, to inform policy and personalise services, is at the core of modern government. During the pandemic the Universal Credit system coped with a six-fold increase in applications. Sharing of digitised medical data bases enabled hospitals to plan and catapulted research forward years in a matter of months. But other systems struggled, failed to work across departments or to produce data at speed. The Cabinet Office is charged with gripping these issues. It needs resource and ambition to recruit technical skills in an expensive market as well as political

support to bring together digital policies scattered across too many teams and systems that fail to talk to one another. It also needs to set easily understood standards for automated data systems so the public can trust that human beings are ultimately accountable for decisions affecting their lives. A dedicated Select Committee, on the lines of the PAC, should ensure parliament and therefore voters audit government digital outcomes. Smart data can inform policy, bring consultations and services closer to the public and cut administrative costs.

- Nearly 60% of voters polled for this report supported the idea of decentralising core parts of the machinery of government out of London to cross-departmental regional hubs. Such hubs can work with local authorities to bring services closer to people, generate investment and inform central policy from the ground up with local experience as well as a wider pool of recruits. Consolidating existing local offices into these hubs would combine cost-saving with greater impact. A key addition to current plans should be to channel investment in training and technical skills into partnerships with employers, local organisations and colleges. The digital and data revolution should be harnessed to align local and central information systems and bring information and consultation, as well as delivery, closer to people. Local medical, housing and transport data, for example, can better inform central policy, while digitised services should provide opportunities for the public to register issues and feel listened to in a way they currently do not.
- Cabinet and departmental structures must be matters for the government of the day. But systemic failures (due to duplication of functions, too many bureaucratic layers, mismanaged budgets, lack of skills or confused accountability) are always with us. They require constant attention across party and parliaments. But the pandemic provides fresh impetus. It has taught us that responsibility for policy and outcomes is indivisible and it must be clear where that responsibility lies. Project and contract management may need recruits from the business world. But generalists should expect to train in necessary skills – managerial, technical or operational - and receive a premium for accredited skills; certain career paths should be managed to include business or other relevant outside experience, subject to clear and enforced ethical boundaries. Outcomes not outputs must be measured and rewarded. HR must shift focus from job-creating processes and box ticking to state-of-the-art recruitment, pay and career management. Accrual budgeting would allow operational and capital spending to be better managed across year ends. Training for officials in literacy and numeracy, from spread sheets to good English, should be par for the course.

These are necessary reforms; part of the constant need to modernise government. But they are not enough. All organisations depend on leadership. For government, success depends on how well politicians set directions and on the managerial as well as policy capability of senior officials to deliver. Current incentives that make it better for officials to delay a difficult decision and hope to move on rather than take the risk of failing, must change. All this requires:

- Leadership from No 10 through the kind of capability it brought to the Integrated Defence Review or the vaccine programme;
- Flexibility for ministers to appoint expert advisers to inform their own grasp and ability to set direction, again within a clear ethical framework; more attention to developing ministerial expertise in their careers, from portfolios in Opposition to training in government; grouping of departments by issue under cabinet committees to dismantle duplication and siloes; such groups providing broader experience and career opportunities for ministers and officials;
- Better tools to help ministers maintain policy direction, including through Strategic Letters of Intent to departments and government agencies and Directions when necessary;
- Permanent Secretary roles to be recalibrated where appropriate to reflect CEO as well as policy responsibility, with commensurate accountability and reward. Most government departments, especially those with delivery responsibilities, match big business for scale and complexity. Career paths for politicians and civil servants are very different and pay frameworks should be unlinked, so the managerial or technical skills required at top level for officials can be better rewarded. A pay framework that depends too much on surviving for a pension fuels an inward looking, defensive culture.
- Officials to be expected to recruit and manage the teams they lead and be accountable for performance. Leadership means responsibility for the capabilities, pay and promotion of staff, for integrity and accountability. Management cannot be left to box-ticking or outsourced to HR.
- More effective programmes to recruit and develop a greater diversity of skills, background and outlook. A successfully diverse service requires training and well managed careers. Current short cuts, based on suppressing evidence of qualifications in appointment processes and automated sifts testing 'behaviours' rather than experience, drive out talent and encourage managers to game the system by only appointing people they know – the opposite of what is intended.
- Flexibility to pay better in key areas, but with accountability for outcomes; funded by requiring more from fewer people:

- Key skills, not least professional, digital and data need to be better rewarded, to improve recruitment and retention and aid career management, particularly in mid-career, across the business and public service world. There is evidence that reasonable uplifts, alongside the intrinsic interest of public service, would succeed. But leaders with outstanding digital and data skills will need to be paid multiples of existing pay bands.
- Civil servants should stay in key jobs for longer so expertise is built and collective memory achieved. Officials move even faster than ministers on average. Practices that prevent promotion or pay rises on merit unless moving jobs must change.

Focused change is needed rather than an overall pay review beset by complexity and opposition.

Polling for this report showed that around 60% of the public think the civil service lacks some or many of the capabilities it needs and that it partially or more seriously 'doesn't understand people like me'. Successful commitment to the kind of changes outlined above could affect the votes of a third of the electorate. Voters want a government fit for the technical and global challenges of the 21st century. At the same time, there is a wave of support for public servants visible through the pandemic. This will inspire many who would not have thought about a career in public service to do so. They deserve the tools, the training and the rewards to enable them and their leaders to succeed as we rebuild.

Executive Summary

The Importance of Reform

- **Comprehensive modernisation of government in the United Kingdom is urgently required.** It can no longer be treated as a worthy but non-essential pursuit of secondary importance to day-to-day problems and crises. The success of every policy initiative depends upon the capacity and capabilities of government itself. Addressing any dysfunctions at the heart of government will improve the quality of legislation, the delivery of public services and the accountability of government overall, to the benefit of every citizen in the UK.
- **The Government must embark on a comprehensive modernization and reform programme.** Past national crises have precipitated effective and lasting reforms to government in the United Kingdom. The aftermath of the COVID-19 pandemic provides both the opportunity and the imperative to re-evaluate the processes, organisational design, structure and culture of government. Reform is essential if future governments are to deliver upon their election promises and if electoral trust in the political system is to be maintained.

Lessons Learnt: A Brief History of Reform

- **Many of the problems identified by the Policy Exchange Reform of Government Commission are perennial in nature.** The shape and nature of government in the United Kingdom is the product of complex historical forces. An appreciation of these forces should guide any future reforms. Chapter One of this report explores past reform initiatives, from the 1854 Northcote-Trevelyan Report to the present. This chapter shows how the founding ideals of a highly professional Civil Service based on open competition and promotion by merit must never be compromised.
- **In the past, reform initiatives have often petered out or failed to achieve their aims.** This is usually due to a failure to set clear objectives for reform or to sustain long-term focus on the reform agenda. Effective reform of government requires strong leadership and robust performance monitoring. As the Fulton Committee on the Civil Service (1966-1968) grasped, however, reform is about

more than individual initiatives or programmes. Reform must include the cultures, practices and skills that are valued in the Civil Service and in wider public administration.

Civil Service Capability, Capacity and Culture

- **The Civil Service must recruit, maintain and develop a skilled, talented and capable workforce that can implement the manifesto commitments of elected Governments.** The successful implementation of wider reform initiatives is itself reliant upon the development of these skills and capabilities. It is essential to ensure excellence at every level of government, amongst those with both general and specialist skills.
- **The Civil Service must do more to attract, support and integrate external recruits.** This will increase the diversity of skills and experience of those working in the public sector. However, conflicts of interest must always be managed carefully. Higher salaries may also need to be paid in key areas in order to attract high calibre talent into the Civil Service. Any changes to the pay of Senior Civil Servants should be focused rather than general. Such changes must be introduced gradually as individual roles are re-evaluated in line with the expectations of the private sector.
- **The Civil Service suffers from a lack of specialist skills, which can reduce the effectiveness and efficiency of government projects and programmes.** Although the recently established Curriculum and Campus for Government Skills will help to improve the situation, the Civil Service Fast Stream must be reformed to develop the talents and skills of future leaders. The Government must also dramatically increase the number of SROs (Senior Responsible Owners, who oversee project implementation) if it is to successfully deliver on its promise to redress Britain's historic underinvestment in infrastructure through £600 billion of gross public sector investment over the next five years. The Government must also address its reliance on consultants, contractors, and temporary staff by exercising greater central controls on departmental spending with consultancy companies.
- **Frequent and uncontrolled job movement within the Civil Service can prevent public servants from developing deep expertise in policy areas.** Whilst the restoration of in-post pay progression may help to address this problem, it is essential that there is robust performance evaluation to prevent spiralling costs. Furthermore, recruiting managers must have the power to select their own teams and must also have access to all relevant information, including past performance records and relevant qualifications.

Ministerial Capability and Support

- **Ministers must take greater responsibility for leading departmental change and for the reform of government.** If Ministers are to be truly accountable to Parliament and to the public for the policies, decisions and actions of their departments and agencies, it is vital that departments are responsive to their leadership and direction. However, the process of improving the efficiency and effectiveness of government is not one of simply reforming the Civil Service. Ministers must also develop the skills required to lead a department successfully.
- **Ministerial priorities should be set out through comprehensive and accountable frameworks.** Ministers should issue letters of strategic priorities to Permanent Secretaries containing clear targets for the department. Ministers should also have active involvement in the drafting of Outcome Delivery Plans (ODPs). ODPs are to be introduced later this year and will require departments to set out strategy and planning information for the delivery of departmental priorities. Since 2014, Permanent Secretary appointments have been based on a five-year fixed tenure. Renewal of Permanent Secretaries' contracts should be conditional on their track record for reform, as set out in ODPs and in Ministerial letters of strategic priorities.
- **At present, ministerial reshuffles are too frequent and Ministers are overstretched by competing and contradictory expectations.** Ministers must be better prepared and supported so that they have both the incentive and the capacity to tackle long-term policy problems. Ministerial training courses should also be introduced for both current and prospective Ministers, emulating the one recently established by the Infrastructure Projects Authority and the Said Business School on infrastructure spending. To improve the availability of expert advice, Extended Ministerial Offices should be restored. The process of establishing an EMO should also be simplified.

Structures, Systems and 'the Centre'

- **Reform to the structures of central government has not kept pace with the complexity of modern policy and delivery challenges.** As the Covid-19 pandemic has demonstrated, the Government must constantly manage complex and dynamic cross-cutting policy issues that span across departments. Despite this, it is still structured according to narrow departmental 'silos' established in the early 20th Century. This makes it difficult to tackle problems which cut across departmental boundaries in a coordinated way and gives rise to inefficiencies as departments perform operational functions (such as HR) in parallel to each other.

- **The Government must strengthen horizontal structures across departments (such as the so-called 14 Government ‘functions’).** It should also make greater use of joint ministers, cross-departmental task forces and joint funds. Crucially, it must streamline the number of Cabinet Committees and ensure that each Committee has the administrative resources to implement decisions. If Downing Street is to provide the Government with coherent organisation and leadership, it is essential that its engagement with departments is not hampered by asymmetries of resource. Furthermore, relations between central departments (such as HM Treasury, the Cabinet Office and No 10) and other government departments can be exacerbated by tensions over budgets and public expenditure. The Government should press ahead with its planned Green Book and procurement reforms and should review the entire business case and bid appraisal process.
- **Departmental and portfolio decisions can only be a matter for the government of the day.** Whilst so-called “Machinery of Government” changes can be expensive and ineffective, it is vital to have a flexible and adaptable machinery of government. As a result, the Government should develop a dedicated and highly specialised capability to ensure that Machinery of Government changes are smoother, quicker and cheaper when they do occur.

Ending Digital by Delay: Harnessing Digital, Data and Technology for Better Government

- **Digital, data and technology can transform the policy-making process and improve the delivery of public services.** Whitehall’s departmental structure makes it intrinsically difficult – though not impossible - to pursue a coordinated and innovative approach to digital, data and IT. The purchasing of new technologies and the development of digital systems often occurs in parallel across government departments, even though the requirements or business operations of the technology being used are often identical. This makes it difficult to design citizen-facing services that span across multiple departments and difficult for departments to access relevant high-quality data.
- **The digital transformation of Whitehall requires strong leadership.** The Government must still aim to appoint a Government Chief Digital Officer (with a merited salary package and the status of a Permanent Secretary) and each major delivery department should appoint a Second Permanent Secretary focused entirely on digital transformation. The new Central Digital and Data Office (CDDO) must, as a matter of urgency, simplify the digital governance landscape and complete a comprehensive review of every department’s data assets with a view to identifying areas of duplication and improving data-sharing across Government

through the use of application programming interfaces (APIs) and interoperable registers. The further personalisation of online government services will also make it simpler and easier for businesses and citizens to access information and services relevant to their needs.

- **Government use of emerging and disruptive technology requires ethical oversight.** It is also essential to ensure accountability for progress when it comes to the digital transformation of Whitehall. A Digital and Data Audit Office should also be established. Modelled after the National Audit Office, with a corresponding Parliamentary Select Committee, this will ensure that there is sufficient technical and ethical scrutiny of Government digital services and products.

Reform of Public Bodies and Public Appointments

- **Any effort to reform government must include public bodies at its heart.** As Chapter Six of this report shows, the lives of citizens are dictated by the work and decisions of organisations that are in some way subordinate to, or independent from, central and local government. Despite this, the complexity of the public bodies landscape results in a poor public understanding of the role that public bodies play and their relationship to elected politicians.
- **The focus of public bodies reform should be on the overall transparency and accountability of public bodies.** The Government should launch a review of all agreements between Arm's Length Bodies (ALBs) and government departments (which take different forms) to ensure that they are fit for purpose. It should also urgently complete a review of all emergency powers so that Ministers can take control of failing public bodies during crises.
- **If a government is to implement its manifesto commitments, it must ensure that public appointments are of the highest quality.** The long, complex and formulaic process can deter highly qualified potential appointees from engaging in the appointments process. The system needs to be fully professionalised, streamlined and, ultimately, made more flexible when appropriate.

Connecting with the whole United Kingdom

- **The UK government has committed to moving 22,000 Civil Service jobs out of London by the end of the decade.** Measures to reshape the geographical distribution of civil servants into regional hubs will lead to efficiency savings, will encourage regional economic growth, will widen the labour market from which civil servants are recruited, and will help to challenge the perspectives of civil servants by bringing them closer to the people they serve. Decisions on relocation should be made in such a way as to break

down departmental silos. Teams from different departments working on related problems should be relocated together. Regional cross-departmental hubs should also be used to develop local apprenticeship and training programmes.

- **Whilst devolution and its difficulties are major issues are deserving of further analysis, the strengthening of local institutions of government is a crucial aspect of reform.** Local institutions of government should be the most effective and efficient, leveraging their proximity to local needs and infrastructure to judge the wants of local populations. However, due to the wide dispersion of economic activity across the UK, it is not always possible to develop local tax powers over income, corporation, capital and expenditure that would yield the revenue needed to fund public services at a local level. This has resulted in the development of a complex grant system that can vitiate local initiative through overly prescriptive policy guidance. Regional cross-departmental hubs can provide the basis for improved partnerships between central and local government by aligning local and national strategies.
- **The machinery of government must support the Union.** At present, there is a poor framework for intergovernmental relations and formal engagement mechanisms (such as the Joint Ministerial Committee) are too often side-lined. Developing coherent, stable and efficient structures for engagement will enable more effective government post-COVID.

Introduction

The Challenge

The United Kingdom has a worldwide reputation for the quality of its institutions of government and its high standards of public administration. The principles of impartiality, objectivity, honesty and integrity shared by Her Majesty's Home Civil Service, the Northern Ireland Civil Service and Her Majesty's Diplomatic Service are a particular strength of government in the UK. Public servants of the highest calibre can be found at every level in central, devolved, local and other strata of government across the UK. They regularly design and implement ground-breaking legislation, deliver multi-billion pound programmes and projects and develop complex policy and regulation. This is achieved without the incentives familiar to the private sector, such as a bonus culture, share incentives or high levels of executive pay.

Despite this, the UK ranks lower than all of the members of the G7 on the World Bank's Government Effectiveness measure, with the exception of Italy.¹ The capabilities of the UK Government have come under increased pressure in the past five years. The administrative challenges of Brexit and Coronavirus have tested our structures of government and our public servants like never before. The UK's response to these crises has, in places, served as a testimony to the exceptional strength, flexibility and power of government in the UK. Nonetheless, the UK's response has all too often laid bare the long-term structural deficiencies of the British state and the obstacles to effective government.

Comprehensive modernisation of government can no longer be treated as a worthy but non-essential pursuit of secondary importance to the day-to-day problems facing government. The challenges currently facing the United Kingdom are unprecedented in the post-war period. Whilst government in the UK has, historically, consumed and redistributed around 40% of GDP, the Coronavirus Crisis has taken state spending as a proportion of GDP to its highest for half a century.² Similarly, the Government has announced that it will redress Britain's historic underinvestment in infrastructure, with £600 billion of gross public sector investment over the next five years.³ Although Policy Exchange is keen to emphasise the importance of pursuing a pro-growth economic agenda post-COVID, government at every level must have the capacity and capability to oversee such historically unprecedented levels of state spending.⁴ Government must evolve and adjust if it is to achieve the UK's 2050 net-zero target, make the most of the opportunities from Brexit,

1. World Bank (2019) *Worldwide Governance Indicators*, 2019, [link](#)

2. OBR, *A Brief Guide to the Public Finances*, 6 January 2021, [link](#)

3. HM Treasury, *Build Back Better: Our Plan for Growth*, 3 March 2021, [link](#)

4. Policy Exchange, *A pro-growth economic strategy*, 4 June 2020, [link](#)

adapt to rapid technological change, confront the UK's demographic challenges, to level up the whole United Kingdom, recalibrate its foreign policy and prepare for unpredictable future crises and threats.

As demonstrated by Chapter One of this report, national crises have often precipitated the most effective and lasting reforms to government in the United Kingdom. Faced with seemingly insurmountable obstacles, it has time and again shown an extraordinary adaptability and capacity to improve. The COVID-19 pandemic is another such crisis, and the moment for reform is now.

About the Commission

In light of the unprecedented challenges and opportunities currently faced by the UK, Policy Exchange convened a Reform of Government Commission, chaired by Dame Patricia Hodgson, to determine how government can be modernised and equipped for this new world. This cross-party Commission was established to build upon Policy Exchange's landmark report *Whitehall Reimagined*, which was praised by former Cabinet Secretary Lord Sedwill.⁵ Each Commissioner brought their particular expertise and experience to the Commission's discussions. The Commission took both informal and formal evidence from a range of figures from academia, politics, business, arms-length-bodies and the Civil Service to inform its work. This report, written by Benjamin Barnard, represents a consensus of the views expressed by the Commission.

The Commission went to first principles and asked: what reforms to government in the United Kingdom would improve its resilience and effectiveness in future crises? What determines the effectiveness and performance of government? As for the Civil Service and the UK's wider public administration, what should its ethos be and how can it better serve governments of all hues? How can accountability, transparency and responsibility be maximised?

About the Report

'Reform of Government' is a highly complex policy area. There are important differences between 'Whitehall reform', 'Civil Service reform' and reform of the wider public sector and public services. Many government functions are carried out by the devolved administrations, local government, the private sector and others. Citizens regularly encounter organisations at 'arm's length' from government and rely upon the services they provide.

This report reflects a broad consensus of the views of the Commission on the reform of government. It is divided into seven chapters, each dealing, in detail, with a different aspect of reform and which can be read in isolation from other chapters:

5. Policy Exchange, *Whitehall Reimagined*, December 2019, [link](#). Lord Sedwill, *Cabinet Secretary Lecture at The Blavatnik School of Government*, 27 July 2020, [link](#)

- 1. Lessons Learnt: A Brief History of Whitehall Reform:** This chapter provides a brief historical overview of the Civil Service and seek to draw lessons from previous attempts to reform it.
- 2. Civil Service Capability, Capacity and Culture:** This chapter explores the changes that will help to ensure that the Civil Service recruits, maintains and develops a skilled, talented and capable workforce.
- 3. Empowering Success: Ministerial Capability and Support:** This chapter emphasises the role of political leadership in determining the success of programmes and policies enacted by officials.
- 4. Fixing the Plumbing: Structures, Systems and ‘the Centre’:** This chapter outlines how the structures of central government have not kept pace with the complexity of modern policy and delivery challenges.
- 5. Ending ‘Digital by Delay’: Harnessing Digital, Data and Technology for Better Government:** This chapter explores how digital, data and new technologies can and must transform the policy-making process and improve the delivery of public services.
- 6. Public Bodies and Public Appointment: Accountability, Responsibility and Transparency:** This chapter examines the trend of the UK government to devolve responsibility (but not always power) to public bodies in its historical context. It will recommend a comprehensive renewal of accountability and performance monitoring of public bodies.
- 7. Connecting the Whole United Kingdom:** If reform of Government is to be successful, it must go beyond a reorganisation of Whitehall and embrace the whole United Kingdom. This chapter brings together the key issues, questions and themes from the previous chapters through the prism of connecting reform of government with public perceptions, exploring the relocation of the Civil Service, the problems facing local government and how best to support the Union.

The scope of the Commission’s inquiry was vast in its potential. No single report could consider fully the complexity of public administration in the modern United Kingdom, nor the many questions around reform. Whilst this report may have implications for the outcomes and productivity of UK public services, it is not intended to provide a fundamental review of the sustainability of public finances or the long term problems of structural public expenditure. Likewise, whilst this report touches upon the UK’s constitutional settlement, it is not intended to provide a detailed legal examination of the government or the complex question of devolution.

Understanding Reform: Making the Case for Change

The purpose of the Civil Service is to implement government policy and to deliver services to citizens efficiently. The historic values of the Civil Service are more important than ever before.⁶ It is also essential that the Nolan Principles of Public Life are observed by all Public Office Holders.⁷ Trust in the Civil Service's impartiality rests on its capacity to maintain the skills and capabilities required to implement the policies of election-winning governments. The primary purpose of any reform of government, therefore, must be to ensure that the Civil Service can better perform this function.

However, reform of government is not synonymous with reform of the Civil Service. Reform of our political institutions is vital for change. If the UK is to respond more effectively to crises like the COVID-19 pandemic in the future, more should be done to:

- Build a broad base of support for a comprehensive long-term reform plan,
- Set clear and consistent objectives for reform with a clear and widely communicated rationale,
- Reduce ministerial turn-over and empower ministers to lead departments more effectively,
- Reform civil service recruitment and career progression to enhance expertise, accountability and institutional memory,
- Establish greater parity of esteem between officials working on policy and delivery,
- Ensure that the best talent recruited from outside the Civil Service is supported and retained,
- Coordinate activity and initiatives across Whitehall departments, including ongoing efforts to reform government,
- Guarantee that there is sufficient accountability for the actions and decisions of public bodies,
- Transform Whitehall's legacy IT infrastructure and data practices in order to support good government and to serve the needs of its users,
- Ensure that reform goes well beyond an inward-looking reorganisation of Whitehall and instead embraces the needs, priorities and perspectives of the whole United Kingdom,

Successful and lasting change is about much more than individual programmes or initiatives. The very culture of government must change. Constant attention to the reform of government must form part of the very ethos of public service. As this report shows, effective and collaborative leadership from both ministers and senior officials is the key to achieving this.

6. These values are set out in the constitutional and ethical frameworks that govern the conduct and behaviour of public servants, including [Civil Service Code](#), [Ministerial Code](#), [Special Adviser Code of Conduct](#)

7. Committee on Standards in Public Life, *The Seven Principles of Public Life*, 31 May 1995, [link](#)

Understanding Public Attitudes to Reform

Reform of Government is too often seen as the unique province of Ministers and senior officials. The Commission sought to challenge this by undertaking a comprehensive public opinion survey alongside both its wider research and the expert testimony it received. The purpose of this polling exercise was not necessarily to inform the recommendations of this report. It aimed instead to explore public perceptions around the reform of government, insofar as they can be reliably ascertained. It also underlines the commitment of the Commission to hear the voices of those who rely on the outcomes of public administration and the policy work which often takes place at a distance from delivery.

Public attitudes towards reform of government and, in particular, public attitudes towards the Civil Service are rarely polled. As a result, there is a paucity of historical data with which compare any results on the topic. This unprecedented and revelatory poll is, however, a representative sample of 1591 adults across the United Kingdom. The poll aimed not only to test public attitudes, but also public understanding of the issues in question. Its headline findings were as follows:

- **Attitudes towards reform of the Civil Service:** Reform of the Civil Service should be a major political priority for all political parties. 33% of those polled said that they would be more likely to vote for a political party that made reform of the Civil Service a top priority. Only 5% were less likely to vote for a party that did this.
- **Attitudes towards reform of the machinery of government:** 72% of those polled felt that the machinery of government should be reformed so that it might be better prepared for future disasters such as another pandemic. Only 10% of the public felt that no reform was required.
- **Knowledge of the Civil Service:** Understanding of what the Civil Service does was low. For example, 31% of those polled feel that the UK Civil Service does not implement Government policy or make it happen. The Civil Service must do more to explain its role, how it works and how it functions.
- **Confidence in ministers:** Reforming the UK's political processes and culture was also considered to be an important part of reform of government. 31% of those polled felt that Ministers are badly prepared when they take charge of their department. 45% of the public felt that Ministers are not given enough time to make a difference before they are sacked, moved or otherwise leave their post.
- **Trust in Civil Service impartiality:** More must be done to improve trust in the impartiality of the Civil Service. Only 20% of those polled agreed that the Civil Service is completely impartial, offering the best advice to every and any government of the day irrespective of political position.
- **Attitudes towards Civil Service skills and capabilities:** Only 21%

of those polled felt that the Civil Service has all the administrative skills and capabilities it needs. 42% believed that it had most of the capabilities it needs (although they perceived that it still falls short in some areas). 18% felt it only partially has the skills it needs and 5% felt that it did not have these skills at all, failing to deliver most or all of the time. Whilst, 51% of the public is confident in the Civil Service's ability to deliver priorities, a significant proportion of those polled (33%) were not.

- **Attitudes towards the representativeness of the Civil Service:** The Civil Service must do more to connect with the whole United Kingdom. 23% of those polled felt that the Civil Service does not understand people like them. 38% felt that the Civil Service partially understands them. Just 28% of those polled felt that the Civil Service understood people like them.
- **Civil Service Relocation:** Civil Service relocation was popular with the public. 58% of those polled supported the creation of new 'cross departmental hubs' outside of London, where policy-making, public service delivery, recruitment and training could be brought closer to the people it serves. Furthermore, 49% of the public felt that moving some Civil Service departments and some Civil Service jobs out of London would make the Civil Service more effective.
- **Role of the Armed Forces in responding to crises:** 54% of those polled believed that the COVID crisis has made it more desirable to involve the Armed Forces in future crisis responses.

1. Lessons Learnt: A Brief History of Reform

Introduction

The shape and nature of government in the United Kingdom is the product of complex historical forces, an appreciation of which should guide any future reform. This Chapter will provide a brief historical overview of the Civil Service and seek to draw lessons from previous attempts at reform.⁸ It shows that the problems identified by the Commission, and which have been laid bare by the UK's response to the COVID-19 pandemic, are perennial in nature. Nearly every government wants and tries to introduce reform.⁹ Many reform programmes either peter out or fail to achieve their aims. This is usually as a result of a failure to consider what the Civil Service is for, a failure to set clear objectives for reform and a failure to consider what the Civil Service is actually capable of delivering. In the same way that major crises in the past have precipitated lasting reforms, the COVID-19 pandemic provides the opportunity and imperative to re-evaluate the organisational design, culture and processes of government.

1. Foundations and Development

Northcote-Trevelyan: The Founding Ethos

The Civil Service owes its ethos and values to the Northcote-Trevelyan Report. Its description of the function that the Civil Service should perform is as applicable today as it was in 1854:

*“the Government of the country could not be carried on without the aid of an efficient body of permanent officers, occupying a position duly subordinate to that of the Ministers who are directly responsible to the Crown and to Parliament, yet possessing sufficient independence, character, ability and experience to be able to advise, assist, and to some extent, influence those who are from time to time set over them”.*¹⁰

The report outlined a series of proposals to transform the Civil Service from a profession that was “for the unambitious, and the indolent or incapable” into one that could “attract into its ranks the ablest and most ambitious of the youth of the country”.¹¹ To achieve this, it advanced four explicit recommendations: recruitment by a system of open and competitive examination, promotion by merit (and not “preferment, patronage or purchase”), greater unification of the Civil Service and greater division of labour through separation of ‘mechanical’ from ‘intellectual’ work.¹²

8. Given the constraints of this report, it is not possible to produce a complete account of the origins, development and history of the UK Civil Service.

9. Martin Stanley has assembled an impressive and important collection of official publications and other interesting material relating to Civil Service reform. Understanding the UK Civil Service, *The UK Civil Service - Online Library*, [link](#)

10. Report on the Organisation of the Permanent Civil Service, Together with a Letter from the Rev. B. Jowett, 1854, [link](#)

11. Report on the Organisation of the Permanent Civil Service, Together with a Letter from the Rev. B. Jowett, 1854, [link](#)

12. Report on the Organisation of the Permanent Civil Service, Together with a Letter from the Rev. B. Jowett, 1854, [link](#)

The report's recommendations faced significant contemporary hostility.¹³ Its warning that its recommended changes could only be achieved "through the medium of an Act of Parliament" was ignored. Equally, the first Civil Service Commission had a remit that fell far short of the Board of Examiners envisaged by Northcote and Trevelyan. It took a further 15 years for a new Civil Service Order in Council to introduce open competition.¹⁴ Even then both the Foreign Office and the Home Office refused to implement the reforms.¹⁵ Nonetheless, the Northcote-Trevelyan report's long term influence on the Civil Service cannot be overemphasized. In the words of the late Sir Jeremy Heywood, "the report, and the Commission that followed, was a vital catalyst for a permanent, meritocratic Civil Service."¹⁶ The report is still to this day quoted by departing senior officials.¹⁷

There are, however, assumptions made in the Northcote-Trevelyan report which should be challenged. Its authors question from the outset "whether it is better to train young men for the discharge of their duties, which they will afterwards have to perform, or to take men of mature age, who have already acquired expertise in other walks of life".¹⁸ They conclude that "as a general rule, it is decidedly best to train young men".¹⁹ The Civil Service's preference for training generalists from the start of their career over the recruitment of experienced outsiders pervades to this day.²⁰ As Chapter Two of this report shows, more must be done to recruit those with specialist skills into the Civil Service.

Despite its totemic status, the philosophical thrust of the Northcote-Trevelyan reforms has, arguably, also been lost.²¹ The Northcote-Trevelyan reforms are often cited as the protector of Civil Service impartiality. The focus of the inquiry at the time, however, was not political impartiality. Indeed, to quote the Civil Service's Official History:

"It either remained silent on (or at least did not explicitly address) many of the key issues, which were later taken to be the defining characteristics of the British Civil Service. These included the conventions of permanence, impartiality, anonymity and ministerial responsibility."²²

The purpose of the report was "to obtain full security for the public that none but qualified persons will be appointed [to all the public establishments], and that they will afterwards have every practicable inducement to the discharge of their duties".²³ Its focus, in other words, was the capability of the Service. Any reform programme seeking to restore the ideals of Northcote-Trevelyan should, therefore, focus on the capabilities, recruitment and promotion practices of the Civil Service.

Consolidating Reform: The Emergence of Modern Government

Although Government employment tripled between 1891 and 1911, the machinery of central government retained its 19th century structure.²⁴ The New Liberal introduction of old age pensions, labour exchanges and National Insurance led to a surge in the power and responsibilities of the State. Nonetheless, it was during the First World War and in its immediate

13. Arguably, its influence on reform is overstated. "The implications of its actual recommendations, such as the social exclusivity of recruits to senior posts (under the guise of 'open competition') and the oversimplification of management (separating 'intellectual' from 'mechanical' work), also led it to be largely ignored when government started to expand after 1870, in response to a more demanding and democratic electorate." - Rodney Lowe, *The Official History of the British Civil Service (Government Official History Series)*, (Taylor and Francis: London, 2011), pp. 9
14. Hennessy, *Whitehall* (Secker & Warburg, 1989), pp. 48
15. Hennessy, *Whitehall* (Secker & Warburg, 1989), pp. 51 and pp. 56
16. Sir Jeremy Heywood, "Timeless Values in an era of change", 24 May 2015, [link](#)
17. Twitter, Sir Simon McDonald, 29 August 2020, [link](#)
18. Report on the Organisation of the Permanent Civil Service, Together with a Letter from the Rev. B. Jowett, 1854, [link](#)
19. Report on the Organisation of the Permanent Civil Service, Together with a Letter from the Rev. B. Jowett, 1854, [link](#)
20. Catherine Baxendale, *How to Best Attract, Induct and Retain Talent recruited into the Senior Civil Service*, September 2014, [link](#), Report of the Committee on the Civil Service, 1966-68, June 1968
21. Reform, *Whitehall reform: The view from the inside*, February 2013, [link](#)
22. Rodney Lowe, *The Official History of the British Civil Service (Government Official History Series)*, (Taylor and Francis: London, 2011), pp. 41
23. Report on the Organisation of the Permanent Civil Service, Together with a Letter from the Rev. B. Jowett, 1854, [link](#)
24. KPMG, *Reluctant Managers, Part 1 Report on Reforming Whitehall*, December 2005, [link](#)

aftermath that the modern structure of Whitehall began to emerge. The War Cabinet Secretariat (later renamed the ‘Cabinet Office’) was formed in 1916.²⁵ This, together with formal strengthening of Treasury control between 1919 and 1926 allowed for the greater unification and co-ordination of the Home Civil Service.²⁶

Efforts were also made at the end of World War I to consolidate administrative reforms made during the War. The Haldane Commission was established to “enquire into the responsibilities of the various Departments of the central executive Government and to advise in what manner the exercise and distribution by the Government of its functions should be improved.”²⁷ The report set out the basic principle of “defining the field of activity in the case of each Department according to the particular service which it renders to the community as a whole” and it advocated separate ministries for Health, Education, Finance, Foreign Affairs and Defence.²⁸ Despite experimental flirtations with “overlord ministers” in the 1950s or “super ministries” in the 1970s, the fundamental shape established by Haldane remains to this day.²⁹

The report was also a response to the emergence of government bodies during the War which were not set out in legislation and which had an unclear relationship with Parliament as a result. The Committee established that Ministers should be held accountable to Parliament for all the actions of their departments. Although the doctrine of ministerial accountability has been refined by practice and precedent ever since, this model has likewise remained for the past century.³⁰ Nevertheless, there have recently been calls for a “comprehensive reassessment of how the Haldane doctrine can operate in today’s world.” As the Public Accounts Committee remarked:

“Ministers are accountable for all that occurs within their department, but we were told that, for example, they are without the power and the authority to select their own key officials. Ministers are also unable to remove civil servants whom they regard as under-performing or obstructive, despite being held accountable for the performance of their department.”³¹

Even at the time at which it was written the doctrine can be seen to have been an “increasingly impracticable convention of Ministerial responsibility.”³² The COVID crisis has once again brought the question of ministerial responsibility and accountability into question, something that will be explored throughout this report.

2. Modernisation and Expansion

The aftermath of WW2: ‘Overlord’ Ministries and Missed Opportunities

The Second World War saw Whitehall transformed into “an adventure playground for all the talents”.³³ Experts were recruited from outside government and made central to the war effort. The influx of outsiders also led to the development of era-defining policy programmes that increased

25. Anthony Seldon, Jonathan Meakin, *The Cabinet Office, 1916-2018: The Birth of Modern Government*, (Biteback Publishing, December 2016)
26. Greenaway, John R. “Warren Fisher and the Transformation of the British Treasury, 1919-1939.” *Journal of British Studies*, vol. 23, no. 1, 1983, pp. 125–142. *JSTOR*, [link](#)
27. Haldane, *Report of the Machinery of Government Committee* (London: H.M. Stationery Office, 1918), [link](#)
28. Haldane, *Report of the Machinery of Government Committee* (London: H.M. Stationery Office, 1918), [link](#)
29. Public Administration Select Committee, *Seventh Report*, 12 June 2007, [link](#)
30. See Lowe, Rodney, *The Official History of the British Civil Service (Government Official History Series)*, (Taylor and Francis: London, 2011), pp. 53-54
31. House of Commons Public Administration Select Committee (PASC), *Truth to power: how Civil Service reform can succeed*, 6 September 2013, [link](#)
32. Lowe, Rodney, *The Official History of the British Civil Service (Government Official History Series)*, (Taylor and Francis: London, pp. 80)
33. Hennessy, *Whitehall* (Secker & Warburg, 1989), pp. 54

dramatically the role and size of government. Such efforts culminated in the Beveridge Report (1942), which led to the creation of the welfare state, and the Employment Policy Whitepaper (1944), in which the Government accepted as one of its “primary aims and responsibilities the maintenance of a high and a stable level of employment.”³⁴

Nonetheless, many of those recruited into the Civil Service during the War were not made use of afterwards. Furthermore, at the conclusion of conflict, there was no formal examination (comparable to the Haldane Report) of the wartime performance of the British Government. As Peter Hennessy commented, “this represents probably the greatest lost opportunity in the history of British public administration”.³⁵ The fact that some 148 Standing Committees and 313 *ad hoc* Committees were established during Clement Attlee’s Administration encapsulates how difficult it was for public administration in the UK to adapt to its extended post-war duties.³⁶

The period also saw a number of short-lived flirtations with alternative Government structures. ‘Overlord Ministries’ were introduced following the Conservative victory in the 1951 General Election. Overlord Ministers, such as Lord Woolton and Lord Leathers, were given no departmental responsibilities and were instead tasked with coordinating action by groups of Cabinet Ministers. This represents the most drastic attempt to overcome the difficulties that arise from Whitehall’s siloed structure and the problems of short-termism.³⁷ The 1951 experiment failed, however, to lead to lasting change and the system was ended in the Cabinet reshuffle of September 1953.³⁸

Macmillan: National Efficiency and the Plowden Committee

Many reforms have been motivated by a desire to improve the efficiency of public spending. In the 1960s, for example, public expenditure increased and the Government began to play a greater role in industrial relations.³⁹ This approach exposed the difficulties of planning public expenditure rationally in relation to prospective administrative resources. These problems were explored by the Plowden Committee on the Control of Public Expenditure.⁴⁰ The publication of the Committee’s report led to the separation of the three most senior administrative posts (the Cabinet Secretary, the Head of the Treasury and the Head of the Civil Service) and to the Treasury’s subsequent radical reorganisation, which led to the relocation of over 1300 officials.⁴¹

The report of the Plowden Committee failed to lead to a fundamental change in public administration in the United Kingdom. The Committee “proved to be not an administrative milestone but a prime example of how British institutions, under the guise of reform, have traditionally deflected criticism, truncated discussion and thereby stifled the fundamental reforms required to halt Britain’s decline.”⁴² As historians have noted, “the reason for failure was its restricted nature as an internal enquiry with largely ineffectual ‘outside’ members, which enabled vested Treasury interests increasingly to dictate its deliberations.”⁴³

34. Sir William Beveridge, *Social Insurance and Allied Services*, November 1942, [link](#);
35. Hennessy, *Whitehall* (Secker & Warburg, 1989), pp. 120
36. Hansard, *Central Government (Reorganisation)*, 3 November 1970, [link](#)
37. These problems are explored in more detail in Chapter 4 of this report.
38. Peter Hennessy and David Welsh, *Lords of all they Surveyed? Churchill’s Ministerial ‘Overlords’ 1951–1953*, Parliamentary Affairs, Volume 51, Issue 1, January 1998, Pages 62–70, [link](#)
39. This approach was encapsulated in an approach encapsulated in *Economic Growth and National Efficiency* (1960)
40. Committee of Enquiry on the Control of Public Expenditure, 1959–1961, [link](#)
41. Rodney Lowe, *The Official History of the British Civil Service (Government Official History Series)*, (Taylor and Francis: London, 2011), pp. 86
42. Lowe, Rodney. “Milestone or Millstone? The 1959–1961 Plowden Committee and Its Impact on British Welfare Policy.” *The Historical Journal*, vol. 40, no. 2, 1997, pp. 463–491. [link](#)
43. Rodney Lowe, “Milestone or Millstone? The 1959–1961 Plowden Committee and Its Impact on British Welfare Policy.” *The Historical Journal*, vol. 40, no. 2, 1997, pp. 463–491, [link](#)

Wilson and Fulton

Harold Wilson introduced a dramatic series of machinery of government changes. He established a new Department of Economic Affairs (to counteract the Treasury's alleged short-termism), a Ministry of Technology (to harness scientific expertise to industry more effectively), a Ministry of Overseas Development and a Department of Health and Social Security.⁴⁴ Wilson's administration also oversaw the appointment of Special Advisers for the first time.

It was the publication of the Fulton Report in 1968, however, that left the strongest impression on the history of the Civil Service from this period.⁴⁵ The outcome of the first major inquiry into the Civil Service for more than 100 years, the Committee concluded that "the structure and practices of the Service have not kept up with the changing tasks".⁴⁶ It found that the Civil Service was, in essence, based on the cult of the amateur or generalist; that there was a lack of skilled management; and that not enough responsibility was given to specialists such as scientists and engineers.⁴⁷ As the report explained:

*"[The Civil Service] must be able to handle the social, economic, scientific and technical problems of our time, in an international setting. Because the solutions to complex problems need long preparation, the Service must be far-sighted; from its accumulated knowledge and experience, it must show initiative in working out what are the needs of the future and how they might be met. A special responsibility now rests upon the Civil Service because one Parliament or even one Government often cannot see the process through."*⁴⁸

Fulton Recommendations

The report made 22 recommendations, including:

- The abolition of the Civil Service classes and the introduction of a unified grading structure
- The establishment of a separate Civil Service Department, led by the Prime Minister
- Increased mobility between the Civil Service and other sectors
- Allowing Secretaries of State to employ a small number of expert staff on a temporary basis
- Greater professionalism among specialists and generalists;
- The establishment of a Civil Service college

On the publication of the report, Harold Wilson committed his Government to the implementation of three of its major recommendations. Despite this public commitment, it is debated to this day whether Fulton's recommendations were actually implemented. The introduction of unified grading for all classes took many years and other important recommendations were overlooked.⁴⁹ Even reform proposals that were actually adopted were of questionable efficacy. For example, the ineffectiveness of the Civil Service Department - recommended by Fulton - was highlighted repeatedly. In 1981, it was eventually abolished by Margaret Thatcher.⁵⁰

44. Theakston, K. (2004), 'The 1964-70 Labour Governments and Whitehall Reform'. POLIS Working Paper No. 2 (University of Leeds), [link](#)

45. Hansard, House of Commons Debate, Civil Service (Fulton Committee's Report), 26 June 1968, vol 767 cc454-65, [link](#)

46. Fulton Committee on the Civil Service, *Report of the Committee on the Civil Service, 1966-68*, June 1968, [link](#)

47. Fulton Committee on the Civil Service, *Report of the Committee on the Civil Service, 1966-68*, June 1968, [link](#)

48. Fulton Committee on the Civil Service, *Report of the Committee on the Civil Service, 1966-68*, June 1968, [link](#)

49. Rodney Lowe, *The Official History of the British Civil Service (Government Official History Series)*, (Taylor and Francis: London, 2011),

50. House of Lords Public Service Select Committee, 19 January 1998, [link](#)

The Fulton Committee was impeded in two key respects. First, as *The Official History of the Civil Service* observed, “it patently lacked the business expertise of the 1960–2 Glassco Commission in Canada and the gravitas of the 1974–6 Coombs Committee in Australia.”⁵¹ Second, the Committee suffered from a limited scope. It was not asked to consider “machinery of government questions” nor the relationship between Ministers and civil servants.⁵² By limiting itself simply to second order issues, it was impossible for the Commission to pursue the most radical routes of reform. The Committee expressed its frustration that:

“at many points of our enquiry ... this imposed limits on our work; questions about the number and size of departments, and their relationships with each other and the Cabinet Office, bear closely on the work and organisation of the Civil Service”.

The lesson to be drawn from the outcomes achieved by the Fulton Committee is that any reform of government must include an analysis of the structures of government and the incentives that such structures create. Any reform programme focused entirely on the skills, training and pay of civil servants, without considering these questions, is unlikely to succeed.

Heath: The Reorganisation of Central Government White Paper

Despite Wilson’s unexpected defeat in the 1970 General Election, reform of government remained a political priority. It was, if anything, of even greater importance to Edward Heath, of whom it was said “no Prime Minister since Lloyd George in 1916-17 had made such a deliberate and determined effort to remodel the whole machinery of state”.⁵³ In 1970, the Heath government published a White Paper explaining that:

“government has been attempting to do too much. This has placed excessive burden on industry, and on the people of the country as a whole, and has also overloaded the government machine itself. Public administration and management in central government has stood up to these strains, but the weakness has shown itself in the apparatus of policy formulation and in the quality of many government decisions over the last 25 years.”⁵⁴

To overcome this problem of ‘overload’, it recommended hiving off of certain executive functions, the establishment of fewer, bigger Ministries (such as the Department of the Environment and the Department of Trade and Industry), slimming down the Cabinet from over twenty to eighteen and the creation of a new Central Policy Review Staff.⁵⁵ The CPRS would go on to use Programme Analysis Reviews (PARs) to examine a range of government programmes.⁵⁶

Nonetheless, despite the attention to Civil Service reform in this period, the example of the Heath Government is usually used as a warning not to embark on a reform programme. As Hennessy observes, the UK’s wider economic malaise in the 1970s has “both obscured the governmental reforms which were central to Heath’s so-called ‘quiet revolution’ and

51. Rodney Lowe, *The Official History of the British Civil Service (Government Official History Series)*, (Taylor and Francis: London, 2011), pp. 10

52. Fulton Committee on the Civil Service, *Report of the Committee on the Civil Service, 1966-68*, June 1968, [link](#)

53. Hennessy, *The Prime Minister and Its Office Holders*, pp. 337

54. Hennessy, *The Prime Minister and Its Office Holders*, pp. 337

55. Hennessy, *The Prime Minister and Its Office Holders*, pp. 337

56. Jane Lewis, *The Search for Coordination: The Case of the Central Policy Review Staff and Social Policy Planning, 1971-77*, *Social Policy & Administration* 45.7 (2011): 770-87, [link](#)

discouraged others from emulating his approach on the grounds that those very reforms made no difference at all to his administration's capacity to cope with political or economic crises."⁵⁷

Heath's attempts at reform should not be used as proof that reform is futile. Instead, it demonstrates the difficulty of implementing reforms over a short period of time, particularly when political attention is required elsewhere. In many respects, Heath's reforms were different in focus to those of Wilson and those suggested by Fulton.⁵⁸ This, in turn, undermined the aggregate impact of these efforts. For reforms to be long lasting they have to be the product of continual focus, and therefore, in practice, cross-party consensus.⁵⁹

Thatcher and New Public Management: Ibbs, Rayner and 'Next Steps' Agencies

Alongside the overhauling of industrial relations, the institution of radical tax reforms and the instigation of the world's first major privatisation programme, it is often forgotten that Margaret Thatcher led a significant programme of Civil Service reform. After establishing an Efficiency Unit in the Cabinet Office, she later launched the Financial Management Initiative (FMI) in 1982, following the publication of the 1982 White Paper, *Efficiency and Effectiveness*.⁶⁰ The FMI, led by Derek Rayner, the former CEO of Marks & Spencer, led to a dramatic change in the budgeting practices of Whitehall. The Thatcher government reduced the cost of the Civil Service payroll by 20 percent and abandoned the principle of pay comparability with the private sector which had been introduced following the Priestley Commission in 1955. By 1986 the cumulative effect of these economies was estimated to have amounted to £1 billion.⁶¹

However, it was the contracting out of the administrative functions of government departments to new executive agencies, following the Ibbs Report in 1987 that was to prove Thatcher's most radical change to government.⁶² In part an attempt to address the problem of 'ministerial overload', the introduction of executive agencies was predicated upon the belief that the use of modern business methods, implemented by professional managers, would make public expenditure more efficient. Not only did the programme allow agencies to recruit their own staff below the administrative level of Principal (without reference to the Civil Service Commission), but it also transformed the basis upon which new agencies' chief executives were recruited and appointed. In turn, their pay soon exceeded those of their counterparts in the senior ranks of the Civil Service.⁶³ Nonetheless, as is discussed in Chapter 5, the establishment of these agencies substantially narrowed effective ministerial responsibility, a trend that continued for the next 30 years.

Major: Citizens' Charter

The primary focus of the Major administration was reform of the wider public sector, something that it sought to achieve through the creation of a Citizen's Charter in 1991.⁶⁴ Charters were created for most government

57. Hennessy, *The Prime Minister and Its Office Holders* (London, 2001), pp. 439-50

58. See: Rodney Lowe, *The Official History of the British Civil Service (Government Official History Series)* (Taylor and Francis: London, 2011), pp. 191

59. 1971 also saw the publication of the Kemp-Jones Report into the Employment of Women in the Civil Service. Indeed, the reforms that allowed women to rise to the top of the Civil Service arguably did the most to improve the capabilities of the UK Civil Service.

60. Institute for Government, *Reforming The Civil Service The Efficiency Unit In The Early 1980s And The 1987 Next Steps Report*, 18 May 2012, [link](#)

61. Warwick Lightfoot, *Sorry We Have No Money, Britain's Economic Problem*, (Searching Finance Ltd, October 2010)

62. Institute for Government, *Reforming The Civil Service The Efficiency Unit In The Early 1980s And The 1987 Next Steps Report*, 18 May 2012, [link](#)

63. House of Commons Library, *The Lyons and Gershon reviews and variations in civil service condition*, 26 January 2006, [link](#)

64. Prime Minister's Speech to Conservative Central Council, 23 March 1991, [link](#)

departments to ensure that the services that they provided met the needs of citizens.⁶⁵ The administration also introduced a series of dramatic and lasting reforms to Whitehall itself. Its plans for Civil Service reform were set out in two White Papers which attempted to transform the way that Civil Servants were employed through the introduction of open recruitment.⁶⁶ In 1993, the Oughton Report considered the “policies and practices for ensuring the adequate supply of suitably qualified people to fill senior posts”.⁶⁷ By 1995, it had successfully overseen the progressive recentralisation of managerial responsibility for the Civil Service, including pay and personnel, to the Cabinet Office. Likewise, 1996 saw the introduction of the first Civil Service Code, which remains crucial to the self-understanding and values of the modern Civil Service.⁶⁸

3. Reform Initiatives since 1997

New Labour and The Civil Service

The Blair administration is often accused of replacing traditional forms of Cabinet Government with something dubbed ‘sofa government’ (a more informal style of decision making within government that bypassed official structures and processes).⁶⁹ Excessive focus on this apparent change overlooks the main focus of New Labour’s reforms to the Civil Service. It also overlooks the administration’s attention to the methods by which public services were delivered during a period of rising public expenditure (particularly from 2001 onwards).

The 1999 White Paper *Modernising Government* emphasised the need to deliver policy in a coordinated way across departments. It explained how “within Whitehall” there would be “a new focus on delivery - asking every Permanent Secretary to ensure that their Department has the capacity to drive through achievement of the key government targets and to take personal responsibility for ensuring that this happens.”⁷⁰ This focus was sustained throughout later reform documents including *Civil Service Reform Delivery and Values* (2004) and Sir Peter Gershon’s *Releasing Resources to the Front Line* (2004).⁷¹ This focus on public services also led to the creation of a Capability Review Programme, which aimed to assess all Whitehall departments against a common framework, as well as the implementation of Public Service Agreement (PSA) targets and Performance Partnership agreements.⁷² The PSA targets were jointly owned by Ministers and Civil Servants and both were held to account personally by the Prime Minister at regular ‘Grip’ meetings in No 10.

The New Labour era was also characterized by numerous attempts to reform the machinery of government. Tony Blair established three new Departments in the aftermath of the 1997 General Election.⁷³ Similarly, Gordon Brown changed the responsibilities of five departments between 2007 and 2010. Between May 2005 and June 2009, there were over 90 reorganisations to central government (including ALBs).⁷⁴ The effect of these changes on the effectiveness of the Government is difficult to assess. The NAO found that “these [changes] cannot demonstrate value for

65. *The Citizen's Charter, Raising the Standard*, July 1991, [link](#)

66. Cabinet Office, *The Civil Service: continuity and change*, 13 July 1994, [link](#); Cabinet Office, *The Civil Service: taking forward continuity and change*, 26 January 1995, [link](#)

67. Efficiency Unit, *Career Management and Succession Planning Study* (Oughton Report), 1993, [link](#)

68. Civil Service Commission, *Code*, [link](#)

69. BBC, *Curtains for Blair's 'sofa cabinet'?*, 15 July 2004, [link](#)

70. *Modernising Government*, March 1999, [link](#)

71. Independent Review of Public Sector Efficiency, *Releasing resources to the front line*, July 2004, [link](#); Cabinet Office, *Civil Service Reform Delivery and Values*, [link](#)

72. *Understanding Government, Civil Service Reform 2*, [link](#)

73. These were the Department for International Development (DfID); the Department for the Environment, Transport and the Regions (DETR); and the Department Culture, Media and Sport (now DCMS).

74. National Audit Office, *Reorganising central government*, 18 March 2010, [link](#)

money, given that most had vague objectives and that costs and benefits were not tracked.”⁷⁵ As shall be seen in Chapter 4, changing the structures of government is often expensive and does not in and of itself constitute reform.

Following the 2008 financial crisis, reform of government shifted in focus towards cost-cutting measures, as opposed to efforts to improve the capabilities of the Civil Service or the structure of Government as a whole. The 2009 White Paper *Putting the Frontline First: Smarter Government* included plans to cut Whitehall’s spending on consultants and marketing, reduce the cost of the Senior Civil Service by 20% and to merge or abolish 123 Government arms-length bodies (ALBs) to improve oversight of their finances.⁷⁶ It has already been observed that reform of government is not entirely synonymous with reform of the Civil Service. It is also not synonymous with the pursuit of efficiency savings alone, though this has often been a common theme of efforts at reform, as it was with Plowden and later the Civil Service Reform Plan.

The focus of reform in this period was not simply upon the cost of Government. The final days of Gordon Brown’s premiership saw the passing of the Constitutional Reform and Governance Act 2010. This Act established the Civil Service in primary legislation for the first time.⁷⁷ Whilst theoretically the provisions it made were limited, placing into statute what already existed in prerogative powers, it has nonetheless affected subsequent attempts to reform the Civil Service. For example, the Act allowed the Civil Service Commission to resist efforts to give Ministers a greater say over the appointment of Permanent Secretaries, on account of the fact that that the Act gave the Civil Service Commission the statutory power to define the principle of selection by ‘merit’.⁷⁸

The Civil Service Reform Plan

In 2012, the Coalition set out *The Civil Service Reform Plan*.⁷⁹ It contained 18 actions aimed at changing the delivery models of public services, establishing a range of shared services across departments and developing the skills of civil servants.⁸⁰ It led to the creation of the Government Digital Service (GDS), the Major Projects Authority (MPA) and the reinvigoration of departmental boards and non-executive directors.⁸¹ Between 2010 and 2015, the Efficiency and Reform programme saved the taxpayer an estimated £50 billion.⁸² Part of the reason for the success of these reforms is that clear objectives were established from the outset. For example, in 2013 the Government outlined 71 measurable objectives to develop the organisational capability of the Civil Service.

This period also highlighted the obstacles to reform. The *Civil Service Reform Plan: One Year On Report* captured perfectly the paradox that all reformers of Government must face:

“the delivery of the Reform Plan to date has 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.”⁸³

75. National Audit Office, *Reorganising central government*, 18 March 2010, [link](#)

76. HM Treasury, *Putting the frontline first: smarter government*, 7 December 2009, [link](#)

77. Constitutional Reform and Governance Act 2010, [link](#)

78. Institute for Government, *Legislating for a Civil Service*, 4 September 2013, [link](#)

79. Cabinet Office, *The Civil Service Reform Plan*, June 2012, [link](#); Cabinet Office, *The Context for Civil Service Reform*, June 2012, [link](#)

80. Cabinet Office, *The Civil Service Reform Plan*, June 2012, [link](#)

81. It also gave rise to the introduction of the ‘functions’ (explored in greater detail in Chapters 2 and 4). Lord Maude also instituted several other initiatives, such as a programme of public bodies reform. This is explored in more detail in Chapter 5.

82. Hansard, Topical Questions, 25 March 2015, [link](#)

83. The Cabinet Office, *Civil Service Reform Plan - one year on*, 10 July 2013, [link](#)

Despite its considerable achievements, what is interesting about the reform programme is the extent to which its principal architects feel that momentum has since been lost. Whilst Lord Maude was clear that his disillusionment lay with the Service, and not with individual civil servants, he later gave a speech arguing that “the Civil Service suffers from institutional complacency”.⁸⁴ In that same speech he called for a renewal of focus to reform Civil Service culture, to establish greater parity of esteem between those with policy skills and those with operational, commercial, financial and technical skills and to ensure that there was strong functional leadership from the centre of Government.⁸⁵ Unless there is constant political attention on Civil Service reform, it is unlikely that senior civil servants will have the incentive or bandwidth to continue implementing reforms.

Conclusion

This historical overview of Civil Service reform contains a number of lessons for those seeking to reform Government. Many, if not all, of the problems identified in this report are perennial in nature. Nearly every government tries to improve the Civil Service’s recruitment and training practices, to improve policy cooperation between departments and to make the delivery of public services more efficient. Reform programmes are often abandoned prematurely and are poorly monitored for their implementation. Lasting reform is unlikely to be realised within the space of a single parliamentary cycle. Unless there is a broad base of consensus between ministers and officials on these issues and the expectation that any reforms introduced will be funded and continued as political priority over the long-term, they are unlikely to bear lasting fruits. In order to be effective, reform of government requires strong leadership and robust performance monitoring. There must be effective evaluation of reform initiatives in order to learn lessons as to what works.

The point of this chapter is **not** that reform of Government is an impossible task or that reform initiatives are bound to fail. On the contrary, it shows that constant attention must be paid to updating the scope and skills of the Civil Service, as it must for all large organisations in the private sector and for our Armed Forces. As the Fulton Committee grasped, reform of government is about more than individual initiatives or programmes. It is about the cultures, practices and skills that are valued in the Civil Service and in wider public administration. This chapter also shows that some of the most transformative changes have occurred at moments of crisis. In COVID-19, the UK has experienced one of the biggest crises in living memory. Efforts must be made to ensure that reform continues after the pandemic ends.

84. Speaker’s Lecture, *The Future of the Civil Service*, September 2017, [link](#)

85. Speaker’s Lecture, *The Future of the Civil Service*, September 2017, [link](#)

2. Civil Service Capability, Capacity and Culture

Introduction

The key to all aspects of reform is to ensure that the Civil Service recruits, maintains and develops a skilled, talented and capable workforce that can implement the manifesto commitments of elected Governments. The successful implementation of wider reform initiatives is itself reliant upon the development of these capabilities. Although sometimes overstated, concern about the prominence of “generalists” and “gifted amateurs” at the expense of those with STEM qualifications or with specialist experience has been a constant criticism of the Civil Service since the publication of the Fulton Report.⁸⁶ This criticism was also heard by the Policy Exchange Reform of Government Commission. Nonetheless, it is essential to ensure excellence at every level, amongst those with both general and specialist skills.

This chapter will outline how to improve the training, recruitment and cultural practices of the Civil Service so that it can deliver better outcomes for its citizens. Divided into five sections, it will explore:

1. Recruitment, Pay and Retention
2. Training and Skills
3. Measuring Performance, Controlling Turnover and Managing Promotion
4. Diversity and Inclusion
5. Reliance on Consultants
6. The Capacity of the Civil Service

Whereas many of the reforms that are explored in this paper require political attention, as Sir John Kingman explained recently in a speech, “the reforms that might encourage more expertise; less manic turnover of officials in jobs; more competence in execution and delivery; stronger commercial, IT and project capability; more interchange with the outside world; better management of underperformance – are wholly in the mandarins’ gift to make happen.”⁸⁷ As this chapter shows, urgent action is required in order to address these shortfalls. The Civil Service must develop a more coherent and effective approach to HR so that it can garner and develop its capabilities for the future.

86. C. P. Snow, *The Two Cultures and the Scientific Revolution*, (Cambridge Univ. Press, 1959), Fulton Committee on the Civil Service, *Report of the Committee on the Civil Service, 1966-68*, June 1968, [link](#); Greenway and Ball, *The Rise of the Bluffocracy*, *The Spectator*, 18 August 2020, [link](#); Dominic Cummings’s Blog, *Two Hands are a lot*, December 2019, [link](#)

87. Institute for Government, *Why is civil service reform so hard? Sir John Kingman in conversation with Bronwen Maddox*, Wednesday 16 December 2020, [link](#)

1. Recruitment, Pay and Retention

Attracting Entry-Level Talent

The Civil Service has invested significant resources to attract and develop entry-level talent. In 2020, it came top of *The Times Top 100 Graduate Employers* for the second year running.⁸⁸ Its accelerated development programme, the Civil Service Fast Stream, comprises 15 different schemes and it has developed a specialist grade (Higher Executive Officer, HEO) to allow those who have been through the programme to progress faster.⁸⁹ The Treasury has also developed its own specialist Graduate Programme.⁹⁰

Unfortunately, however, the Fast Stream has been used historically not as a “talent pipeline” but a “highly capable, flexible and cost-effective resource that can be readily deployed to deliver on the government’s commitments.”⁹¹ As Francis Maude explained in 2017:

“Bright graduates thought they were joining the Civil Service; and were then surprised to find that they joined a specific ministry where training took a definite second-place to the job to which they were assigned. My modest reform to make the Fast Stream programme look and feel more like a typical two year graduate training programme met with surprising resistance, with four permanent secretaries, including at the Treasury, showing up to tell me that it was completely impossible. Apparently, if the Civil Service trained its graduate entry the way high-performing private sector entities do, the government would fall apart. If I insisted, as I did, that Fast Stream trainees did four six months postings in different parts of government, then they would be unable to do any useful work.”⁹²

The Fast Stream cannot afford to be anything other than a pipeline to develop the talents and skills of future Civil Service leaders. It is worrying, therefore, that a recent survey of 1,000 Fast Streamers found that 66% were so unhappy with their current level of pay that they had “seriously considered” leaving the Civil Service and that 84% described themselves as “unhappy” with their remuneration.⁹³ As the survey made clear, this discontent with pay was often not necessarily because remuneration for those in the fast stream was too low in absolute terms. Rather it reflected the fact that Fast Streamers were doing jobs that would otherwise have been done by more highly paid Civil Servants.⁹⁴

The number of Fast-Streamers who are considering leaving the Civil Service is also worrying because of the differences in pay between the most competitive graduate jobs in the public and private sectors. The average starting salary in the Civil Service fast stream is £28,000 per year. Whilst this is in line with other graduate salaries, it is markedly different to the top management consultancy, investment banking and law firms. These have starting salaries of £50,000, often rising to £70,000 within two years.⁹⁵ If the Civil Service is truly competing to attract the brightest and the best, it is against these companies that it is competing. It must be a priority, therefore, to ensure that those in the Fast Stream are not used to plug holes in government capabilities. The Civil Service must instead focus

88. The Times, *The Times Top Graduate Employers 2020-21*, (High Fliers Publications Ltd. in association with The Times, 2020), [link](#)

89. Civil Service Fast Stream, *The Schemes*, [link](#)

90. HM Treasury, *Graduate Programme*, [link](#)

91. Civil Service World, *The Fast Stream enters the rapids* 22 Feb 2012, [link](#)

92. Conservative Home, *Speaker's Lecture delivered by Francis Maude on the subject of 'The Future of the Civil Service'*, 13 September 2017, [link](#)

93. Civil Service World, *The Fast Stream enters the rapids* 22 Feb 2012, [link](#)

94. Civil Service World, *The Fast Stream enters the rapids* 22 Feb 2012, [link](#)

95. Institute for Government, *Why is Civil Service reform so hard? Sir John Kingman in conversation with Bronwen Maddox*, [link](#); Prospects Luminare, *Graduate salaries in the UK*, October 2018, [link](#)

relentlessly on developing the skills of those recruited. The Civil Service should also review Fast Stream pay and benefits in order to construct a more attractive package for junior officials. More robust mechanisms should be put in place in order to hold managers of Fast Streamers to account for the training that they are providing.

More should also be done to improve Fast Stream recruitment. As Policy Exchange pointed out in *Whitehall Reimagined*, some numeracy and literacy tests appear to have been abolished from the Civil Service Fast Stream selection process in 2016.⁹⁶ Such tests should be reintroduced. Likewise, the last available annual report (in 2018) demonstrated that just 18% (or 7,302 out of 39,547) of applications to join the Graduate Fast Stream, Analytical Schemes or Specialist Schemes had completed degrees in science subject areas in the previous year, 2017.⁹⁷ This gap must close. Senior Civil Servants should be sent to campuses with the specific aim of recruiting those with science and technology backgrounds. There have also been significant delays to the publication of key fast stream D&I data.⁹⁸ Such delays are unacceptable and should not be repeated in the future.

Attracting talent to the top of the Civil Service and making use of it

The UK Civil Service has a justified reputation as one of the UK's best employers. The *Civil Service People Survey* indicated a median benchmark score of 63% in its latest employee engagement index.⁹⁹ This is the highest in the survey's 11-year history.¹⁰⁰ Nonetheless, the Civil Service cannot be complacent about its capacity to attract talent, particularly in light of the widening gap between public and private sector pay. The median Civil Service salary has fallen by approximately £6,000 against RPI inflation since 2010.¹⁰¹ This means that not only are top civil servants often paid less than their private sector counterparts from the outset, but that they also have had to endure a falling real wage over the last decade.

The high levels of job security, the pension packages and the 'value' derived from working for the public sector can compensate for the relatively lower salary on offer (as well as the proportionately higher chances of receiving a public honour). However, this increasing pay gap is of concern when one considers other factors. For example, the average London house price in 1970 was 1.2 times the median Civil Service Grade 6/7 pay. This ratio has now risen to 8.4 times the median Grade 6/7 pay.¹⁰² It is partly for this reason that the Commission is keen to ensure that more Civil Servants are relocated outside London. Nonetheless, the Government cannot rely on using relocation alone to reduce the cost of living for civil servants or to make a career in the Civil Service more attractive. This pay difference also prevents greater movement between the public and private sectors, and it limits the diversity of skills and experiences of public servants.

96. Policy Exchange, *Whitehall Reimagined*, December 2019, [link](#)

97. Civil Service HR, *FS Annual Report 2017-18*, [link](#)

98. Telegraph, *Civil service ignoring work history of graduate recruits*, 28 February 2021, [link](#)

99. Civil Service People Survey, *Civil Service Benchmark Scores 2009 to 2019*, January 2020, [link](#)

100. Civil Service People Survey, *Civil Service Benchmark Scores 2009 to 2019*, January 2020, [link](#)

101. Prospect, *Spending review: Sunak's pay cut will speed up civil servant brain drain*, 30 November 2020, [link](#)

102. Institute for Government, *Why is civil service reform so hard? Sir John Kingman in conversation with Bronwen Maddox*, Wednesday 16 December 2020, [link](#)

Understanding Civil Service Hierarchy

- Whilst previously, there were often uniform structures and titles for Civil Servants across different departments, many departments have developed their own structures and job titles. Many departments now differentiate between staff using pay bands.
- Despite this change, there are broadly five different levels of seniority in HM Civil Service:
 - Senior Civil Service level (SCS level)
 - Grades 6 and 7 (G6/7)
 - Higher Executive Officers/Senior Executive Officers (HEO/SEO)
 - Executive Officers (EO)
 - Administrative Assistants/Administrative Officers (AA/AO)
- Departments that have more employees directly delivering public services, such as the Department for Work and Pensions, have a higher percentage at junior grades.¹⁰³

Modern workers expect to change jobs frequently throughout their career, rather than staying with one employer for life. If the Civil Service is to attract the brightest and the best, it must acknowledge this fact whilst maintaining its spirit of public service. Although the Commission believes that greater inter-change between the public and private sectors would increase the calibre of public servants by increasing the diversity of skills and experience of those working in the public sector, conflicts of interest need to be actively managed by Ministers and Permanent Secretaries alike. This applies both to those recruited through normal recruitment processes and to those recruited as SpAds, members of an Extended Ministerial Office or experts with specialist knowledge. This is essential both for good decision making and for the reputation of Whitehall.

Higher salaries may need to be paid in order to attract and retain high calibre talent in the Civil Service. The Commission heard evidence that increases to the amount that civil servants (and in particular senior civil servants) are paid should be accompanied by a reduction in the size of the Civil Service overall (in other words, “fewer, higher paid Senior Civil Servants”). Between 2010 and 2015, the number of Civil Service jobs was reduced by around 90,000.¹⁰⁴

Reforms to Civil Service pay and conditions are controversial, as are changes to the overall size of the Civil Service. Reforms may be unpopular with the public, who may find that the amount Senior Civil Servants are paid may vastly exceed median annual earnings for full-time employees in the UK. Reforms may also prove unpopular with some civil servants themselves, who may resist further reductions to the size of the Civil Service or to changes to its pension schemes.

Any changes to the pay of senior civil servants would have to be introduced gradually as each role is re-evaluated. The expectations of

104. The Guardian, *Francis Maude to step down as MP after three decades in parliament*, 1 February 2015, [link](#)

103. ONS, Cabinet Office, *Civil Service Statistics as at 31 March 2019, 24 July 2019*, [link](#)

those who are paid more would also have to change in line with the requirements of the private sector. This would potentially involve longer hours, less job security and a higher degree of accountability. As the Institute for Government correctly explained, “any changes to recruitment, pay, training and performance management will involve a combination of the Cabinet Office, Civil Service Commission, Treasury, and departments. It may mean getting into battle with Civil Service unions.”¹⁰⁵ Nonetheless, there is a clear need for:

- **The introduction of a new Civil Service pay grade.** This pay-grade should sit above SCS 1, 2 and 3 and could be used to help attract talented outsiders into the Civil Service.
- **A major reassessment of the responsibilities of Permanent Secretaries and the amount that they are paid.** This is particularly important if future Permanent Secretaries are to be recruited from outside the Civil Service. It is also essential to review the contract periods of Senior Civil Servants and to introduce more robust methods of assessing their performance.
- **Permanent Secretaries and Ministers alike to take an active role in managing conflicts of interest.** This will ensure that there is good decision making and will preserve the reputation of Government.
- **The introduction of ‘capability premia’.** This will ensure that staff are not only incentivised to develop new skills, but also establish an expectation that the development of such skills is a prerequisite for further promotion.
- **Taking the pay of those with skills in digital leadership and technological expertise out of existing pay frameworks altogether.** This is explored in more detail Chapter 5.

It was the view of the Commission that, in a properly managed Service, delayering and managing out low performers would cover the cost of such changes. As much should be done within the current framework as possible but, if that is not possible, then radical restructuring of the pay framework may be necessary.

Senior Salaries Review Board

- The Review Body on Senior Salaries (SSRB) provides independent advice to the Prime Minister, the Lord Chancellor, the Secretary of State for Defence, the Secretary of State for Health and the Home Secretary on the pay of Senior Civil Servants, the judiciary, senior officers of the armed forces, certain senior managers in the NHS, Police and Crime Commissioners and chief police officers.
- SSRB is an advisory non-departmental public body, sponsored by the Cabinet Office.

105. Institute for Government, *Reforming the Civil Service needs more than a smart Dominic Cummings blogpost*, 7 January 2020, [link](#)

Supporting Those Recruited into the Senior Civil Service

It is not enough just to recruit talented and skilled outsiders into the Civil Service. They must be supported and retained so that the Civil Service can benefit from the skills that these people developed in the private sector. Unfortunately, as Catherine Baxendale's independent report, *How to Best Attract, Induct and Retain Talent recruited into the Senior Civil Service*, demonstrated, historically there have been a number of obstacles to this. Her report highlighted a "resistance to change and a closed mentality" and a "lack of value on operational delivery" amongst Senior Civil Servants. It also found that the Civil Service was "too hierarchical".¹⁰⁶

Whilst the appointment of a Chief People Officer following the publication of the Baxendale report has led to some important changes, the topic should be revisited in light of the COVID-19 crisis.¹⁰⁷ One of the key recommendations of the Baxendale Report was that "the Civil Service should return to this topic in 6 to 12 months and conduct a further series of in-depth interviews to check what has changed."¹⁰⁸ The extent to which this happened remains disputed.¹⁰⁹ This exercise should now be repeated and a skilled outsider should be brought back to explore the progress since the Baxendale report was published. Lessons must also be learnt from private sector consultancy companies, against whom the Civil Service is increasingly in competition for talent. Such companies dedicate significant resources to their management of highfliers, to the integration of expertise recruited externally and to the construction of alumni networks.¹¹⁰

2. Training and Skills

The Skills Gap

One of the main causes of the skills gap is Civil Service's cultural bias towards those with 'generalist skills'. To quote the Institute for Government, "it is critical that the Civil Service tackles entrenched perceptions that a policy background is better preparation for senior management roles in departments."¹¹¹ As the House of Commons Public Accounts Committee explained in December 2020:

"Many of the projects and programmes across Whitehall which we scrutinise are afflicted by delays, inefficiencies and budgetary overruns—the root issue of which is often a lack of specialist skills amongst officials. Despite us repeatedly highlighting the root cause of these issues, the government has consistently failed to adequately address the lack of skills, which undermines repeated assurances by the government that they are committed to tackling the issue."¹¹²

As the pandemic has demonstrated, more must also be done to develop the skills of public servants who negotiate and manage contracts with the private sector. As HM Treasury Whole of Government Accounts (WGA) and Public Expenditure Statistical Analysis make clear, spending on contracts makes up one third of public spending.¹¹³ Indeed, the National Audit Office has highlighted consistently that this is a weakness across the Civil Service.¹¹⁴

106. Cabinet Office, *Baxendale Report: How to best attract, induct and retain talent recruited into the Senior Civil Service*, [link](#)

107. Cabinet Office, *Government appoints new Chief People Officer*, 15 October 2015, [link](#)

108. Cabinet Office, *Baxendale Report: How to best attract, induct and retain talent recruited into the Senior Civil Service*, [link](#)

109. Civil Service World, *Civil service 'failed to prioritise' reforms to external recruitment*, 7 November 2017, [link](#)

110. See pp. 35

111. Institute for Government, *Professionalising Whitehall*, 7 September 2017, [link](#)

112. House of Commons Public Accounts Committee, *Specialist Skills in the Civil Service*, 7 December 2020, [link](#)

113. HM Treasury, *Whole of Government Accounts, 2018-2019*, 21 July 2020, [link](#)

HM Treasury, *HMT Public Expenditure Statistical Analyses (PESA)*, [link](#)

114. NAO, *Capability in the Civil Service*, 24 March 2017, [link](#)

Specialist Skills: The Government Functions

In 2015 the Government set out a new ‘functional model’ of government.¹¹⁵ This new model of government sought to address the fact that the UK Civil Service “has had little central leadership of corporate functions and has been significantly behind many well-run private companies and other OECD governments.”¹¹⁶ Corporate functions were created in areas that are fundamental to the work of government and common to multiple departments. These corporate functions - which were established horizontally across departments - aimed to “provide the specialist expertise that every organisation requires”.¹¹⁷ According to John Manzoni, former Chief Executive of the Civil Service and Permanent Secretary for the Cabinet Office, functions were created to get “the right expertise in the right place at the right time” and to “reach across departmental boundaries to create synergy across Government as a whole”.¹¹⁸

Government Functions and Specialist Skills

- There are 14 different Government functions including Project Delivery; HR; Property; Digital, Data and Technology; Finance; Security; Commercial; Analysis; Communication; Counter Fraud; Debt; Grants.
- Since the Civil Service Workforce Plan in 2016, these functions have evolved to develop and deploy specialist expertise across government.
- The functions overlap with the “Civil Service professions”, which work to develop the capability of groups of people with particular skills, knowledge or expertise.
- Each function has a central unit or organisation, with a unit head. This central unit is vital in setting standards for each function and coordinating training across government.
- The Functional Model of Government is set out and explored in greater detail in Chapter 4.

115. Cabinet Office, *The Functional Model: a Model for more efficient and effective Government*, 2015, [link](#)

116. Cabinet Office, *The Functional Model: a Model for more efficient and effective Government*, 2015, [link](#)

117. Cabinet Office, *The Functional Model: a Model for more efficient and effective Government*, 2015, [link](#)

118. J. Manzoni, *Forging ahead with functions*, April 2015, [link](#); Cabinet Office, ‘The Functional Model: a model for more efficient and effective Government’, March 2015 [link](#)

119. National Audit Office, *Specialist Skills in the Civil Service*, July 2020, [link](#)

120. National Audit Office, *Specialist Skills in the Civil Service*, July 2020, [link](#)

121. Government Digital Service, *Launching the Digital, Data and Technology Functional Standard*, July 2020, [link](#)

122. GDS, *Government Functional Standard GovS 005: Digital, Data and Technology*, 2 July 2020, [link](#); Twitter, Tom Loosemore, @tomskitowski, 2 July 2020, [link](#)

Further reform to the Government functions is, however, needed if they are to address the Government’s specialist skills gap. The NAO has highlighted how more must be done to make consistent workforce data, statistics and information available to all functions.¹¹⁹ It also said that departments must make better use of functional expertise in planning and spending activities.¹²⁰ These changes are necessary and should be implemented. Furthermore, the Government has spent 2020 trialling functional standards to guide people working in government.¹²¹ These standards can be too generic. The Digital, Data and Technology came under particular criticism.¹²² Likewise, cultural attitudes towards the functions must also change. Managers must ensure that specialist skills are seen as the preserve of all civil servants and not just for the ‘functions’ themselves or those who are members of a Civil Service ‘profession’.

Efforts to improve training: the New Curriculum and Campus for Government Skills

There have been a number of efforts to improve training and skills over the past decade. Since April 2011, Civil Service Learning (CSL) has provided 'generic' learning and development for all civil servants.¹²³ It aimed to improve the quality of such training by centralising training development and procurement. It also aimed to save £90 million a year against the amount spent in 2009-10 on Civil Service human resources.¹²⁴ There have also been a number of specialist academies established within the Civil Service over the past decade. These include:

- The Commercial College;
- The Defence Academy;
- The Diplomatic Academy;
- The Government Digital Academy;
- The Government Finance Academy;
- The National Leadership Centre (NLC)
- The Major Projects Leadership Academy (MPLA);
- The Civil Service Leadership Academy (CSLA)
- The HMRC Tax Academy

The development of these specialist academies is welcome. However, not enough has been done to coordinate their activities, in spite of the fact that some of the training courses that they provide are applicable to the whole Civil Service. The Government has since taken steps to address this and has set out a new curriculum and campus for government skills.¹²⁵ The curriculum is divided into five strands:

- **Foundations of Public Administration:** Skills and knowledge people can expect when they enter relevant public service roles, and access throughout their career
- **Working in Government:** A varied menu that supports individuals and teams to do their job well, accessing the knowledge that they need as they build their career, and 'primers' for new entrants.
- **Leading and Managing:** Skills, knowledge and networks (through formal programmes, experience, and informal context) to develop current and future managers and leaders.
- **Specialist Skills:** Developing expertise in specialist areas from the moment of entry to a profession to becoming an experienced practitioner or deep expert.
- **Domain Knowledge (related to a specific area of government):** Sector specific knowledge, experience, history required to work effectively in UK public policy.¹²⁶

The curriculum correctly identifies many of the areas where skills are needed. It will go a long way to integrating competing frameworks. As noted in Chapter One, however, sensible reforms are often undone or

123. GOV.UK, *Civil Service Learning*, [link](#)

124. NAO, *Our Enquiries into Civil Service Learning's Contact With Capita*, March 2015, [link](#)

125. Government Skills and Curriculum Unit, *Better Training, Knowledge and Networks: the New Curriculum and Campus for Government Skills*, 15 January 2021, [link](#)

126. Government Skills and Curriculum Unit, *Better Training, Knowledge and Networks: the New Curriculum and Campus for Government Skills*, 15 January 2021, [link](#)

superseded due to a lack of official attention or changing political priorities. The Government should urgently press ahead with the development of the campus and curriculum and should work to ensure that the initiative continues its momentum in the years to come.

The curriculum must also develop over time. As it does so, it must draw on external best practice from the private sector. In the past, the contracting-out of training has caused a series of problems. For example, Civil Service Learning's contract with Capita came under intense scrutiny.¹²⁷ Despite this, some training and skills sessions must be designed and run by those outside the Civil Service. Unless subject to some outside influence, there is a danger that training could end up institutionalising both anachronistic working practices and outdated approaches to policy problems.

Improving Policy Evaluation

It is also essential that the Civil Service improves its practices when it comes to the evaluation of policy and the implementation of policies. For example, a recent analysis of government obesity strategy (exploring almost 700 policies over 30 years) found that “government obesity strategies’ failure to reduce the prevalence of obesity in England for almost 30 years may be due to weaknesses in the policies’ design, leading to a lack of effectiveness, but they may also be due to failures of implementation and evaluation”.¹²⁸ As the Chancellor of the Duchy of Lancaster revealed in the 2020 Ditchley Annual Lecture, “of the 108 major programmes for which Government is responsible, only 8% are actually assessed to judge if they have been delivered effectively and have brought about the desired effects.”¹²⁹ Governments must learn from earlier policy failures if they are to avoid proposing identical policies regardless of their impact.

3. Establishing Teams, Controlling Turnover and Managing Promotion

Empowering Managers to Assemble Teams

Those in senior positions must have the capacity to choose their own teams. This was one of the key findings of the Commission. Its importance cannot be overstated. The need for fairness and consistency in recruitment and promotion across the service must be balanced by greater flexibility for senior managers to recruit the required top talent. As Policy Exchange noted in *Whitehall Reimagined*, “some departments forbade the use of recruiting managers from viewing important information such as internal candidate’s performance records or professional qualifications, removed current line managers from any input into assessments for promotion (whilst also not using boards) and did not routinely take up references.”¹³⁰ Such practices were in place, at various times, within the Departments for Business, Innovation and Skills and the Department for Education between 2014 and 2018.¹³¹ The Commission heard that if managers can’t select the staff they need, with reference to qualifications, then there is a greater likelihood that they may fall back on people they know, thereby undoing the very

127. NAO, *Note*, Civil Service Learning’s contract with Capita

128. Dolly Theis and Martin White, *The Milbank Quarterly, Is Obesity Policy in England Fit for Purpose? Analysis of Government Strategies and Policies, 1992–2020*, 19 January 2021, [link](#)

129. Cabinet Office, “*The privilege of public service*” given as the Ditchley Annual Lecture, 1 July 2020, [link](#)

130. Policy Exchange, *Whitehall Reimagined*, December 2019, [link](#)

131. Policy Exchange, *Whitehall Reimagined*, December 2019, [link](#)

basis of the Northcote-Trevelyan emphasis on replacing patronage with merit.

Whilst practices vary across every department, performance management processes need to be reformed. The Commission heard evidence that in less well-managed Departments performance evaluations do not always meet the Civil Service's own standards. For example, the Commission heard anecdotal evidence that high performing teams may be tempted to include some poor performers in order to game the system and not compromise the careers of its high performers. If this practice is occurring, it is clearly to the detriment of the Civil Service overall. The Government should evaluate employee performance reviews to address this.

Managing Turnover and Measuring Performance

In 2016, the Civil Service Workforce Plan explained that the Civil Service must “ensure [that] people are encouraged to develop deep expertise, [and] not move too frequently from job to job”.¹³² In 2020, the Senior Salaries Review Board again highlighted that this was a problem:

“High levels of uncontrolled job movement within the Civil Service (‘internal churn’) [is] to the detriment of delivering outcomes. This degree of churn is expensive, not just in terms of the direct costs such as recruitment and training, but also indirectly through the loss of expertise, knowledge and hence productivity. Higher rates of churn undermine accountability and adversely affect the delivery of policy and projects.”¹³³

As the Institute for Government report *Moving On* explained:

“several London-based departments consistently lose 20–25% of staff each year. In six departments, a new minister will find four in 10 of their senior officials have been in post less than a year, while permanent secretaries only average around three.”¹³⁴

As Policy Exchange highlighted in *Whitehall Reimagined*, the issue becomes even more acute when one considers staff who move between roles within a department.¹³⁵

There are two possible solutions to this problem. The first would be to streamline the application process for the Pivotal Role Allowance (PRA) and to expand its use. This was introduced in 2013 to retain key staff.¹³⁶ The Pivotal Role Allowance enables the payment of a salary increment in instances where the retention of a particular individual is deemed to be “business critical”. As the House of Commons pointed out, however, the PRA has been “underutilised”.¹³⁷ It was used only 67 times in the first five years after its introduction because departments “found the process too bureaucratic.”¹³⁸ The NAO has made similar comments.¹³⁹

The second solution would be to restore pay progression in post for some Civil Service jobs. Pay progression used to be automatic for the majority of civil servants.¹⁴⁰ The Coalition Government ended this practice, arguing that it was “at best antiquated and at worst deeply

132. Civil Service, *Civil Service Workforce Plan 2016 - 2020*, [link](#)

133. Review Body on Senior Salaries, *Forty-Second Annual Report on Senior Salaries 2020*, [link](#)

134. Institute for Government, *Moving On*, 2019, [link](#)

135. Policy Exchange, *Whitehall Reimagined*, 2019, [link](#)

136. Institute for Government, *Moving On*, 2019, [link](#)

137. House of Commons Public Administration and Constitutional Affairs, *The Minister and the Official: The Fulcrum of Whitehall Effectiveness*, 18 June 2018, [link](#)

138. House of Commons Public Administration and Constitutional Affairs, *The Minister and the Official: The Fulcrum of Whitehall Effectiveness*, 18 June 2018, [link](#)

139. NAO, *Specialist Skills in the Civil Service*, July 2020, [link](#)

140. Institute for Government, *Moving On*, 2019, [link](#)

unfair” that civil servants automatically received higher pay “regardless of [their] performance”.¹⁴¹ Nonetheless, ending salary progression in post meant that the only way to receive a pay rise above inflation was to move job, something that in turn was made easier by the creation of new departments. Pay progression cannot be reintroduced unless there are more robust methods of evaluating the performance of public servants.

Specialist Pay Disparities

There are often large pay disparities between specialist posts. The problem with such large disparities is that it establishes an internal market that in turn encourages greater turn-over of specialist staff. Higher turnover of specialist staff is a particular problem because it is often more important that specialists are in post for the duration of a project. Unless they are in post for the duration of a project, or at least a large part of it, the project may fail due to the difficulty of recruiting others with the requisite specialist skills.

This issue has been identified repeatedly by both the National Audit Office and the Public Accounts Select Committee.¹⁴² As they have shown, one way to reduce turn-over of specialists would be to exercise stricter controls to reduce disparities. Whilst standardised specialist pay may dismantle internal markets and encourage those with specialist skills to stay in post for longer, to do so may overlook the key problem. The internal market exists because there is a shortage of those with specialist skills in the Civil Service more generally and because it is difficult to bring in outsiders. The Civil Service must be careful not to inadvertently disincentive outsiders with specialist skills from applying for roles by artificially basing remuneration not on the difficulty of the job, but on the pay of those with similar skills in the wider Civil Service.

Managing the Careers of Highfliers

The Civil Service should develop mechanisms to allow those who are identified as future Permanent Secretaries to attend world-leading business schools or to spend some time on secondment at major companies. Lord Maude attempted to introduce these changes but was dissatisfied with the result.¹⁴³ More can also be done to ensure that former Civil Servants who have moved into the private sector continue to attend networking functions organised by the Civil Service. This would emulate the best practice of private sector management consultancy companies.

4. Reliance on Consultants, Contractors and Temporary Staff

The Civil Service’s reliance on external contractors and consultants must be addressed. Not only is the use of such contractors expensive, but it also deprives public servants of the opportunity to work on the most challenging and fulfilling policy issues.¹⁴⁴ Unfortunately, consultants brought into Government are often themselves former public servants,

141. HM Treasury, *Spending Round 2013*, [link](#)

142. House of Commons Committee of Public Accounts, *Specialist Skills in the civil service*, 11 December 2020, [link](#)

143. Speaker’s Lecture, *The Future of the Civil Service*, September 2017, [link](#)

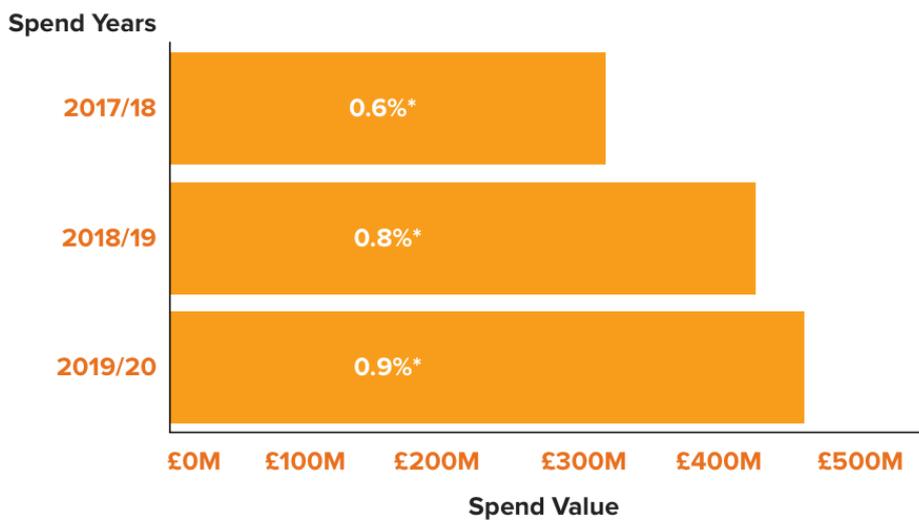
144. The Guardian, *Whitehall ‘infantilised’ by reliance on consultants, minister claims*, 29 September 2020, [link](#)

leading to a situation in which the public sector has to pay for talent that it has itself trained.

The introduction of central controls on contracts with consultancy firms (introduced in 2010 and later refined in 2017/18) reduced their use and cost. Indeed, the Government has established a Management Consultancy Framework (MCF) to avoid a full tendering exercise in order to speed up the process of using them and to get better value for money.¹⁴⁵

Since 2017/18 this trend has reversed. The NAO discovered that the minimum expenditure by departments on Brexit consultancy was £97m. It also found that departments did not meet “the standards of transparency expected by the government when publishing details of contracts for EU Exit consultancy.”¹⁴⁶ As Tussell have demonstrated, from 2017-18 to 2019-20, the Home Office saw a 788% increase in spending with major consulting firms, MHCLG saw a 637% increase and DWP saw a 564% increase in its use of consultants.¹⁴⁷ This trend was accelerated by the pandemic. Between March and August 2020 alone, a total of 106 contracts worth £109m were agreed between various government departments and consulting firms such as PwC, Deloitte and McKinsey.¹⁴⁸

Aggregate departmental spend on major consulting firms by year



*Departmental spend with major consultants as a proportion of total spend with non-governmental entities.

Improving the skills of the Civil Service so that they can fulfill the tasks currently done by consultants is the main way of addressing this reliance. In recent months, however, there have been calls for the Government to establish a Crown Consultancy to reduce the amount spent with private firms.¹⁴⁹ Such a system would only be likely to work if those staffing a Crown Consultancy were paid salaries comparable to the private sector, had the same job security of those in the private sector and the same terms and conditions of private sector consultancy jobs. Arguably, however, this change would not address the main reason why the Government uses

145. Institute for Government, *Managing Consultants*, [link](#); Crown Commercial Service, *Management Consultancy Framework (MCF)*, [link](#)

146. NAO, *Departments' use of consultants to support preparations for EU Exit*, 7 June 2019 [link](#)

147. Tussell, *How much do ministerial departments really spend on outside consultants?*, 6 October 2020, [link](#)

148. FT, *UK Spending on Consultants tops £100m*, [link](#)

149. FT, *No 10 explores 'Crown Consultancy' to stem billions going to private firms*, [link](#)

consultants and temporary staff. Consultants are often used not to provide strategic oversight for projects but to fill the gaps when the Civil Service is stretched beyond capacity. In many respects, the way to address this problem is to hire and train juniors to fill the gaps.

5. A More Diverse Civil Service

As a whole, the UK Civil Service is more diverse - in terms of age, disability, race, religion, sexual orientation and gender - than at any stage in its history. In 2019, 53.9% of Civil Servants were women, 12.7% were from ethnic minorities and 11.7% were disabled.¹⁵⁰ Indeed, 45.2% of the SCS were women, a percentage that has increased every year since 2010, when it was 35.2%. Whilst Civil Servants who are disabled, from an ethnic minority background or women are “more likely to be in more junior roles”, the Civil Service says that this is likely to change in the future.¹⁵¹ This is due to the fact that there is a higher proportion of staff in Grades 6 and 7 who are from an ethnic minority background or who are disabled.¹⁵²

A more diverse Civil Service should be a cause for celebration. Not only does it ensure that it is more representative of the population that it serves, but there is also a great deal of evidence to suggest that the establishment of a workforce with a wide range of backgrounds, life experiences and perspectives is more likely to foster innovation and change. Such progress is the result of sustained focus on diversity and inclusion, as well as the creation and implementation of the Civil Service D&I Standard and the Civil Service D&I strategy.¹⁵³

These improvements are also the product of other reforms to the Civil Service; nearly every Single Departmental Plan made reference to Diversity and Inclusion, reinforcing the Commission’s belief that such plans are an essential ingredient for change (See chapter 3).¹⁵⁴ Nonetheless, there is more still to do. The government is committed to increasing the levels of diversity among public appointments and has set ambitions for 50% of all public appointees to be female and 14% of all public appointments to come from ethnic minority backgrounds by 2022. This target must be met. Likewise, as is argued in Chapter 7 of this report, the development of the Government’s Places for Growth programme has the potential to provide local paid internships, as well as joint recruitment and training programmes with local organisations. Such programmes will be essential if the Civil Service is to become more diverse in the long term.

6. Increasing the Capacity of the Senior Civil Service

Changing the SRO and Accounting Officer Structure

As Accounting Officers, Permanent Secretaries have personal responsibility for the management of spending in their departments. Since 2014, when the Government revised the so-called Osmotherly Rules, both they and Senior Responsible Owners (SROs) of large government projects and programmes can be held directly accountable by Parliament for project implementation and performance.¹⁵⁵ It should be questioned whether

150. Cabinet Office, *Civil Service Diversity and Inclusion Dashboard*, Updated 11 September 2019, [link](#)

151. Cabinet Office, *Civil Service Diversity and Inclusion Dashboard*, Updated 11 September 2019, [link](#)

152. In Grades 6 and 7 the proportion of disabled staff has risen from 4.9% to 8.7% since 2010, and the proportion of staff who are ethnic minorities has gone from 6.9% to 10.3%. This means that it is likely that these numbers will increase in the future - Cabinet Office, *Civil Service Diversity and Inclusion Dashboard*, Updated 11 September 2019, [link](#)

153. Cabinet Office, *A Brilliant Civil Service*, 1 December 2017, [link](#)

154. See chapter 3

155. Infrastructure and Projects Agency, *The Role of the Senior Responsible Owner*, 18 July 2019, [link](#) HM Treasury, *The Accounting Officer’s Survival Guide*, December 2015, [link](#)

it feasible for even a well-supported Permanent Secretary to both run a department on a day-to-day operational basis, act as policy counsellor-in-chief to the Secretary of State and also to serve as an accounting officer for the whole department. This should be explored in the future.

The Government has announced that it will “redress Britain’s historic underinvestment in infrastructure, with £600 billion of gross public sector investment over the next five years”.¹⁵⁶ Such levels of infrastructure spending are unprecedented in the post-war era and it is essential that the Government has the project management and leadership skills to ensure that this programme runs on time. This is a prime area where the recruitment of external expertise will be essential to the delivery of Government services. The Government should quadruple the number of SROs (Senior Responsible Owners who oversee project implementation) and ensure that they have direct access to their Permanent Secretary. The Commission also heard evidence that SROs were often responsible for more than one multiple million pound project, limiting the time that they could spend on each project. Because of this, the Government should explore whether introduce formal limits on the number of projects on which SROs can work at any one time. There must also be robust performance monitoring of SROs and the expectation that SROs will stay in place for the duration of a project but only if targets are continually met.

Strategic Direction of Reform and The Civil Service Board

At present, the Civil Service Board (CSB) is responsible for the “the strategic leadership of the Civil Service, to make sure it works as a coherent and effective whole and has the capability both now, and in the future, to respond to any challenges.”¹⁵⁷ Likewise, Permanent Secretaries also meet every week at a ‘Wednesday Morning Colleagues’ (WMC) meeting.¹⁵⁸ These forums, inevitably, will set much of the strategic direction at the official level around the Civil Service’s own work on reform of government.

Civil Service Board

- The Civil Service Board (CSB) is chaired by the Chief Operating Officer for the Civil Service, Alex Chisholm. It comprises a cross-section of Permanent Secretaries from Civil Service departments.
- The CSB is accountable to the Cabinet Secretary and is responsible for considering the strategic challenges faced by the Civil Service, and for collectively agreeing a way forward.
- People Board is a formal sub-board of CSB. It oversees strategic people-related issues across the Civil Service, overseeing the implementation of the Civil Service Workforce Plan, the development of Civil Service-wide policies relating to terms and conditions and pay and pensions for all civil servants, including the strategy for specialist pay.

156. HM Treasury, *Build Back Better: Our Plan for Growth*, 3 March 2021, [link](#)

157. Civil Service Board, *What the Civil Service Board does*, [link](#)

158. Institute for Government, *Permanent Secretaries*, [link](#)

Whilst the Cabinet Secretary remains the Home Civil Service's professional head, John Manzoni was appointed in 2014 as the new Chief Executive of the Civil Service. At the time, the job was described as “undoable” by one of those approached to take on the role.¹⁵⁹ In 2020, Alex Chisholm was appointed to succeed him (as Chief Operating Officer for the Civil Service). The COO chairs the Civil Service Board and Mr Chisholm already established a number of new teams and programmes to accelerate reform. These include the Civil Service Modernisation and Reform Unit, formed in late 2020.¹⁶⁰

As reform progresses, these teams should adopt an open and consultative approach to their work. The Civil Service must do more to communicate its own work on reform in a manner which is more transparent. The Civil Service would do well to counter misconceptions by better communicating how it holds itself accountable for reform of government. Greater representation of the Government functions on the Civil Service Board may also help to address the cross-cutting problems.

Key Actions

- **Higher salaries will need to be paid in key areas in order to attract and retain high calibre talent in the Civil Service.** Civil Service and wider public sector pay is subject to many considerations, but this should be acknowledged. Changes to the pay of Senior Civil Servants should be focused rather than general and a new pay grade (above SCS 1, 2 and 3) should be introduced. Any changes to the pay of senior civil servants would have to be introduced gradually as each role is re-evaluated in line with the expectations of the private sector. This would potentially involve longer hours, less job security and a higher degree of accountability for Senior Civil Servants.
- **Permanent Secretaries and Ministers alike must take an active role in managing conflicts of interest.** This will ensure that there is good decision making and will preserve the reputation of Government.
- **Reform should seek to restore the ideas of Northcote-Trevelyan by focusing on capabilities, recruitment, promotion and accountability in the Civil Service.** These reforming principles should underpin every reform initiative. Promotion must always be based on talent and potential, and not simply on time served
- **The Government must increase the number of SROs if the planned £600 billion of gross public sector investment on infrastructure over the next five years is to be successful.** It should also appoint SROs from outside Government, introduce formal limits on the number of projects on which SROs can work at any one time and ensure that SROs have direct access to their Permanent Secretaries.

159. Financial Times, UK business chiefs turn down new Whitehall post, 18 August 2020, [link](#)

160. Cabinet Office Jobs, Modernisation and Reform Programme, [link](#)

- **The Civil Service should take drastic steps to reduce unnecessary turnover and movement within the Civil Service.** Promotion and pay progression in post, when merited, should be encouraged, but only if more robust mechanisms of evaluating employee performance are developed.
- **The Government should press ahead with its New Curriculum and Campus for Government Skills.** Functions and units which have designed successful and robust training programmes in their specialisms should be supported to provide this training for the whole of the Civil Service. The development of Civil Service training should draw on external best practice, including from the private sector.
- **The Civil Service should review Fast Stream pay and benefits in order to construct a more attractive package for junior officials.** The Fast Stream should be used not to fill short-term gaps in Civil Service capability but as a programme to develop the talent and skills of its entrants.
- **Senior Civil Servants should be sent to university campuses with the specific aim of recruiting those with science and technology backgrounds.**
- **The Civil Service must do more to attract, support and retain external recruits.** The Civil Service should report progress on implementing the recommendations made in the Baxendale Report and should implement its recommendations in full.
- **A pay ‘capabilities’ premium should be introduced to reward staff who have or acquire recognised professional qualifications.** Such qualifications must, however, be robust and be based upon examination. Such qualifications should be considered a necessary qualification for top jobs.
- **Civil Service managers must have the power to recruit their own teams.** Managers should be expected to recruit to and be accountable for the performance of their own teams. They need access to qualifications on CVs to prevent reliance on patronage rather than merit. The Civil Service should evaluate the quality of employee performance reviews and their use across departments.
- **The Civil Service must find a solution to its overreliance on consultants and agency staff.** Central controls on consultancy spend should be exercised more forcefully.
- **The Civil Service must do more to meet its diversity and inclusion commitments.** It must meet its target for 50% of all public appointees to be female and 14% of all public appointments to come from ethnic minority backgrounds by 2022.

3. Empowering Success: Ministerial Capability and Support

Introduction

“The first duty of the higher official”, as H.E. Dale concluded in his description of the interwar Service, “is to serve his Minister.”¹⁶¹ In recent years, however, the relationship between Ministers and civil servants appears to have deteriorated. Ministers have been found to have been “let down by officials” and “not supported as ... [they] should have been”.¹⁶² There have also been a number of hostile briefings against senior officials, which have further undermined trust between Ministers and the Senior Civil Service.¹⁶³ A culture of briefing and hostility on all sides is not conducive to productive and genuine reform.

If Ministers are to be truly accountable to Parliament and to the public for the “policies, decisions and actions of their departments and agencies”, then it is vital not only that departments are responsive to their leadership and direction, but that they too gain the skills required to lead a department successfully.¹⁶⁴ This chapter will place into context the role of political leadership in determining the success of programmes and policies enacted by officials. Divided into four sections, it will explain:

1. The increasing demands on Ministers
2. How to improve ministerial preparation and training
3. How to improve ministerial access to expert and technical advice
4. Ensuring departments are responsive to priorities set by Ministers

If Government after COVID-19 is to be more effective, more must also be done to manage Ministerial careers so that Secretaries of State have both the time, and also the political incentive, to tackle long-term problems. As this Chapter shows, the process of improving the efficiency and effectiveness of government is not simply one of reforming the Civil Service. Ministers must also take greater responsibility for their role in leading departmental change. As Chapter One demonstrated, reform is unlikely to be achieved without political support and leadership. In addition, they must also foster an environment in which officials are unafraid to offer frank advice in the best tradition of the Civil Service.

161. Rodney Lowe, *The Official History of the British Civil Service (Government Official History Series)*, (Taylor and Francis: London, 2011), pp. 58

162. BBC News, *Ex-Home Secretary Amber Rudd 'let down by officials'*, 2 November 2018, [link](#); Home Office, *Sir Alex Allan review: executive summary*, 28 November 2018, [link](#)

163. Civil Service World, *Heywood among senior figures to back Ollie Robbins after briefings against Civil Service Brexit chief*, 30 April 2018, [link](#)

164. Cabinet Office, *Ministerial Code*, 2019, [link](#)

1. Understanding Ministerial Accountability and the Demands on Minister's Time

The Importance of Ministerial Grip

The primary responsibilities of Secretaries of State should be to set the political direction for a Department and to make difficult choices between competing priorities. It is the responsibility of Permanent Secretaries (who should be equipped with the requisite skills and experience) to deliver ministerial priorities. Nonetheless, as the Ministerial Code clearly states: “the Minister in charge of a department is solely accountable to Parliament for the exercise of the powers on which the administration of that department depends.”¹⁶⁵ If Ministers are to be accountable to Parliament for the actions of their department, then they must also have the skills, support and tools to ensure that action is being taken to deliver their and the public's priorities.

Ministers must be supported so that they can understand their department's work in full. This is particularly important considering the proportion of departmental activities that require input from them. For example, the 2012 review of the Department for Education found that:

“around 20% of the Department's current work is strictly mandatory, in the sense of being required by legislation or contractual obligation. The other 80% is discretionary and is driven by Ministerial priorities and historic commitments.”¹⁶⁶

The Demands on Ministers

It is important to recognise that the demands on ministerial time are immense. The House of Commons Public Administration Select Committee was correct to say that “there will always be greater demands on ministers' time than can possibly be met”.¹⁶⁷ Ministers must provide political leadership to their department; develop policy; negotiate on behalf of their department within Whitehall and with the Treasury; to respond to Parliamentary questions; to appear in front of Select Committees and (not least) to guide legislation through Parliament.

Whilst these demands are onerous in and of themselves, Ministers combine all these responsibilities with a series of other responsibilities arising from the variety of roles and functions they perform.¹⁶⁸ Indeed, it is worth remembering that some Ministers also serve as:

- **Member of the Cabinet:** participating in collective decision-making in Cabinet and in Cabinet committees;
- **Members of Parliament:** entailing responsibilities to manage correspondence and constituency casework and attend to constituency meetings and local surgeries;
- **Members of a political party:** entailing campaigning responsibilities and an obligation to attend Party events or conferences;
- **Member of a Parliamentary Party:** requiring responsibilities to engage with Parliamentary colleagues, attend meetings and debates in the House of Commons.

165. Cabinet Office, *Ministerial Code*, 2019, [link](#)

166. Department for Education, *The Department for Education Review Report*, 2012, [link](#)

167. House of Commons Public Administration Select Committee, *Smaller Government: What do Ministers do?*, 1 March 2011, [link](#)

168. Institute for Government, *How to be an effective Minister*, March 2017, [link](#)

Not only are these demands often significantly wider and more varied in scope than those faced by individuals of a similar level of seniority in the private sector, but the UK continues to have relatively few special advisers to provide the political support which the Civil Service cannot. The differences in political support are particularly stark compared even to other Westminster-inspired systems such as those of Australia and Canada.¹⁶⁹

Counterintuitively, Junior Ministers are arguably even more stretched than Secretaries of State. Whilst it is possible for Secretaries of State to delegate work or to ask a Junior Minister to attend an event (or in some cases to answer Parliamentary questions on their behalf), Junior Ministers are often unable to exercise any degree of control over their workload.¹⁷⁰ They may also lack the political influence of a Secretary of State over their brief and responsibilities. Furthermore, Junior Ministers based in multiple departments often suffer either from marginalisation on the basis of their divided responsibilities or are particularly challenged during times of inter-departmental tension. For example, some of those who previously served as Joint Ministers have reported that in the build-up to Spending Reviews Civil Servants refused to share budgets with them for fear that such information might be seen by the other department in which they served and subsequently used to manipulate spending decisions.¹⁷¹

2. Improving Ministerial Training and Managing Ministerial Careers

Improving Training and Professional Development

There have been recent efforts to introduce more ministerial training courses. Such courses should be encouraged, expanded and continued. For example, in light of the Government's ambitions to invest £600 billion in infrastructure, it was announced that every Minister with major infrastructure spending responsibilities in their departments will take part in a special ministerial training course, set up in conjunction with Infrastructure Projects Authority and the Saïd Business School at Oxford University.¹⁷² Similar courses should be introduced to help Ministers understand the trade-offs and difficulties of other areas.

Training programmes should not simply focus on Secretaries of State. Ministers of State are often the engine room of government. They are also in need of more training and support. Such courses must be also made available to prospective ministers. As explained above, it is unlikely that Ministers will have the time to complete multiple training courses once they are in post. More must be done to train backbench MPs, PPSs and Opposition spokespeople in order to establish a 'pipeline' of political talent. New Ministers can find themselves facing significant crises immediately on arrival in their departments, and such courses are unlikely to command significant ministerial attention given the already significant constraints on the time of Secretaries of State.¹⁷³

This curriculum should include policy and delivery orientated training

169. The Conversation, *Canada's next government should assess why we have so many political advisers*, 17 October 2019, [link](#)

170. Institute for Government, *Becoming a junior minister*, December 2019, [link](#)

171. Big Tent Ideas Festival, *'Public Sector Innovation'*, 2017, 20:01, [link](#)

172. Conservative Home, *Jesse Norman: My revolutionary experiment with other Ministers today in delivering better value for taxpayers*, 16 July 2020, [link](#)

173. For example, Britain's first female Home Secretary, Jacqui Smith, had to chair a meeting of Cobra (the emergency response committee) within 24 hours of becoming Home Secretary because car bombs were found in London and Glasgow. The Guardian, *Jacqui Smith: key moments in a controversial career*, 2 Jun 2009, [link](#)

in technical subjects such as procurement, digital delivery as well as legal and constitutional matters. It should also deal with the day-to-day functional reality of modern government, with improving practical skills (such as better decision making and chairing meetings), and with how to understand and challenge statistics and data. Greater ministerial training in such areas will help to ensure that, when policies are designed, Ministers have a better understanding of the consequences and implications of different policy options.

Nonetheless, training should not be merely generic. That the special ministerial training course described above is tailored to government priorities is one of its major benefits. It is tailored to government priorities. Political parties themselves should also develop tailored training programmes that align with their particular political priorities. Furthermore, there are already a number of schemes, such as the Armed Forces Parliamentary Scheme, that aim to provide MPs with placements so that they can better understand a policy area and develop useful skills. Further schemes should be encouraged.

Armed Forces Parliamentary Scheme (AFPS)

- The AFPS aims, through a system of placements for MPs, to promote understanding of the Armed Forces and how they train and operate. The purpose of the scheme is to improve the quality of debate in Parliament regarding the Armed Forces, in light of the fact that many MPs will not have direct experience of how the Armed Forces operate.¹⁷⁴
- Over 200 MPs to date have graduated from this scheme, of which more than 100 are still in Parliament.¹⁷⁵

Managing Ministerial Careers

It is vital that the management of ministerial careers is improved in order to ensure that there is greater stability in office.¹⁷⁶ This is a long-term problem, and it affects Governments of all political persuasions. The average tenure between 1947 and 1997 was 26.8 months for Junior Ministers, 27.2 for Ministers of Cabinet rank, and 28 months for Cabinet Ministers.¹⁷⁷ Between 1997 and 2010, there were six Defence Secretaries, eight Trade and Industry Secretaries, eight Business Secretaries, and six Home Secretaries (including three in four years).¹⁷⁸ Indeed, as the table below shows, ministerial turnaround in the past decade has been no less pronounced.¹⁷⁹

176. Institute for Government, *Government reshuffles: The case for keeping ministers in post longer*, 27 January 2020, [link](#)

177. Berlinski, S., T. Dewan and K. Dowding, (2007) 'The Length of Ministerial Tenure in the United Kingdom, 1945–97', *Political Economy and Public Policy Series*, London School of Economics, [link](#)

178. House of Commons Political and Constitutional Reform Committee, *The impact and effectiveness of ministerial reshuffles*, 13 June 2013, [link](#); Institute for Government, *For how long should ministers be in place?*, 25 May 2011, [link](#)

179. Whilst there was a significant reduction in the number of reshuffles under the Coalition, this was arguably a product of the fact that both sides of the Coalition needed to agree changes, leading to fewer changes.

174. The Armed Forces Parliamentary Scheme, *The Armed Forces Parliamentary Scheme A Brief History*, November 2012, [link](#)

175. The Armed Forces Parliamentary Scheme, *The Armed Forces Parliamentary Scheme A Brief History*, November 2012, [link](#)

Secretaries of state at each department since 2010									
Department	Post Holders								
	1	2	3	4	5	6	7	8	9
DCMS	Hunt	Miller	Javid	Whittingdale	Bradley	Hancock	Wright	Morgan	Dowden
Defra	Spelman	Paterson	Truss	Leadsom	Gove	Villiers	Eustice		
MoJ	Clarke	Grayling	Gove	Truss	Lidington	Gauke	Buckland		
DWP	Duncan Smith	Crabb	Green	Gauke	McVey	Rudd	Coffey		
CO	Maude	Hancock	Gummer	Green	Lidington	Gove			
MoD	Fox	Hammond	Fallon	Williamson	Mordaunt	Wallace			
NIO	Patterson	Villiers	Brokenshire	Bradley	Smith	Lewis			
Scot	Alexander	Moore	Carmichael	Mundell	Jack				
DCLG/MHCLG	Pickles	Clark	Javid	Brokenshire	Jenrick				
DfT	Hammond	Greening	McLoughlin	Grayling	Shapps				
Wal	Gillan	Jones	Crabb	Cairns	Hart				
DfE	Gove	Morgan	Greening	Hinds	Williamson				
BEIS	Clark	Leadsom	Sharma	Kwarteng					
HO	May	Rudd	Javid	Patel					
HMT	Osborne	Hammond	Javid	Sunak					
DH/DHSC	Lansley	Hunt	Hancock						
DIT	Fox	Truss							
DfID	Mitchell	Greening	Patel	Mordaunt	Stewart	Sharma	Trevelyan		
FCO/FCDO	Hague	Hammond	Johnson	Hunt	Raab				
DExEU	Davis	Raab	Barclay						
DECC	Huhne	Davey	Rudd						
BIS	Cable	Javid							

In many respects high ministerial turnover should not be surprising. The high turnover of Ministers since 2016 is, in part, a direct consequence of genuine political divisions over Brexit.¹⁸⁰ It also demonstrates that ministerial accountability is an important part of the UK’s political culture. Even if a Minister is not formally forced to resign from Government, his or her movement at a later reshuffle can also serve as an active admission of political missteps. It is unreasonable, therefore, to complain - as some do - that there is too great a turnover of Ministers whilst arguing simultaneously that Ministers should resign whenever mistakes are made.

High ministerial turnover does have significant drawbacks. It means that Ministers are often unable to see decisions through to results. Even if Ministers are in place for a long time, the expectation that they will move on reduces the incentive for them to pursue radical or long-term solutions and to favour short-term changes instead. The problem of short tenures is compounded further by high Civil Service turnover, explored in greater detail in Chapter 2. As the House of Commons Public Administration and Constitutional Affairs Committee remarked:

180. May’s premiership provided the record number of ministerial resignations under a British Prime Minister. There were 36 in all, including 24 over political or policy disagreement and 22 which were related to Brexit. The other two were Greg Hands over Heathrow, and Tracey Crouch over fixed-odds betting terminals. - Institute for Government, *Charting Theresa May’s Premiership*, [link](#)

“The average time in post for the Senior Civil Service is less than two years. This is shorter than the tenure of many of the ministers they serve, and makes a nonsense of the idea of a permanent Civil Service providing ministers with the subject expertise, long experience and corporate memory they are entitled to expect.”¹⁸¹

More could be done to manage ministerial careers so that potential Ministers are encouraged to build up policy expertise in certain areas. This would reduce the time it takes for new Ministers to acclimatize to their new role. This could be achieved either by appointing Secretaries of State who have served on Select Committees or by appointing those who have been Parliamentary Private Secretaries for the briefs they now hold. Whilst to some extent this does happen already, it should be encouraged further.

3. Access to Expert Advice

Extended Ministerial Offices

The creation of Extended Ministerial Offices was first recommended by the Institute for Public Policy Research (IPPR) in 2013.¹⁸² The motivation for introducing EMOs was that Secretaries of State should be supported by “an extended office of Ministerial staff that they personally appoint and who work directly on their behalf in the department. Ministerial staff should comprise a mixture of officials, external experts, and political advisers.”¹⁸³ After the 2015 election, five departments formally adopted an EMO, including the Department for Education and the Department for Environment, Food & Rural Affairs (Defra).¹⁸⁴

Despite their introduction, the innovation was quietly shelved at the end of 2016. All references to them were removed from the Ministerial Code.¹⁸⁵ Today’s Ministerial Code continues to contain no reference to them.¹⁸⁶ The reasons for their abolition are unclear, not least because IPPR’s research was based on international best practice, examining the Civil Services in countries including Australia, Canada and New Zealand.¹⁸⁷ Most importantly, EMOs also provided support to Junior Ministers, something that should be encouraged.

The original arguments advanced for the creation of Extended Ministerial Offices remain compelling. They should be reintroduced. Since those serving in an Extended Ministerial Office would be bound to observe the Civil Service Code, the reintroduction of these is unlikely to lead to a politicisation of the Civil Service. One of the principal objections to EMOs (that they would lead to an ‘us’ vs ‘them’ culture) was not borne out in the practical experiences of those who gave evidence to the Commission. Instead, it was suggested that Extended Ministerial Offices can even help to ensure that communication between Ministers and their Permanent Secretaries and other officials continues at moments when these relationships are under strain.

A number of lessons can be learnt from previous efforts to introduce EMOs. First, in their previous incarnation, EMOs were too difficult to set up and the process to appoint experts to the department was lengthy and

181. House of Commons Public Administration and Constitutional Affairs, *The Minister and the Official: The Fulcrum of Whitehall Effectiveness*, 18 June 2018, [link](#)

182. IPPR, *Accountability and responsiveness in the senior civil service*, 17 June 2013, [link](#)

183. IPPR, *Accountability and responsiveness in the senior civil service*, 17 June 2013, [link](#)

184. Institute for Government, *Is scrapping Extended Ministerial Offices a mistake?*, 6 January 2017, [link](#)

185. Policy Exchange, *Whitehall Reimagined*, [link](#)

186. Cabinet Office, *Ministerial Code*, 23 August 2019, [link](#)

187. IPPR, *Accountability and responsiveness in the senior civil service*, 17 June 2013, [link](#)

tedious. The Commission heard evidence that delays to appointing expert advisers have continued beyond the EMO era, and Ministers are still all too often frustrated by opaque appointments processes. Given the short length of ministerial tenures (see above), the process to appoint expert advisers to Ministers, in whatever form, should be more clearly set out in public. It should also be streamlined so that Ministers can benefit from expertise throughout their time in office. Second, the EMO process ensured that the Minister's private office included an appointed official, who reported to the then Implementation Unit in the Cabinet Office. This apparently caused EMOs to be treated by suspicion by departmental officials, undermining their efficacy. Cultural attitudes towards EMOs would, therefore, have to change.

Locating and making use of expert advice

Even without the formal reintroduction of EMOs, at present the process for appointing experts and external advisers to Ministers is somewhat ad hoc. Appointments are usually arranged by the departmental private office acting on the instructions of the Minister, in conjunction with Cabinet Office units such as the Cabinet Office Propriety and Ethics team.¹⁸⁸ Whilst Ministers are able to appoint such individuals by direct appointment, a lack of clarity and resources for remuneration often makes it difficult to do so.

As the Covid-19 crisis has shown, there is often an urgent need for a wide range of expertise at short notice. The Government should establish a dedicated function to bring on board, headhunt and locate expert advisers, to form an Office for Expert Advice. Ministers should have the opportunity to commission this function to deal with the administrative burden of bringing expert advisers into government. Nonetheless, the establishment of such a team should not impede Ministers' freedom to appoint qualified individuals. It should primarily be a resource and an aid to support Ministers.

More should also be done to locate existing expertise in government. This team should develop a knowledge register which would help to locate subject matter experts both within government and in the wider public sector, so that expertise may be drawn upon more quickly in a crisis. Indeed, it is often too late to read experts into decisions and to then expect them to navigate the curiosities and eccentricities of a government department when a crisis is happening in front of their eyes. It will not be necessary for all expert advisers to be brought into government, but Ministers may still want to draw formally on their advice. The Civil Service should consider the ways it currently draws on internal and external expert advice in policy formation, and should review whether these processes are fit for purpose. In general, and in short, a greater range of expert advice should be available to Ministers more immediately.

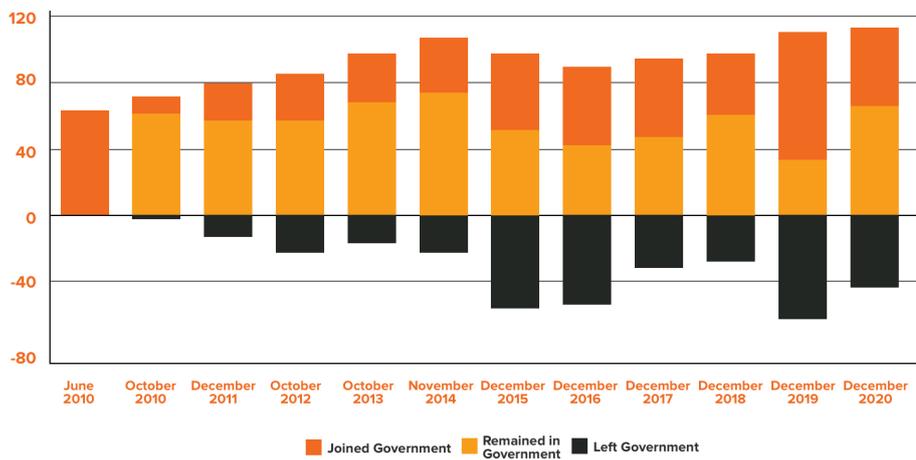
188. Cabinet Office, *Deputy Cabinet Secretary*, [link](#)

Special Advisers

Special Advisers (SpAds) are an essential support to Ministers and provide them with political advice; this, in turn prevents the politicisation of the Civil Service. To quote the Special Adviser Code, “special advisers are a critical part of the team supporting Ministers. They add a political dimension to the advice and assistance available to Ministers while reinforcing the political impartiality of the permanent Civil Service by distinguishing the source of political advice and support.”¹⁸⁹ Despite this, concern about the power and influence of Special Advisers has been a feature of UK political culture for at least the past 20 years.¹⁹⁰ Representing just 102 (101.7 full-time equivalent) employees out of 423,770 full-time equivalent Civil Servants, Special Advisers receive an inordinate amount of media attention.¹⁹¹

As the table below shows, there has been a high turnover of SpAds in recent decades. It would be advisable to reduce this turnover rate. This would make the job more appealing to those with specialist experience of a policy area or with genuine professional expertise such as, in communications. It could also improve the quality and stability of Ministerial transitions from a political perspective if Special Advisers were to stay in post even after the Ministers with whom they worked move on. The Civil Service, for example, may be less well placed than an incumbent Special Adviser to brief a new or incoming Minister about the complex political trade-offs that might have guided recent decisions.

Turnover of special advisers, October 2010 to December 2020



The Commission heard that further changes to the constitutional status of Special Advisers are not required, but there is significant scope for improvement in the relationship between Special Advisers and Civil Servants. The Special Adviser Code states that “Special advisers should be fully integrated into the functioning of government.”¹⁹² It is clear that, in some instances, Special Advisers are not fully integrated into the functioning of Government. Whilst in many cases the culpability for a

189. Cabinet Office, *Special Advisor Code of Conduct*, December 2016, [link](#)

190. CSPL, *Sixth Report*, 2000, [link](#)

191. Cabinet Office, *Annual Report on Special Advisers*, March 2020, [link](#)

192. Cabinet Office, *Code of Conduct for Special Advisers*, December 2016, [link](#)

breakdown in relations lies as much with Special Advisers as with the permanent Civil Service, Departments should take active steps to eliminate parallel processes and fully integrate Special Advisers, continuing to delineate clearly political advice and activity when appropriate. Likewise, much more should be done to educate Special Advisers about their precise role in the system.

Submissions and Departmental Advice

The majority of Ministerial Advice is still submitted by officials through submissions to a Minister's Red Box. Depending on when Ministers work through their Box, many Ministerial decisions may be made late at night or over the weekend when Ministers are out of the department. In 2015, it was announced that Red Boxes were to be phased out and replaced by email.¹⁹³ Ministers do increasingly use email for departmental business, but the traditional Box process (whether conducted on paper or digitally) remains the main vehicle for the submission of formal advice in many departments. The Commission has also heard evidence that the submission process can sometimes lead to a situation where warnings from junior officials are slowly filtered out by more senior officials, undermining organic organisational information flows and resulting in asymmetric understandings of policy problems.

More must also be done to allow Ministers to seek advice and counsel from more junior civil servants. The Senior Civil Service has as one of its central characteristics a near monopoly on direct access to Ministers over important issues or key decisions. Arguably, the Civil Service's rigid hierarchy prevents Ministers from involving civil servants operating at programme level earlier in policy discussions, where their intimate knowledge of the operation of the programme or intervention may be revealing. Likewise, more must be done to reduce the distance between the official author of policy advice and the Minister. In some departments, Ministers will not accept submissions without direct contact details for the official who authored the advice.

In order to improve dialogue across hierarchies and to improve a Minister's all-round understanding of an issue, it is important to empower Ministers to have informal conversations with their officials around policy issues. Although formal advice is important if difficult issues are to be distilled and accountability is to be ensured, there is more scope for closer collaboration between policy teams and the Ministers taking their advice. There should be an expectation that Civil Servants should sign submissions and that Ministers should talk to them directly. If there are too many layers or competing teams providing advice, policy advice can be confused.

Strengthening the ability of Ministers to obtain robust legal advice

The Government is subject to the rule of law. As a result, it is vital that Ministers and officials have ready access to reliable legal advice about the legal framework within which the Government is required to act, advice which makes clear the risk of legal challenge to possible courses of action.

193. Daily Mail, *Traditional government red boxes set to be phased out after 150 years as ministers are given thumbprint-activated smartphones*, 18 February 2015, [link](#)

As Policy Exchange highlighted in *Whitehall Reimagined*, the Government should put in place a streamlined and more readily available route to seek a second opinion from external counsel. It should establish an ongoing assessment of the costs of litigation and consider a means of funding such costs centrally.¹⁹⁴

Reception of Advice

It is not enough simply for politicians to have access to expert advice and expertise. They must also foster an environment in which Civil Servants and expert advisers feel comfortable providing honest advice. In 2016, the National Audit Office stated that Accounting Officers “appear to lack confidence to challenge Ministers where they have concerns about the feasibility or value for money of new policies or decisions, not least because standing up to Ministers is seen as damaging to a civil servant’s career prospects”.¹⁹⁵ This is clearly unacceptable, and the Government should take steps to address this. Establishing a culture where robust advice is given and received without fear will produce better decisions and better outcomes for citizens. Nonetheless, once advice is offered, officials are duty bound to implement ministerial decisions.

4. Making Departments More Responsive to Ministerial Direction

Strengthening Accountability: Outcome Delivery Plans and Single Departmental Plans

In recent years, there have been a variety of approaches to measuring performance across government and to provide scrutiny of the priorities set out in spending reviews. Single Departmental Plans were introduced in 2015 to bring clarity to government priorities and the resources required to implement them. As Sir John Manzoni explained at the time, “since SDPs are completely aligned with the Spending Review, they will enable us to bring together inputs (especially funding) with outputs – thus making clear the trade-offs and choices.”¹⁹⁶

Nonetheless, despite their potential, the value of SDPs proved limited. Published SDPs were vague, did not include specific targets and were hard to enforce. Indeed, the NAO has pointed out that:

“SDPs and performance information are not yet central to decision-making in all departments. Not all departments have aligned their internal decision-making with the SDP they present to the Cabinet Office and HM Treasury. SDPs cannot support better value for money unless they drive day-to-day decisions about how to spend money, and using SDPs for decision-making will help improve their quality. We found that few HM Treasury spending teams we examined refer routinely to SDPs.”¹⁹⁷

194. Policy Exchange, *Whitehall Reimagined*, [link](#)

195. National Audit Office, *Accountability to Parliament for taxpayers’ money*, 23 February 2016, [link](#) accessed via Understanding Government, Civil Service Reform 16, [link](#)

196. Cabinet Office, *Clarifying our priorities - Single Departmental Plans*, 29 July 2015, [link](#)

197. National Audit Office, *Government’s management of its performance: progress with single departmental plans*, 21 July 2016, [link](#)

Single Departmental Plan

- Two versions of Single Departmental Plans are produced. Departments produce a more substantial version for internal purposes. A less comprehensive version is published.¹⁹⁸
- However, there is no sense that the unpublished versions address the shortcomings that have been identified in the published ones. The NAO reviewed the unpublished SDPs and found that links between objectives and budgets were haphazard at best.¹⁹⁹

In March 2021, the Civil Service Chief Operating Officer and Director General of Public Spending at HM Treasury wrote to the Chair of the House of Commons Public Accounts Committee to outline a revised planning and performance framework, in which it was announced that Outcome Delivery Plans would succeed Single Departmental Plans.²⁰⁰ As they explained:

“The new Outcome Delivery Plans (ODPs) require departments to set out strategy and planning information for delivery of the provisional priority outcomes, and for strategic ‘enabling’ activities that are crucial to the successful delivery of those outcomes.”²⁰¹

Whilst it is important to identify the necessary conditions and budgetary resources required for the successful delivery of ‘priority outcomes’, lessons must be learnt from SDPs and why they weren’t successful. Upcoming Outcome Delivery Plans must include concrete targets. Ministers must use ODPs to hold their own department to account and there must be serious consequences for failure to deliver them. ODPs should be published in their entirety (with the usual exemptions for commercially or security sensitive information). There should also be a clear and transparent way for observers to monitor the progress of departments against these plans.

Management of Personnel and Relationship with Permanent Secretaries

Although Ministers do not, and should not, be able to dismiss or manage civil servants, it is imperative that they discuss their priorities with their Permanent Secretaries, including the personnel changes or appointments that may assist in the delivery of these priorities. One of the most controversial parts of the 2012 Civil Service Reform Plan was its announcement that “in order to reflect Ministers accountability to Parliament for the performance of their departments, we will strengthen their role in both departmental and Permanent Secretary appointments.”²⁰² Indeed, the IPPR report which recommended creating Extended Ministerial Offices also recommended allowing the Prime Minister the power to appoint Permanent Secretaries without politicising the Civil Service.²⁰³

There is a justified worry, however, that this will lead to a politicisation of the Civil Service and that Permanent Secretaries will be less likely to offer frank advice for fear of undermining their position. Interestingly, proposals were made by the Labour Party to introduce politically appointed

200. CSW, *Goodbye single departmental plans, hello outcome delivery plans: new system to monitor Whitehall performance revealed*, 24 March 2021, [link](#)

201. Cabinet Office, HM Treasury, *Outcome Delivery Plans*, 15 March 2021, [link](#)

202. Cabinet Office, *The Civil Service Reform Plan*, June 2012, [link](#)

203. IPPR, *Accountability and responsiveness in the senior civil service*, 17 June 2013, [link](#)

198. House of Commons Public Administration and Constitutional Affairs Committee, *The Minister and the Official: The Fulcrum of Whitehall Effectiveness*, 12 June 2018, [link](#)

199. House of Commons Public Administration and Constitutional Affairs Committee, *The Minister and the Official: The Fulcrum of Whitehall Effectiveness*, 12 June 2018, [link](#)

Permanent Secretaries in government.²⁰⁴ Whilst Chapter One showed that this does not go against the spirit of the Northcote-Trevelyan reforms, even if politicians did have a greater say over the appointment of Permanent Secretaries, the Permanent Secretaries themselves would still be bound by the Civil Service Code. They would, therefore, have to remain impartial. Views on whether further changes should be introduced were divided amongst the Commission. This is a highly contentious issue, and one which remains unresolved in the eyes of many advocates of Civil Service reform.

It is nonetheless essential that Ministers and Permanent Secretaries develop a shared agenda and that Permanent Secretaries are held accountable for reform. Since 2014, permanent secretary appointments have been made on the basis of a five year fixed tenure.²⁰⁵ As Simon Hart, then Parliamentary Secretary to the Cabinet Office made clear, there is “no automatic presumption in favour of renewal”.²⁰⁶ As the Policy Exchange reform of Government Commission has made clear, it is essential that there is strong leadership for reform. Renewal of Permanent Secretaries’ contracts should be conditional on their track record for reform, as set out through Outcome Delivery Plans or through letters of strategic priorities to Permanent Secretaries, issued by Secretaries of State.

Departmental Boards and non-executive directors

Since the 1990s Government Departments have had Departmental Boards. Such boards were formally codified in 2005.²⁰⁷ In 2010, the Coalition government introduced measures to standardise their role. It also changed the Ministerial Code to make it clear that non-executives should be “largely drawn from the commercial private sector” and to require that the departmental board should be chaired by the Secretary of State rather than the Permanent Secretary.²⁰⁸

The appointment of non-executives on departmental boards is an extremely positive change. It has increased substantially the range of skills and experience that civil servants and Ministers can draw upon. Nonetheless, in the past Ministers have not taken their responsibilities as Chair of their Department seriously enough. For example, in 2018, the House of Commons PACAC found that 6 Departments failed to hold the 4 expected minimum number of board meetings, as set out in the Ministerial Code.²⁰⁹ Not only do Ministers need to take these responsibilities more seriously, using boards as an opportunity to drive through Ministerial plans, but non-executives also need to be brought into discussions earlier, if their expertise is to be put into best use. During the technical interviews, the Commission heard evidence that some departments do not take NED meetings and processes seriously enough. Indeed, it was related that some departmental board meetings had even been scheduled during votes in the House of Commons. The Government should implement a programme to identify and bring on board the most talented and capable NEDs. Whilst NEDs bring rich external experience to departments, they need better support in order to understand Civil Service processes and the world of Whitehall.

204. *Mirror*, *Labour chiefs mull plan to replace top civil servants with political appointees*, November 2019, [link](#)

205. Hansard, Question for Cabinet Office, *Public Appointments: Permanent Secretaries*, 15 October 2019, [link](#)

206. Hansard, Question for Cabinet Office, *Public Appointments: Permanent Secretaries*, 15 October 2019, [link](#)

207. Institute for Government, *Government departments’ boards and non-executive directors*, [link](#)

208. Cabinet Office, *Role of government non-executives and departmental boards*, 18 November 2014, [link](#); Cabinet Office, *Ministerial Code*, May 2020, [link](#)

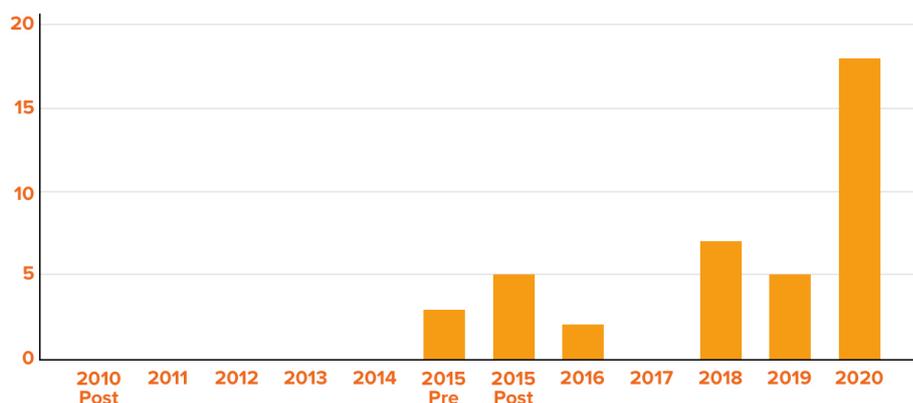
209. House of Commons Public Administration and Constitutional Affairs, *The Minister and the Official: The Fulcrum of Whitehall Effectiveness*, 18 June 2018, [link](#)

Making Greater Use of Ministerial Directions

Ministers should consider making greater use of Ministerial Directions when appropriate. Permanent Secretaries, in their role as Accounting Officers, have a duty to seek a Ministerial Direction if a spending proposal breaches any one of four criteria: regularity, propriety, value for money or feasibility. As the table below shows, there has been a surge in the use of Ministerial Directions, which are usually considered, at worst, to be an admission of failure and incompetence on behalf of a Minister or, at best, a sign of tension between Ministers and Officials.

Contrary to popular belief, however, the Commission heard evidence that Ministerial Directions provided a high degree of public transparency around potentially risky policy and spending decisions, projects or programmes. Such directions, for example, allowed Ministers to pursue rapid responses to the 2020 COVID-19 pandemic, but these were visible to observers outside government. The controversy that such directions tend to generate shines light on usually opaque spending decisions in departments. This is not necessarily a bad thing. Likewise, they provide Accounting Officers with an opportunity to set out, in public, their concerns about a project or decision. Whilst Ministerial Directions should not be overused, they can go some way to overcoming inertia. Their use could encourage a greater appetite for innovative public policy decisions which may be shown to have positive value. It could also increase the accountability of decisions between both Ministers and Accounting Officers.

Ministerial directions since 2010



Key Actions

- **The Government should introduce a range of ministerial training courses.** These courses should emulate the one set up in conjunction with Infrastructure Projects Authority and the Said Business School on infrastructure spending. Prospective Ministers should have the opportunity to attend special ministerial courses. Courses should cover technical subjects such as procurement,

digital delivery and legal and constitutional matters.

- **The Government should restore Extended Ministerial Offices.** It should ensure that there is a simplified process for their establishment. Junior Ministers should also be granted an automatic right to appoint at least one policy adviser. Staff in both cases should be politically impartial and bound by the Civil Service Code.
- **Ministers should have active involvement in the drafting of upcoming Outcome Delivery Plans (ODPs).** These plans will require departments to set out strategy and planning information. Such plans must set clear targets and Ministers must utilise them to hold their own department to account.
- **Ministers should be able to issue letters of strategic priorities to Permanent Secretaries.** Such letters should be published and Parliament should review Permanent Secretaries on their progress. Such letters should reflect the commitments made in Outcome Delivery Plans.
- **Renewal of Permanent Secretaries' contracts should be conditional on their track record for reform.** Since 2014, Permanent Secretary appointments have been made on the basis of a five year fixed tenure. Targets should be set out through both Outcome Delivery Plans and through letters of letters of strategic priorities, issued by Secretaries of State.
- **Permanent Secretaries must take steps to ensure that Joint Ministers are not excluded from briefings or from departmental business.** The appointment of Joint Ministers should also be encouraged.
- **More must be done to allow Ministers to seek advice and counsel from more junior civil servants.** Permanent Secretaries should take steps to ensure that Ministers have the opportunity to discuss policy with those closest to its implementation.
- **Longer Ministerial tenures should be encouraged.** More must also be done to manage ministerial career progression. Ministerial careers should be better managed within themed departmental groupings that broaden expertise and career opportunities.
- **The Government should establish an Office for Expert Advice.** Ministers should be able to commission this office to locate, hire and to draw upon experts, particularly at moments of crisis. The Office for Expert Advice should also establish a 'knowledge register' which would help to locate subject matter experts in government and the wider public sector, so that expertise may be drawn upon more quickly in a crisis.
- **Special Advisers must be properly trained.** The Government should introduce a formal 1-2 day induction process for Special Advisers, delivered by an experienced Special Adviser and other relevant officials, in order to increase awareness of how Whitehall works and how they can operate most effectively within it. Permanent Secretaries should also consider the culture of working

with Special Advisers within their department and take steps where necessary to make the relationship more collaborative.

- **The Government should strengthen the ability of Ministers to obtain robust legal advice.** The Government should put in place a streamlined and more readily available route to seek a second opinion from external counsel. It must establish an ongoing assessment of the costs of litigation and consider a means of funding such costs centrally.
- **Ministers must do more to foster an environment in which Civil Servants and expert advisers feel comfortable providing honest advice.** Advice must be offered without fear that it will damage the careers of those who offer it.
- **Ministerial Directions should be used judiciously to resolve difficult issues and spending dilemmas.** Such directions can help to improve public accountability.
- **The Government should establish a programme to identify and bring on board talented and capable Non-Executive Directors.** The Government Lead NED should establish an induction programme to help assist new NEDs who are seeking to improve their understanding of Civil Service processes and the world of Whitehall.

4. Fixing the Plumbing: Structures, Systems and 'the Centre'

Introduction

The machinery of central government is in a state of constant evolution. Nearly every single Prime Minister has changed the structure of Whitehall or in some way altered the division of policy responsibilities between departments. The past five years alone have witnessed the creation and closure of the Department for Exiting the European Union (DExEU), the establishment of the Department for International Trade (DIT) and the merging of the Foreign and Commonwealth Office (FCO) with the Department for International Development (DFID) to form the new Foreign, Commonwealth and Development Office (FCDO).²¹⁰

This chapter, divided into four sections, will explore the structure of Whitehall and its impact on the delivery of Government policy. Specifically, it will outline:

- The difficulties of departmentalism
- Changing the machinery of government
- The structure of the centre of Government

Research into this topic often posits a new vision for a perfect structure of Whitehall. The sheer multiplicity of different designs for central government over time shows that no such perfect arrangement is possible. A flexible and adaptable machinery of Government is vital. So-called 'machinery of government changes' ('MOG' changes) allow the Prime Minister to base the structure of departments and ministerial portfolios on the government's political priorities. Changes to the machinery of central government have a strong signalling effect. They are, in and of themselves, an important method for setting and communicating political preferences, particularly when a new government is formed. For this reason, outlining specific reforms to the arrangement of Whitehall departments is necessarily a political proposition. The Policy Exchange Reform of Government Commission is a cross-party endeavour, interested instead in the obstacles and difficulties inherent in any arrangement of Whitehall departments.

Whilst departmental and portfolio decisions can only be a matter for the government of the day, underlying reform to the structures of central government has not kept pace with the complexity of modern policy and delivery challenges. As the Covid-19 pandemic has demonstrated,

210. Hansard, *Written Statement*, 'Machinery of Government Changes', July 2016, [link](#); Prime Minister's Office, *Press release*, "Prime Minister announces merger of Department for International Development and Foreign Office", 16 June 2020, [link](#)

Government must constantly manage complex and dynamic cross-cutting policy issues (so-called ‘systems’ level problems). Despite this, it is still structured according to narrow departmental ‘silos’. This chapter will draw out the perverse incentives to which Whitehall’s departmental structure necessarily gives rise and suggest how these limitations might be mitigated.

1. The Difficulties of Departmentalism

There are currently 23 central ministerial departments in the UK. This is more than in many of the UK’s closest allies, such as the USA (15), Australia (14), Germany (14).²¹¹ Even countries with relatively large public sectors and high levels of public expenditure, such as Sweden (11), have fewer central departments.²¹² Even despite the efforts of Wilson and Heath to consolidate the functions of Government into fewer larger Ministries, in 1971 the number of departments fell to just 17.²¹³

The interests of individual government departments do not always align. This can lead to an overzealous protectiveness of responsibilities or financial and human resources. The high number of central government departments makes the UK particularly susceptible to the problems that arise from so-called ‘departmentalism’.²¹⁴ The impetus to tackle the problems of departmentalism has led historically to a variety of failed attempts to centralise power or to arbitrarily reduce the number of departments. This often misunderstands the true nature of the problems of departmentalism, which are outlined below.

The ‘Functional Model’ of Government

Every department has to perform some identical functions (relating, for example, to financial management, human resources, digital and IT, property, and project management). Despite this, departments largely perform these functions, many of which are purely operational, individually. Not only does this give rise to inefficiencies in the use of public expenditure, but it also makes it more difficult to manage and understand the resources of the government as a whole. It particularly restricts the ability of the government to rapidly redeploy those resources according to surges in need, such as during an emergency or crisis.

The ‘functional model of Government’ has been established over the past decade to work horizontally across different government departments, coordinating efforts between them.²¹⁵ Functions were created in areas that are fundamental to the work of government and common to multiple departments. In particular, the functional model is designed to reduce costs, invest in shared capabilities, and to create more attractive careers and enhance skills in the Civil Service, the last aspect of which is explored in more detail in Chapter 2.

211. GOV.UK, *Departments, agencies and public bodies*, [link](#); The WhiteHouse, *The Executive Branch*, [link](#); *Liste der Bundesministerinnen und Bundesminister*, [link](#); Prime Minister, Minister for the Public Service, Press Release, *New Structure Of Government Departments*, 05 Dec 2019, [link](#)

212. Government Offices of Sweden, *The Government of Sweden*, [link](#)

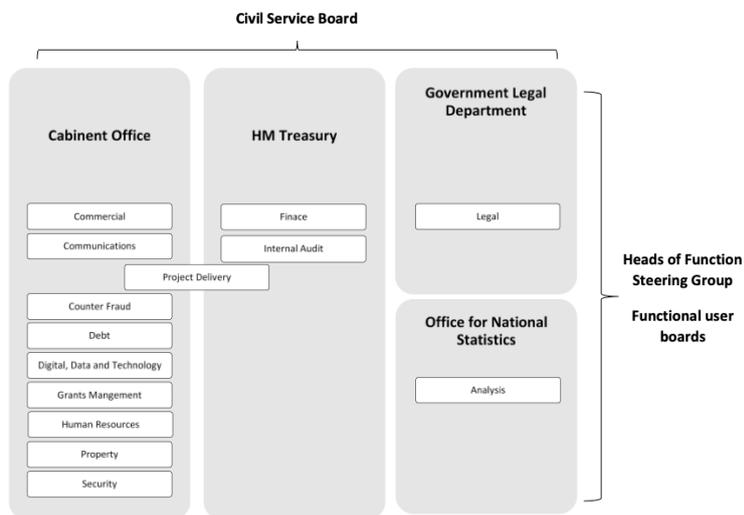
213. Institute for Government, *Making And Breaking Whitehall Departments*, [link](#)

214. D. Kavanagh & D. Richards, ‘Departmentalism and Joined-Up Government: Back to the Future?’, *Parliamentary Affairs*. 54(1), [link](#)

215. Cabinet Office, *The Functional Model: a model for more efficient and effective Government*, March 2015 [link](#).

Government Functions

- In 2015, the Cabinet Office established the functional model of Government with the Treasury. The 14 Government functions set cross-government strategies, set and assure standards, develop capability, give expert advice, drive continuous improvement, and develop and deliver commonly required services.
- Functions often have a central unit or organisation, for example to set standards and coordinate training across government, but much of the work of functions is carried out by staff working in departments (for example, in finance teams or as commercial practitioners).
- There are functions for Project Delivery; HR; Property; Digital, Data and Technology; Finance; Security; Commercial; Analysis; Communication; Counter Fraud; Debt; Grants.²¹⁶



Part of the rationale for introducing these 14 functions was to 'free-up' Ministers to focus on major issues of public policy. Nonetheless, the Commission heard evidence that progress has since stalled and there is sometimes poor coordination between functional teams across departments. This would appear to be confirmed by the fact that Lord Maude has been invited to conduct a review of the Cabinet Office including the functions.²¹⁷ Lord Maude's review of the Cabinet Office should be completed swiftly and published in full, so that outside observers may better understand how 'functional government' is working. This review and other forms of scrutiny of the functions should focus in particular on those which have been essential to the Covid-19 pandemic (such as the Commercial, Counter-Fraud, Grants Management and the Digital, Data and Technology functions).²¹⁸ Covid-19 has provided a unique test of the efficiency and effectiveness of the functions and the model itself. These lessons must be learned.

217. Civil Service World, *Tory grandee Francis Maude gets second run at civil service reform*, 21 Aug 2020, [link](#)

218. As Policy Exchange highlighted in its recent report *Daylight Robbery*, fraud against the public sector has proliferated throughout the pandemic and has become an issue of public concern. - Policy Exchange, *Daylight Robbery*, [link](#)

216. Cabinet Office, 'The Functional Model: a model for more efficient and effective Government', March 2015 [link](#)

Tackling Problems Across Departmental Boundaries

Every department has its own budget, its own responsibilities and its own priorities. This can make it difficult to cooperate on complex policy problems. For example, citizens with multiple complex needs simultaneously face many challenges in their lives. These could include educational concerns, problems arising from interaction with the care and criminal justice systems, mental health problems, poverty and homelessness.²¹⁹ It is well established that these needs can overlap and impact one another. However, nominal responsibility for setting high-level policy and strategy in many of these areas is held by different departments. Likewise, services delivered to these citizens are often run by ministers and officials in different departments.

As the Performance and Innovation Unit Report *Wiring it Up* explained in 2000, “many of the biggest challenges facing Government do not fit easily into traditional Whitehall structures.”²²⁰ However, Departments are not adequately incentivised to aid other Departments on issues which require cross-departmental action. Indeed, the structure of Whitehall can determine the shape of public policy response and can encourage interventions that can ignore or discount the systemic nature of problems. Former Cabinet Secretary Sir Mark Sedwill explained this problem well in his Blavatnik School lecture. He described how the core job of public service is “system leadership: not policy formulation so much, not even policy advice but policy delivery, i.e. the interventions required to catalyse the entire system to implement the programme of the government: public, private and third sectors, communities and citizens.”²²¹

The key to reform is to overcome artificial boundaries and to encourage genuine cross-government solutions to complex problems. As Sedwill explained, the challenge is to build:

“the horizontal structures that are as strong as the traditional vertical structures of government departments. It’s been attempted before, by trying to turn the vertical into the horizontal, and that hasn’t worked. It’s one of the areas where we need collaborative effort across government. Climate action is probably the biggest single example, but there are others. If you want to cut crime, you need a whole range of social policy actors, as well as the criminal justice system, to do that. If you want to tackle homelessness, then you’re dealing with the healthcare system as much as you’re dealing with housing and street crime, and so on. . . . There are many big issues that involve several departments. We need to plan across the system, focus on outcomes, get ministers and government to set the direction, align the funding and resources, and then put in place the structures to deliver the policy.”²²²

The need for innovative structures to cope with complex cross-cutting problems has been long recognised. Government is taking action in this area through the development of the functions and it should become a priority at the highest level after the Covid-19 health crisis has abated.

219. Department for Education, *Providing intense support for families with multiple and complex needs: manager guidance*, 1 October 2011, [link](#)

220. Performance and Innovation Unit, *Wiring it Up*, 2000, [link](#)

221. Cabinet Office, *Cabinet Secretary lecture at The Blavatnik School of Government*, 27 July 2020, [link](#)

222. Civil Service Quarterly, *The CSQ Interview: Sir Mark Sedwill, Cabinet Secretary and Head of the Civil Service*, 13 February 2020, [link](#)

Case Study: Space Policy

Space policy provides an extreme examples of how institutional disorder can cause permanent dysfunction within a critical domain. At present, space policy-making is dispersed and deeply inefficient. The unfortunate institutional state of UK space policy-making reflects the structural limits of the Whitehall system. It is almost impossible to accommodate an emerging high-tech domain like space via traditional “cross-departmental cooperation” because the departmental interests at play are too varied and the policy area is too complex.

The space policy institutional map includes:

- **The Cabinet Office:** The Cabinet Office supports the one-year-old National Space Council (whose Secretariat remains a work in progress). It tends to act as a cross-departmental joint task force convener on certain issues that are also critical to space policy, such as the UK’s Positioning, Navigation and Timing (PNT) Strategy.
- **The Department of Business, Energy & Industrial Strategy and the UK Space Agency:** The UK Space Agency, sponsored by BEIS, was set up at a low 2* level.²²³ It enjoys no organic spending powers and was also recently shorn of its policy and strategy functions which have been transferred to a new “space directorate” within BEIS itself.
- **The Ministry of Defence:** Since 2020, the Ministry of Defence has a Defence Space Directorate of its own. This directorate was set up to reconcile sometimes differing views on space held by the RAF, Strategic Command and other elements in Main Building. On 1 April 2021, the new Space Command was officially established. The new Space Command has taken over certain functions from the space directorate, altering its mission.²²⁴
- **The Foreign, Commonwealth and Development Office and the Department for International Trade:** Both the FCDO and DIT have an interest in UK space policy. However, both are driven by certain strategic priorities and perspectives which may arguably not always fit with UK’s overall strategic space interests.
- **The Department for Transport:** DfT sponsored the Space Industry Bill in 2018 and is now taking over responsibility for spaceflight regulation via the CAA²²⁵;
- **Department for Environment, Food and Rural Affairs:** DEFRA leads Earth Observation requirements;

In addition, the wider “official” space ecosystem includes arms-length bodies such as the Satellite Applications Catapult (with a growing network of regional space hubs),²²⁶ the Geospatial Commission; UKRI-linked research institutions, the MOD’s Dstl,²²⁷ as well as local enterprise partnerships and devolved administrations. This also leads to dysfunction. The Satellite Applications Catapult very prominently backed the OneWeb purchase in direct contradiction to the advice of the Government’s own Space Agency.²²⁸ The Scottish Government also conducts its own form of industrial space policy.²²⁹

This tangled web of institutional responsibilities for space is not only complex and confused in its own right – thereby making it difficult to achieve clarity and consensus on UK space priorities – but it also gives rise to bureaucratic conflicts which undermine the policy-making process. Only a dedicated departmental structure for space at central UK Government level can ultimately bring the coherence and consistency to the policy-making process in this critical area.

223. The ‘star system’ differentiates between the importance of senior positions. 4-star denotes the Permanent Secretary or Chief rank; 3-star Director General, Vice Admiral, Lieutenant General or Air Marshal; 2-star Director, Rear Admiral, Major General or Air Vice-Marshal; and 1-star Deputy Director, Commodore, Brigadier or Air Commodore. Ministry of Defence, *How Defence Works*, September 2020, [link](#)

224. Ministry of Defence, 2021 ‘UK Space Command’, *UK Government*, 1 April 2021, [link](#)

225. Department for Transport et al., 2021:14 ‘Unlocking Commercial Spaceflight for the UK’, 5 March 2021 [link](#)

226. Satellite Applications Catapult, Regional Centres, [link: UK Space Agency](#), *New support for UK space hubs unveiled*, 18 November 2020, [link](#)

227. UK Government, *Defence Science and Technology Laboratory*, [link](#)

228. Stuart Martin, 2020 ‘OneWeb Is a Chance for UK to Lead the Satellite Race’, *The Telegraph*, 2 July 2020, [link](#)

229. Scottish Government, (n.d.). ‘The Scottish Government’ [link](#)

Within Whitehall, there is a culture of consultation in order to secure collective agreement between departments on contentious or overlapping policy (the so-called ‘write round’ process). Seeking agreement, however, is not the same as co-ordinating action between departments to resolve complex public policy problems. Indeed, most Government leaks emanate from the write round process.²³⁰ The process can be exploited by those seeking to prevent reforms or new policies by presenting them prematurely and unfavourably to the media before they are announced.²³¹ The write round process is an important forum for cross-departmental working, and its effectiveness should be reviewed in order to determine whether it is fit for purpose.

2. Changing the Machinery of Government

Machinery of Government (MoG) changes do not always require primary legislation.²³² The ease with which such changes are made - from a constitutional perspective - might to some degree explain the centrality of MoG changes to most reform initiatives.²³³ Most Machinery of Government changes involve the nominal transfer of policy responsibility between departments, often without significant transfer of personnel or resources. Some, however, are major restructurings which see departments combined and rebranded.

Reasons for introducing Machinery of Government Changes

Restructures can sometimes encourage new approaches to problems by bringing together related policy areas. The transfer of policy functions to a department that is better placed to deliver from an operational perspective can also lead to better outcomes for citizens. The transfer of responsibility for Government data from DCMS to the Cabinet Office provides an example of such a change.²³⁴

The Policy Exchange Reform of Government Commission heard evidence that a further motivation for reforming the machinery of government could be to restore so-called “Cabinet Government”. Whilst the idea that Cabinet government has been entirely replaced by what has been dubbed “sofa government” is unfair, at present 27 ministers attend Cabinet and participate in Cabinet discussions. The Commission heard well-informed evidence that the size of the Cabinet undermines its utility. It was suggested that reducing the number of departments could make the Cabinet more effective, because it would reduce the number of Ministers who attend Cabinet and allow for more meaningful discussions. Whilst views differ on this proposition, and indeed on the purpose of Cabinet discussions, the Commission felt it was important to reference this evidence.

The Limitations to Machinery of Government Changes

Changing the structure of Whitehall rarely translates to meaningful reform of government. Despite their intentions, restructures can often actively undermine the very policy work that the combination of new

230. Peter Cardwell, *The Secret Life of Special Advisers* (Biteback, 2020), pp. 85

231. Peter Cardwell, *The Secret Life of Special Advisers* (Biteback, 2020), pp. 85

232. Cabinet Office, *Machinery of Government Guidance*, October 2015, [link](#)

233. The most notable exception to this was the establishment of the Ministry of Justice following the Department of Constitutional Affairs.

234. See Chapter 5

responsibilities was intended to encourage. This is because, instead of focusing on policy problems, Ministers and civil servants are forced to spend time establishing the new department and managing mergers or demergers. Ministers all too often assume that MOG changes will automatically bring about better policy outcomes.

The transfer or amalgamation of responsibilities does not always correlate to the reality of service provision. The best example of this is the renaming of the Department of Health as the Department of Health and Social Care, following the Cabinet reshuffle of 2018.²³⁵ Social care provision is largely the responsibility of local authorities, meaning that the Ministry of Housing, Communities and Local Government (MCLG) will always need to play a significant role in all social care policies. This is not least because social care spending is the largest area of discretionary spending undertaken by local authorities, accounting often for over a third of expenditure.²³⁶ As Policy Exchange has consistently highlighted, the key obstacles to achieving effective coordination between local authorities, hospitals, general practitioners, and social service teams arise from the funding arrangements for social care and the structure of the services delivering it on the ground, and not on which central government department has nominal responsibility for it.²³⁷

Restructures are often extremely expensive. The Institute for Government has calculated that “the direct cost of creating a new department can be around £15m, with up to £34m on top resulting from loss of productivity as staff adjust to the new organisation”.²³⁸ Indeed, as the Institute for Government points out, the cost of creating the Department for Work and Pensions (DWP) in 2001 exceeded £170m.²³⁹

These costs shouldn’t necessarily be used as an argument to reduce the frequency of MOG changes. They instead demonstrate that MOG changes should be made more efficient and that more should be done to support departments through transitions. Major machinery of government changes are currently organised between departments and the Cabinet Office.²⁴⁰ Carrying out restructures of organisations, teams and staff is a highly specialist skill. Government should develop a dedicated capability (with an adequate budget and access to high quality external advice) to support Machinery of Government changes. This will ensure that the process of reorganising government is smoother, quicker and cheaper.

Delaying and Preventing Duplication of Functions

Whilst formal MOG changes are a matter for the Government of the day, the Commission felt strongly that much more could be done to streamline and ‘delayer’ existing departments, particularly when it comes to policy development. Internal restructures should be encouraged, particularly when motivated by desire to ensure that administrative resources reflect ministerial priorities. However, arguably the biggest obstacle to streamlining government departments is a lack of skills and an inflexible approach to HR. The Commission heard anecdotal evidence from an individual who had run a large administrative Government Department.

235. Daily Mirror, *Jeremy Hunt has got a new job in Theresa May’s Cabinet reshuffle after an hour inside Number 10*, 8 January 2018, [link](#)

236. Policy Exchange, *21st Century Social Care*, [link](#)

237. Policy Exchange, *21st Century Social Care*, [link](#)

238. Institute for Government, *Creating and Dismantling Government Departments*, [link](#)

239. Institute for Government, *Creating and Dismantling Government Departments*, [link](#)

240. Cabinet Office, *Machinery of Government changes: guidance*, 20 September 2010, [link](#)

They reported that they had inherited a cohort of around 1,000 officials, when what that individual felt was needed instead was a team of just 200 officials with more advanced skills and training. This underlies why it is important to bring in and support highly skilled individuals from outside the Civil Service. Permanent Secretaries must also ensure that there are not a plethora of teams duplicating functions within a Department and break down ‘internal silos’.

3. The Structure of the ‘Centre’ of Government and Its Relationship to Other Government Departments (OGDs)

Over the past two and a half decades, successive Prime Ministers have centralized policy-making and administrative resources within Whitehall. This section will explore how the so-called ‘centre’ of government should reform to improve its relationship with wider departments and its leadership of Whitehall. There are significant disadvantages to ‘over-centralising’ Whitehall and concentrating too much political and administrative power in Downing Street, the Cabinet Office and Treasury (traditionally thought of as ‘the centre of government’). Nonetheless, the centre should have the tools and capability to exercise more effective control over departments at times of crisis.²⁴¹

Strengthening No. 10 Downing Street

It is essential to ensure that No. 10 Downing Street is equipped to support the Prime Minister in his or her capacity as Prime Minister, First Lord of the Treasury, Minister for the Civil Service, and Minister for the Union. As the COVID pandemic has shown the Prime Minister must operate in a complex, rapidly changing and highly uncertain environment.

If Downing Street is to provide the Government with coherent organisation and leadership, it must do more than set priorities and hold departments to account for their progress against schedules of policy implementation. It is essential that asymmetries of resources do not undermine engagement with departments, especially if No. 10 is to provide political support for Ministers seeking to overcome administrative inertia. This may partly help to explain the decision to set up a new Delivery Unit in No 10 Downing Street.²⁴² It was for this reason that Policy Exchange recommended, in *Whitehall Reimagined*, that it was necessary to “significantly enhance the capacity of No. 10 to develop and direct policy change through Whitehall” by enhancing the capacity of the Prime Minister’s Policy Unit and Delivery Unit by approximately 50% and transferring the Economic and Domestic Affairs Secretariat from the Cabinet Office to No. 10. This would unite central policy making functions under the Prime Minister.²⁴³

Some would like to see the Prime Minister’s position strengthened further by creating a Prime Minister’s Department, equipped with a dedicated budget and staff. The Commission heard evidence regarding both Australia and New Zealand’s Departments of the Prime Minister and Cabinet.²⁴⁴ Arguably, the Cabinet Office, which was originally created to

241. Public Sector News, *Francis Maude outlines philosophy on ‘tight’ vs ‘loose’ control*, 25 February 2014, [link](#)

242. CSW, *PM to set up No.10 unit to strengthen policy delivery*, 22 Apr 2021, [link](#)

243. Policy Exchange, *Whitehall Reimagined*, December 2010, [link](#)

244. <https://pmc.gov.au> <https://dpmc.govt.nz>

support the whole Cabinet, has in recent years transformed into a de-facto Department of the Prime Minister, but without the informal status such a designation would bestow in Whitehall. The Cabinet Office has also developed a plethora of other functions and responsibilities, many of which are tangential to interests of the Prime Minister.

The danger of creating a department for the Prime Minister is not necessarily that it would be constitutionally unjust but that it simply wouldn’t prove any more effective. Whilst more should be done to rationalise the role and responsibilities of the Cabinet Office, there is a danger that the creation of a dedicated department for the Prime Minister could result in the replication of the problems of departmentalism in miniature. This argument is, arguably, borne out by the complexity and sometimes nebulous brief of the Cabinet Office. Whichever reforms are introduced to empower No. 10, it is essential that the organisation retains its nimbleness. No. 10’s relatively small size and resources are at once its chief limitation and its most distinctive strength. The recurring proposition of a ‘Prime Minister’s Department’ emerges from the accurate diagnosis of a set of problems about the confusing nature of the centre, but is not itself a convincing solution to these problems. Creating a ‘Prime Minister’s Department’ would, potentially, be a hugely significant machinery of government change. It is likely that it would be subject to the same limitations outlined earlier in this Chapter.

A More Cohesive Centre

It is essential to improve the relationship between the three central institutions of the Cabinet Office, Treasury and Downing Street. Historically, the effective functioning of the centre has been too dependent on the personal relationship between the holders of these three political offices. The UK Government runs the risk of simultaneously being over centralised and suffering from a disunited centre.

In the past, formal decision-making structures have been established between No. 10 and the Treasury. During the Coalition years, an executive committee named the ‘Quad’ was established, in order to make the centre more cohesive. It included the Prime Minister, the Chancellor, the Deputy Prime Minister and the Chief Secretary to the Treasury.²⁴⁵ Whilst this was, in part, a reflection of the need to iron out contentious political disagreements between the coalition parties (and not, primarily, an administrative tool), it nonetheless provides a good example of how the establishment of a formal structure can create cohesion between No. 10 and the Treasury. This formal structure helped reduce the often unproductive reliance on personal relationships (on both the political and official levels) to achieve change.

Any formal structure for joint working at the centre must have the capacity and authority to make joint decisions on major issues across departments. For such a structure to function effectively outside the context of Coalition, it would need to have dedicated administrative support. Its structure and membership could take many forms. The Economic and

245. ConservativeHome, *Ten things you need to know about the group of four that runs the Coalition*, February 16 2012, [link](#)

Domestic Affairs Secretariat (EDS) could potentially provide this support. Nonetheless, a formal structure would lead to a greater alignment of the activities of the functions based in the Cabinet Office and the Treasury. It could also unite No. 10, The Treasury and the Cabinet Office on some key issues.

Improving Relations Between the Centre and The Periphery

There is a balance to be struck between the establishment of a strong centre and providing departments with the opportunity and the freedom to formulate policy. Poor relations between the centre and the periphery are exacerbated by tensions over budgets and public expenditure. HM Treasury, as the UK's economic and finance ministry, is uniquely powerful. To quote the Institute for Government, "the Treasury can electrify, undermine or suffocate any reform; many see it as the missing leader of civil service reform."²⁴⁶ It can, to some extent, control the shape of nearly every government initiative by exercising control of overall public expenditure. It has the ultimate say over departmental budgets (formally at allocations such as Budgets and spending reviews, but also informally). There are advantages to this. At present, it acts as an effective brake on the spending whims of departments. As Rt Hon Sajid Javid MP explained, "every other Department has an in-built incentive to seek and spend ever more money."²⁴⁷

The Treasury's relationship with departments revolves primarily around establishing budgets for programmes and ensuring that those budgets are not exceeded. Its concern is not necessarily the overall performance of a programme. Should a policy intervention fail, it is the department and not the Treasury that is held accountable, even if the primary reason for failure was a lack of financial resources. This creates a perverse incentive for departments to hide their financial resources from the centre. The Treasury has tried to address this by establishing a Public Value Framework, following Sir Michael Barber's 2017 report.²⁴⁸ This was a major step forward in thinking about the relationship between public expenditure and outcomes.²⁴⁹ It has not, however, resolved the tensions between departments.

The Commission heard evidence that the present business case and bid appraisal processes are not fit for purpose. It has become too easy to manipulate Ministerial decisions through these processes. The Government has launched a welcome review of the Green Book, which is the Treasury's official guidance on appraisal and evaluation in central government.²⁵⁰ This review should go further, and consider the entire business case process. This review should examine business case design, business case guidance and the lessons on project and programme appraisal which can be drawn from outside government.

A familiar proposal heard by the Commission would be to reform the Treasury. Treasury units which are focused on the planning and management of public spending could be split from the Treasury and combined with units from the functional centre of Government in the

246. Institute for Government, *Civil Service Reform in the Real World*, February 2014, [link](#)

247. Hansard, Personal Statement, Wednesday 26 February 2020, [link](#)

248. HM Treasury, *Delivering better outcomes for citizens: practical steps for unlocking public value*, 17 November 2017, [link](#)

249. HM Treasury, *Public Value Framework and supplementary guidance*, 13 March 2019, [link](#)

250. HM Treasury, *Spending Review*, 15 December 2020, [link](#)

Cabinet Office. This could lead to a US-style Office of Management and Budget. This reform would be extremely intricate and would have a huge impact on the day-to-day management of the public finances. It would also provide an opportunity to rethink the Treasury’s relationship to the Bank of England.

Joint Funds

The transactional relationship between the Treasury and individual departments can also prevent cooperation across Whitehall. One solution to this could be to establish more joint funds. There were only two joint bids from separate departments during the 2015 Comprehensive Spending Review.²⁵¹ This was the same number as existing a decade previously.²⁵² Likewise, there are already a number of funds, such as the Conflict, Stability and Security Fund (CSSF) or the UK Prosperity Fund (PF).²⁵³ A new joint funds unit was established in 2018 to “set the Funds” strategic direction”.²⁵⁴ Likewise, the £200m Shared Outcomes Fund was established in 2019. It seeks to fund innovative pilots to address cross-cutting problems faced by multiple departments. These funding structures can help address the problems of departmentalism. Nonetheless, they must be subject to more robust evaluation if their use is to be encouraged.

Improving the Accuracy and Credibility of Government Accounts

The Whole of Government Accounts (published annually) brings together the totality of Government spending and this year included a useful overview of when significant liabilities will be repaid. In 2014, the Treasury published a landmark Command Paper, *Simplifying and Streamlining the Statutory Annual Report and Accounts*, and the reforms were introduced with effect from 2015-6.²⁵⁵ The Government Financial Reporting Manual (updated annually) is currently one of the most advanced in the world.²⁵⁶ Nonetheless, as Helen Jackson of the NAO has pointed out:

*The Treasury is dependent on receiving audited information from WGA bodies before it can begin the production process in earnest, but the consolidation itself is incredibly complex and time-consuming. There has only been one year in its 10-year history that the WGA has been published within a year of the balance sheet date.*²⁵⁷

Although the Treasury has already invested significant resources into addressing this problem, more can be done to ensure alignment of the public sector’s disparate accounting frameworks and to harmonise year-ends. Furthermore, PACAC highlighted in 2017 that “many Government Departments’ Annual Reports and Accounts remain badly written and difficult to understand or follow, despite recent reforms, and despite being prepared to a high technical standard.”²⁵⁸ The Commission heard that further reform may still be necessary.

The UK must remain a world leader when it comes to the use of pioneering accounting practices. The Commission heard evidence about how accruals accounting can enable better scrutiny of Government finances

251. NAO, *Spending Review 2015*, July 2016, [link](#)

252. NAO, *Spending Review 2015*, July 2016, [link](#)

253. CSSF, *About Us*, [link](#) PF, *About Us*, [link](#)

254. Hansard, *Cross-Government Funds Review*, 28 March 2018, [link](#)

255. HM Treasury, *Simplifying and streamlining statutory annual report and accounts*, 2014, [link](#)

256. HM Treasury, *The Government Financial Reporting Manual: 2020-21*, [link](#)

257. Public Finance, *Is it time to change the Whole of Government Accounts?*, 13 Oct 2020, [link](#)

258. PACAC, *Accounting for democracy: making sure Parliament, the people and ministers know how and why public money is spent*, 2017, [link](#)

and can prevent end of year waste. Such practices have been particularly effective in New Zealand.²⁵⁹ The decision to move from cash to accrual accounting was made in 1996 in the UK.²⁶⁰

Cabinet Committees and other methods of coordination

Whilst the use of Cabinet Committees has varied widely over the past fifty years, they are often used to galvanise cross-departmental action and to address the system level problems outlined at the start of the Chapter. They often also specifically set up to deal with individual political priorities or manage crises. Indeed, the so-called ‘XS’ and ‘XO’ Cabinet Committees, established to deliver Brexit, were extremely effective, and the Prime Minister has established similar ministerial structures to coordinate, prioritise and respond to the coronavirus pandemic, such as the Covid-O operations committee. Indeed, the Civil Contingencies Committee (COBR) has, on occasion, proven to be an effective method of responding to national emergencies by coordinating different departments and agencies in response to such emergencies. Although its creation has caused some problems, the same applies to the National Security Council, which aims to establish a holistic approach to national security.

National Security Council

- The National Security Council was established in 2010.
- A key purpose of the Council is to ensure that ministers consider national security in the round and in a strategic way. The Council is chaired by the Prime Minister. Its terms of reference are “to consider matters relating to national security, foreign policy, defence, international relations and development, resilience, energy and resource security.”²⁶¹

For a committee to be effective, it must have appropriate administrative support, include the right ministers and officials, it must meet regularly, and it must be empowered by the Prime Minister or relevant Secretaries of State to make decisions. It must also be imbued informally with high status in Whitehall so that officials understand that its actions and decisions must be implemented. At their worst, Cabinet Committees do no more than signal worthy intentions or become ineffective talking shops around particular issues.

The Government should also explore where it is more effective to augment cabinet committees with jointly appointed Ministers of State. There are presently a number of joint ministers, including (when it comes to Reform of Government) the Minister for Efficiency and Transformation.²⁶² Unfortunately, as is noted in the following chapter, joint ministers are all too often sidelined, either due to suspicion of their conflicting loyalties or due to tensions between the various departments that they serve. Similarly, the Prime Minister established an Office for Veterans Affairs (OVA) as a joint office between the Ministry of Defence and the Cabinet Office to

259. S.K. Das, *Accrual Accounting in the New Zealand Government*, 2008, [link](#)

260. HM Treasury, *Accrual Accounting in the UK*, [link](#)

262. Cabinet Office, *List Of Ministerial Responsibilities*, December 2020, [link](#)

261. Handard, *Questions for the Cabinet Office*, 15 June 2020, [link](#)

address the systematic problems facing military veterans.²⁶³ Such offices can help to coordinate action on cross-governmental problems and should also be encouraged.

Key Actions

- **Lord Maude's review of the Cabinet Office should be completed swiftly.** It should also be published in full. Following its publication, the government should set out a comprehensive set of objectives and actions to implement recommendations that it believes are necessary. It must also set out a comprehensive timetable for reform.
- **The Government should make greater use of joint ministers, cross-departmental task forces and joint funds.** It should also establish more robust and comprehensive evaluation procedures for the performance of joint funds and cross-departmental funding mechanisms.
- **The Government should develop a dedicated and highly specialised capability to ensure that Machinery of Government changes are smoother, quicker and cheaper.** This capability should have an adequate budget and access to high quality external advice.
- **The Government should streamline the number of Cabinet Committees.** It should also ensure that all Cabinet Committees have sufficient administrative support.
- **The Government should formally review the whole business case process.** This should include business case design and business case guidance and lessons on project and programme appraisal which can be drawn from outside government. The Government should also press ahead with its planned Green Book and procurement reforms.
- **The Civil Service should do more to communicate how it holds itself accountable for reform.** The so-called 'Government functions' should have a greater presence on the Civil Service board and its sub-committees.

²⁶³. Cabinet Office, *Office for Veterans' Affairs*, [link](#)

5. Ending “Digital by Delay”: Harnessing Digital, Data and Technology for Better Government

Introduction

The digital transformation of Whitehall is a Sisyphean challenge. A desire to improve the Government’s digital, data and technological infrastructure is not new. The ideas and ambitions outlined in the *National Data Strategy* in 2020 have not changed substantially from those put forward in the *Government Transformation Strategy* in 2017 or even the 2005 strategy, *Transformational Government: Enabled by Technology*.²⁶⁴ Whilst there has been much progress when it comes to ‘digital government’ since 2010 (principally linked to the establishment of the Government Digital Service as a unit of the Cabinet Office in 2011), there are still many key weaknesses to the UK Government’s digital infrastructure (most notably relating to identity assurance, data sharing and the interoperability of systems across Whitehall and local government). The Commission also heard that the Government often struggles to attract and retain leaders with top skills. The digital transformation of Whitehall requires a rethinking of the very plumbing of government and the skills required of public servants; it is not a secondary priority.

This chapter will explore how digital, data and new technologies can and will transform the policy-making process and improve the delivery of public services. Crucially, it will argue that digital transformation of Whitehall must go beyond a simplistic polishing of Government websites and the digital reproduction of existing, non-digital transactions. The Government must reimagine and reinvent the way public services are operated, conceived, designed and managed.

Divided into four sections, this chapter will outline:

1. The Context to Digital Government in the UK
2. Clarifying the Leadership and Direction
3. Creating the Infrastructure for Digital Government
4. Ensuring Accountability for Government Technology Policy

264. Department of Culture, Media and Sport, *National Data Strategy*, 8 July 2020, [link](#); Cabinet Office, Government Digital Service, *Government Transformation Strategy*, 9 February 2017, [link](#); Cabinet Office, *Transformational government: enabled by technology*, 2 November 2005, [link](#)

The purchasing and building of new technologies often occurs in parallel across Government departments, even though the requirements or business operations of the technology being used are often identical.²⁶⁵ As Policy Exchange pointed out in *The Smart State* (2018) and *Whitehall Reimagined* (2019), departments often spend millions developing their own legacy systems and databases, tailored specifically to their needs alone.²⁶⁶ While it may be in the interests of the Government as a whole to move towards common platforms, such as the GOV.UK website, and while it is certainly in the interest of its citizens, who often rely on services that cut across government departments, the departments themselves are resistant to change. This hesitancy is particularly acute when such change forces them to abandon projects that have taken up significant resources. Unless the Government can establish the structures and leadership to pursue a common approach, and unless individual departments subscribe to that strategy, progress is unlikely to be made.

1. The Context to Digital Government in 2021

The Coronavirus crisis has highlighted the weaknesses and strengths of the UK Civil Service’s Digital, Data and Technology infrastructure. It successfully built and delivered a range of new services (such as the Coronavirus Job Retention Scheme and others at HMRC) at pace. By May, just 10 weeks after the coronavirus crisis began, the Government had successfully launched an unprecedented 69 related services on GOV.UK.²⁶⁷ This success has been built on a decade of government investment in people, processes and digital products. Nonetheless, digital transformation has had a mixed track record over the past decade, a record that is shaped principally by the rise (2011-2015) and relative fall (from 2016 onwards) in the fortunes of the Government Digital Service (GDS).

The Early Successes of the GDS

The Government Digital Service was established as a Unit of the Cabinet Office in 2011 tasked with reducing the public sector’s reliance on IT suppliers and building a set of shared databases and applications that could be used across Government, following the recommendations of Martha Lane Fox’s influential report, *Directgov 2010 and beyond: revolution not evolution*.²⁶⁸ From the outset, it faced a formidable challenge. As the House of Commons Public Account Select Committee’s (PASC) report into Government IT in 2011 described, large IT suppliers held an “oligopoly” on government procurement at the start of the Coalition Government.²⁶⁹ The result was a costly mess of incompatible databases, websites and applications across the public sector.

The Government Digital Service took a uniquely centralised approach to address these concerns, which leveraged the cross-departmental purview of the Cabinet Office to drive individual departments and agencies towards common standards and a common strategy. In receipt of the full political backing of then Minister for the Cabinet Office and Paymaster General, then Rt Hon Francis Maude MP, the GDS had three main tools at its disposal:

265. Andrew Greenway, Ben Terrett, Mike Bracken and Tom Loosemore, *Digital Transformation at Scale*, London Publishing Partnership (2018)

266. Policy Exchange, *The Smart State*, 2018, [link](#) Policy Exchange, *Whitehall Reimagined*, 2019, [link](#)

267. Computer Weekly, *Departments launch 69 services on GOV.UK during Coronavirus pandemic*, May 2020, [link](#)

268. Cabinet Office, Efficiency and Reform Group, and Government Digital Service, *Directgov 2010 and beyond: revolution not evolution*, a report by Martha Lane Fox (Independent Report), 23 November 2010, [link](#)

269. House of Commons Public Administration Select Committee, *Government and IT – “a recipe for rip-offs”: time for a new approach*, 18 July 2011, [link](#)

- **Spend controls:** Any digital expenditure of over £100,000 became subject to GDS controls, effectively giving them a power of veto over nearly every Government IT contract or decisions.
- **Service Toolkit and Standards:** The GDS developed a range of guidance documents and minimum standards that departments had to meet in order to launch digital services. It also created a series of common software components that departments can use in the development of new services. These include GOV.UK Notify (a common tool which automates email and text message reminders) and GOV.UK Pay (another common tool, which departments use to handle small financial transactions and fines).

Since 2010, the Government has combined nearly 2,000 government websites into a single website, GOV.UK. Its common tools (or ‘platforms’) have been widely adopted. By the start of 2020, over half of Government Departments were using GOV.UK Pay, and all but two were using GOV.UK Notify.²⁷⁰ Nearly 3,500 digital services across central and local government and the NHS use GOV.UK Notify to send messages.²⁷¹ The GDS’s approach was estimated to have saved the Government £4 billion in the first five years after it was set up, of which £1.3 billion in savings were the result of exercising spending controls.²⁷² In recognition of this, the Treasury agreed to £455 million of funding for GDS in the 2015 Spending Review for the period April 2016 to March 2020.²⁷³ Indeed, the GDS model was replicated around the world. For example, the Obama administration’s 2012 Digital Government Strategy directed federal agencies to “look first to shared solutions and existing infrastructure when developing new projects, rather than procuring new infrastructure and systems for each new project.”²⁷⁴ Likewise, the Australian Government established a Digital Transformation Office, based on the GDS model.²⁷⁵

270. Institute for Government, *Whitehall Monitor 2020*, [link](#)

271. Computer Weekly, *HMRC shuns GOV.UK Notify*, [link](#)

272. UK Authority, *GDS claims £4 billion savings for government IT*, 12 September 2016, [link](#)

273. HM Treasury, *Spending Review and Autumn Statement 2015*, [link](#)

274. The White House, *Presidential Memorandum -- Building a 21st Century Digital Government*, [link](#)

275. Digital Transformation Office, [link](#)

Service Toolkit

The Government Digital Service has developed a set of principles, standards, policies and constraints that must be used to guide the design, development, deployment, operation and retirement of all online services delivered by the UK Government to ensure that there is a consistent experience for all its users.

The Service Toolkit provides those developing with the tools that they need to launch a service. The Service Toolkit currently features links to:

- **Standards:** such as the [the Digital Service Standard](#), the [Technology Code of Practice](#) and the [Service Manual](#),
- **Design and style resources:** such as [design principles](#), [design patterns](#), [reusable frontend code](#), the [GOV.UK Prototype Kit](#) and the [style guide](#),
- **Common components to design and build services:** [GOV.UK Notify](#), [GOV.UK Pay](#), [GOV.UK Verify](#), [GOV.UK Platform as a Service](#) and [GOV.UK Registers](#),
- **Service data:** the [Performance Platform](#)
- **Buying resources:** the [Digital Marketplace](#)

The Limitations to a Centralised Approach to Digital, Data and Technology

Whilst the GDS did achieve a great deal in a very short amount of time, there are a number of limitations to its approach. Some argue that a centralised approach in which the design, standards and style of public services is dictated by the centre can impose flaws and costs on departments and agencies and can undermine democratic accountability by letting Ministers and Departmental Officials off the hook for their own digital services.

Arguably, over time, these limitations have been revealed. As the NAO commented in 2017, “GDS has struggled to redefine its role as it has grown and transformation has progressed.”²⁷⁶ The NAO found that that requests for approval for amounts of up to £1 million accounted for 47% of the time GDS staff spent on spending controls but generated only 1% of savings in 2015-16.²⁷⁷ Likewise, since 2015, GDS has overseen a number of high profile failures, the most notable of which is GOV.UK Verify, a secure way to prove who you are when accessing Government services online. In 2019, both the National Audit Office and the Infrastructure and Projects Authority recommended that the Government terminate the project, which will have cost over £200m by the end of its eventual termination in 2021.²⁷⁸ This high-profile failure has meant that GDS lost the confidence of HM Treasury to deliver digital transformation across Whitehall. In the same time that it is generally believed that GDS lost its way, it also doubled in size in three years.²⁷⁹

The GDS’s supporters are quick to blame stalling progress on political and

276. NAO, *Digital Transformation in Government*, [link](#)

277. Although it should also be questioned whether costs would have risen further if Departments hadn't had to seek approval from the Government Digital Service (GDS)

278. Policy Exchange, *Verified: The UK's Digital Identity Dilemmas*, October 2020, [link](#)

279. New Statesman, *Government Digital Service Size*, [link](#)

departmental resistance to common approaches. Indeed, to this day, there continues to be significant, and inexplicable, resistance in Whitehall to the adoption even of successful products like GOV.UK Notify. For example, it was recently announced that HMRC was planning to streamline its text, voice and email notifications since its existing multi-factor authentication, email and SMS campaigns and multi-device messaging set up is supported by multiple companies. However, HMRC has shunned the GOV.UK Notify platform. According to a spokesperson, “HMRC did consider the Gov.Uk Notify Service for this procurement, but determined that it would not meet our current and future needs.”²⁸⁰ Instead, the department is looking to spend up to £9.75m on a contract with a single supplier that will take on and evolve its notifications set-up, which currently involves 94 million SMS messages, eight million voice calls and 220 million emails issued every year.²⁸¹

The Worst of Both Worlds

In 2018, the responsibility for data policy and governance in Whitehall was taken away from the Government Digital Service (GDS). These functions instead became part of the Department for Digital, Culture, Media and Sport (DCMS), along with control of policies for data sharing, data ethics, open data and data governance.²⁸² Such changes were criticised at the time due to the fact that DCMS was unlikely to have the authority or cross-departmental purview to coordinate data across Government, and unlikely to have the skills that had been built up within GDS. The change in the machinery of Government was heavily criticised by those who had spearheaded the GDS revolution in Government.²⁸³

Whatever the limitations to the Government Digital Service’s centralised approach, the decision to transfer these functions away from the Cabinet Office precipitated a crisis of leadership when it came to digital transformation across Whitehall. In 2019, the House of Commons Science and Technology Committee put it less diplomatically, specifically relating the deceleration in digitisation to a lack of both political and official leadership. According to the Committee:

“political leadership in digitisation has been lacking in recent years since Francis Maude ceased being Minister for the Cabinet Office. This, coupled with the departure of senior Civil Service figures in GDS, has resulted in a slowing in the Government’s digital momentum, as evidenced by other countries overtaking the UK in international rankings.”²⁸⁴

Indeed, the Public Accounts Committee found that, “leadership of initiatives to improve data is fragmented and unclear”.²⁸⁵ According to the Committee, “at July 2019, only 2 of 18 people attending the most recent meeting of the Data Advisory Board (the senior oversight board across government) were Permanent Secretaries, despite these being the core members of the board.”²⁸⁶

The effects of this leadership crisis were reflected in the UK’s gradual decline in international e-government rankings. It fell to seventh in the

280. Computer Weekly, *HMRC shuns Gov.uk Notify and seeks supplier to unify notifications*, 6 November 2020, [link](#)

281. Computer Weekly, *HMRC shuns Gov.uk Notify and seeks supplier to unify notifications*, 6 November 2020, [link](#)

282. Global Government, *UK’s Cabinet Office wins back government data brief after two-year hiatus*, 24 July 2020, [link](#)

283. Twitter, Steve Foreshew-Cain, [link](#)

284. House of Commons Science and Technology Committee, *Digital Government*, 2019, [link](#)

285. House of Commons Committee on Public Accounts, *Challenges in using data across government*, [link](#)

286. House of Commons Committee on Public Accounts, *Challenges in using data across government*, [link](#)

world in the 2020 United Nations (UN) E-Government Survey.²⁸⁷ The UK Government has fallen behind even in specific fields where it used to be a world leader, such as that of open data.²⁸⁸ These falls are particularly worrying given that the methodological weaknesses of such surveys are likely to favour the United Kingdom.²⁸⁹

2. New Leadership, New Direction and New Skills

Leadership Appointments and Structure

Over the past year, there has been a significant restructuring of the digital Government landscape. In 2020, the Government set out a Statutory Instrument to transfer responsibility for Government data, digital government and public service delivery from the Department of Digital, Media and Sport back to the Cabinet Office.²⁹⁰ Likewise, in January 2021, the Government announced the creation of a new Central Digital and Data Office (CDDO), based in the Cabinet Office, which will serve as a strategic centre for digital, data and technology (DDaT) profession across government.²⁹¹ The CDDO will eventually comprise an additional council of non-executive experts.²⁹² This new structure represents an excellent opportunity to reinvigorate the leadership of digital transformation in Whitehall.

Nonetheless, it falls short of the Government’s original expectations and will need some further development to fulfil its potential. The Government originally committed to appointing a Government Chief Digital Officer. This position was intended to be one of unprecedented weight and authority, the holder of which, as the professional head of HMG’s 18,000 person DDaT profession, would rank alongside Permanent Secretaries in the Civil Service hierarchy. Instead, this role will be filled by the Executive Director of the Central Digital and Data Office, who will not rank as a Permanent Secretary and will report to the COO of the Civil Service. Crucially, this makes the CDDO’s relationship to the Government Digital Service unclear, since the CEO of the latter will also report to the COO of the Civil Service and not to the Executive Director of the CDDO.

287. United Nations, *2020 United Nations E-Government Survey*, 10 July 2020, [link](#)

288. The OECD noted that “the United Kingdom has failed to retain open data high on the policy agenda, resulting in a noticeable drop from 4th position in the 2017 OURdata Index, to 20th position in 2019.” Likewise, the UK has fallen from 3rd to 21st on the EU Data Portal Open Data Maturity Index - OECD, (*OURdata*) Index: 2019 [link](#); Open data Maturity 2019, [link](#)

289. According to Helen Margetts and Andre Naumann of the Oxford Internet Institute, “E-government rankings are well known for their methodological weaknesses and inconsistencies [...] these rankings include many other elements outside eGovernment (such as business and innovation environment)” - Oxford Internet Institute, University of Oxford, *Government As A Platform: What Can Estonia Show The World?*, [link](#)

290. The Transfer of Functions (Digital Government) Order 2020, [link](#)

291. Cabinet Office, *Government strengthens digital leadership*, 12 January 2021, [link](#)

292. Cabinet Office, *New year, new DDaT leadership*, 13 January 2021, [link](#)

The Government's Struggle to Find a Government Chief Digital Officer

- In April 2019, the Government advertised for a new “Chief Digital Information Officer” (CDIO).
- In September 2019, the then Minister for the Cabinet Office formally announced its creation, increasing the pay on offer to £180,000 (up from the £149,000 offered when the post was initially advertised).²⁹³
- The position was again readvertised in 2020, this time as a Government Chief Digital Officer (GCDO). The position's advertised salary was again increased to £200,00.²⁹⁴
- In January 2021, it was announced that the new CDDO will be headed not by a Government Chief Digital Officer but by an Executive Director, Joanna Davinson, who sat on the original panel to appoint a new GCDO.
- The Commission heard that a majority of senior leaders in the new structure are on short-term contracts;
- Alex Chisholm, the Civil Service COO, announced that the Government had approached Paul Willmott for the job. Unable to accept, Willmott was instead made Chair of the CDDO.²⁹⁵

The Government must not lose sight of the need for a GCDO with whole-of-government authority. Moreover, if they are to achieve this with the skills that the job requires, remuneration must increase by a factor of three if not four times. Upon appointment, the GCDO should also take the opportunity to rethink and clarify other leadership positions in the Central Digital and Data Office. These include:

- **A Chief Data Officer**, whose job it would be to oversee data flows, use and ethics across Government,
- **A Chief Product Officer**, overseeing common platforms and the personalisation of Government services
- **A Chief Transformation Officer**, entirely focused on legacy IT.

There are a number of different senior roles that could work beneath a GDCO appointment, all of which need specific mandates. The Government should be prepared to pay significant sums to fill each of these positions and should employ the use of specialist headhunters to do so.

Simplifying the Digital Governance Landscape around a Common Strategy

The first task of the new Central Digital and Data Office must be to simplify the digital governance of Whitehall. Not only is the CDDO's relationship to the GDS unclear (see above) but there has also been a proliferation of new bodies intended to improve the Government's use of data and new technologies. Not only do their responsibilities, which are disproportionately geared towards policy development instead of the

293. Cabinet Office, *Minister's speech at Sprint 19 Conference*, 19 September 2019, [link](#)

294. Russell Reynolds, [link](#)

295. Cabinet Office, *Government strengthens digital leadership*, 12 January 2021, [link](#)

delivery of digital services, overlap but the relationship between them is also unclear. In the past three to four years alone, the Government has established:

- **A Centre for Data Ethics and Innovation**, an independent advisory body set up to investigate and advise on how the UK can maximise the benefits of data-driven technologies;²⁹⁶
- **An Office for Artificial Intelligence**, which works to improve the uptake of AI in the public and private sector;²⁹⁷
- **An AI Council**, intended to provide high-level expertise to government on AI;²⁹⁸
- **A dedicated innovation team in GDS**, tasked with driving technology innovation in government, with a focus on service delivery, public sector productivity and growing “the nascent GovTech sector”;²⁹⁹
- **A National Data Standards Authority**, which is a new cross-government Data Standards Authority (DSA) that will attempt to put in place a common core infrastructure in order to join up government and fix the foundations with which it operates;³⁰⁰
- **10ds** (which stands for ‘10 data science’), the focus of which is using data science to improve decision making at the heart of Government.

The result of this has been a proliferation of strategies reviews, audits and frameworks. These include the National Data Strategy (DCMS and GDS)³⁰¹ and an upcoming National Digital Strategy (DCMS and GDS),³⁰² a Government Technology Innovation Strategy (GDS),³⁰³ a Public Sector Data Science Capability Audit (Government Office for Science), Statistical Quality Improvement Strategy (ONS),³⁰⁴ Digital Strategy (DCMS),³⁰⁵ Statistics for Public Good (UKSA),³⁰⁶ Smart Data Strategy (BEIS),³⁰⁷ UK’s Geospatial Strategy (UK Geospatial Commission)³⁰⁸ and a new data quality framework (GDQH).³⁰⁹

The new Central Digital Office must, as an immediate priority, seek to streamline these bodies, establish a coherent relationship between them and develop a coherent strategy that connects existing initiatives. The desire to set up new, toothless bodies, doesn’t just result in the production of well-meaning, but essentially useless, strategies. It actively undermines the UK Government’s capacity to develop and deploy new technologies to improve public services. For example, the complex governance framework of AI initiatives has resulted in the creation of contradictory ethical principles and guidelines. As the Committee on Standards in Public Life have pointed in their review of Artificial Intelligence and Public Standards, there are currently three different sets of ethical principles intended to guide the use of AI in the public sector – the FAST SUM Principles, the OECD AI Principles, and the Data Ethics Framework. It is unclear how these work together and public bodies may be uncertain over which principles to follow, in turn delaying their deployment and use in the

296. Centre for Data Ethics and Innovation, [link](#)

297. Office for AI, [link](#)

298. AI Council, [link](#)

299. Public Technology, *New GDS unit tasked with delivering government innovation strategy*, 2018, [link](#)

300. Data Standards Authority, [link](#)

301. Department of Culture, Media and Sport, *National Data Strategy*, 8 July 2020, [link](#)

302. New Statesman, *The UK Is Set To Launch A New Digital Strategy, Again*, 23rd June 2020, [link](#)

303. Cabinet Office, *Government Technology Innovation Strategy*, 2017, [link](#)

304. ONS, *ONS Statistical Quality Improvement Strategy*, [link](#)

305. DCMS, *UK Digital Strategy*, 1 March 2017, [link](#)

306. UKSA, *Statistics for the public good*, [link](#)

307. BEIS, *Smart data: putting consumers in control of their data and enabling innovation*, 11 June 2019, [link](#)

308. Cabinet Office, *16 June 2020*, [link](#)

309. Government Data Quality Hub, *The Government Data Quality Framework*, 3 December 2020, [link](#)

public sector.³¹⁰ The Government Automation Task Force is taking steps to address this but must take steps to ensure that Perm Secs and Ministers are not scared to deploy such technologies.

A desire to announce the creation of new bodies without a consideration of their roles relative to other initiatives and structures is not simply confined to digital, data and technology in Whitehall. In 2019, The Secretary of State for Health and Social Care announced the creation of a new body, NHSX. At the time, it was claimed that NHSX would encourage digital transformation “by bringing together all the levers of policy, implementation and change for the first time.”³¹¹ At the time of writing, two years later, NHSX does not have a statutory basis at present, nor is its relationship with the department, NHS Digital and NHSE&I clear. This lack of statutory status means that NHSX does not prepare financial statements for audit, meaning that there is little transparency about its activities or spending. Indeed, before the Wade-Gery Review (supported by McKinsey and Company) was able to pronounce on NHSX’s future, it was leaked to the press that NHSX would be merged into another new NHS England transformation directorate.³¹²

Ensuring that all leaders are equipped with the correct skills

While data-driven innovations can ensure that public services are delivered more cheaply and effectively, they also provide major challenges to Ministers and officials in understanding the possibilities of new technologies and the problems that they might cause. As explained in both Chapters 3 and 4 of this report, there must be more digital training for Ministers and Permanent Secretaries, most notably in relation to artificial intelligence and machine learning. Such training is essential not only to encourage them to deploy and procure such technologies, but also to ensure that they are aware of their technological shortcomings and the questions they should ask when considering the policy implications of the use. The Government Automation Task Force is reportedly taking steps to address this but urgent action is required to ensure that Perm Secs and Ministers are not scared to deploy such technologies.

Nonetheless, it should be noted that no amount of training is a substitute for appointing those with genuine specialist expertise, experience and understanding of technology and digital transformation. The Government set out an explicit target to appoint a certain number of permanent secretaries and director generals who have a digital background to ensure that every department has strong leadership to match the leadership provided by the CDDO. Furthermore, every major delivery department should have a Second Permanent Secretary focused entirely on digital transformation. In the long term, there must be parity of esteem between officials with generalist skills and those with operational and technological backgrounds.

310. The Committee on Standards in Public Life, *Artificial Intelligence and Public Standards: report*, 10 February 2020, [link](#)

311. HCSA, *NHSX: New Joint Organisation For Digital, Data And Technology*, 19 February 2019, [link](#)

312. House of Commons, *Digital transformation in the NHS*, [link](#) HSJ, *NHSX to be merged into new NHS England transformation directorate*, 15 February 2021, [link](#)

Promotion and Project Management

It is essential to ensure that those leading digital projects do not just have the skills to deliver, but that they also have an incentive to stay in place for the duration of their projects. The Home Office Digital Border Programme is perhaps the best example of the necessity for this. Despite the fact that the project is already running three years late and £173m over budget, the National Audit Office recently found that it “still faces significant risks in delivering and integrating its new systems against a challenging timetable.”³¹³ In December 2015, when the NAO first evaluated Home Office efforts to replace border IT systems, it cited constant changes in project leadership as a major contributory factor to this confusion. In 2020, the NAO again cited constant changes in project leadership as a significant contributory factor to the lack of delivery. Between the two initiatives, there have been at least 14 different programme owners or directors.³¹⁴

This speaks to a wider difficulty facing the DDAT profession. There is a shortage of digital skills in the UK economy at large. This means that DDAT professionals within the Civil Service have a financial incentive to leave the Civil Service, in turn creating a dependency on the outsourcing of IT projects to firms who can monopolise individuals with the requisite skills by paying them more. Likewise, those wishing to earn more as DDAT professionals within the Civil Service are presently forced to take on management positions. It is essential that pay progression does not require DDAT professionals to take on less technical roles. Urgent consideration should be given to this, not least due to the fact that the fast pace of technological change in turn requires the skills of DDAT professionals to change. This is not the case within some other professions (such as contract management, for example).

Supporting Tech Skills Across the UK

The Commission also felt that the UK Government must do much more to develop a regionally based skills development initiative as part of the UK’s general programme of developing data and tech skills. More must be done to ensure that young people across the UK have the opportunity to develop these skills, particularly if more Civil Service jobs are to be located outside London, and if the UK’s R&D Roadmap is to tackle the regional imbalances in R&D funding and intensity. As part of the UK Government’s regional hubs programme, opportunity hubs should be established with local colleges and authorities, in order to ensure that the next generation of public servants are equipped with the skills that they need for the future.

3. Creating the Infrastructure for Digital Government

Improving the UK’s Data Infrastructure

The reforms that might improve data practices across the Whitehall complex are worthy of a whole report in and of themselves. Indeed, much of what was said in the Shakespeare Review of public sector information in 2013

313. NAO, *Digital Services at the Border*, [link](#)

314. ComputerWeekly, *Don’t be the one who gets the blame - the Home Office’s biggest lesson in UK borders IT*, 9 December 2020, [link](#)

remains true.³¹⁵ At present, different Government Departments maintain their own data sets, many of which contain duplicate information, making it difficult for citizens to determine which departments are in possession of their personal data. According to the National Audit Office, there are three issues hampering the use of data across Government:

- Data is not always seen as a priority;
- The quality of data is not well understood;
- There is an accepted culture of tolerating and working around poor quality data.³¹⁶

Although the Government has put in place the necessary legislation to enable public authorities to ensure timely access to accurate data across Government, the processes to establish data sharing agreements between departments needs to be improved. Part 5 of the Digital Economy Act (2017) gives the Government powers to share personal information across organisational boundaries in order to improve public services.³¹⁷ As the Midpoint Review of 2017 Digital Economy Act makes clear, the legislation has been used to establish 104 new information sharing agreements. In particular, the pilot schemes established under the fraud power discovered almost £7 million in fraud, with the potential to realise up to £30 million, as well as identifying £491 fraud for every £1 spent.³¹⁸

Despite this, the register of Information Sharing Agreements made under Part 5 of the Digital Economy Act remains sparse.³¹⁹ In June 2019, the NAO noted that the process for creating a new objective under the Public Service Delivery power is “a lengthy process, which could act as a disincentive to pursuing data-sharing opportunities.” Indeed, the midpoint review also pointed out that even when agreements are made, there are still serious delays:

“Lead departments for most of the powers have reported instances of data sharing teams in departments requiring long lead in times to accommodate proposed data shares. In most cases, it appears that resource and capacity constraints are the primary factor for the delays. A lack of consistent awareness and understanding of the powers across Government has also contributed to delays in progressing information sharing agreements under the powers.”³²⁰

To improve the access to and the availability of Government data it is essential to ensure adherence to common technical standards, data formats and definitions. The UK’s data infrastructure should have a decentralised architecture, based on standardised and secure registries. The Data Standards Authority, reporting to the CDDO, must complete a comprehensive review of every department’s data assets with a view to identifying areas of duplication. It should identify a number of critical registers that are secure, trusted and used by multiple public facing services. The CDDO must also ensure that Departments are funded not just to maintain those data sets but also to build reliable APIs so that other departments can access that data in real time. The CDDO must also reinforce oversight mechanisms in order

315. Cabinet Office, Shakespeare Review, *An Independent Review of Public Sector Information*, May 2013, [link](#)

316. NAO, *Challenges in Using Data Across Government*, 21 June 2019, [link](#)

317. DCMS, *Digital Economy Act 2017 part 5: Codes of Practice*, 23 July 2018, [link](#)

318. Cabinet Office, *Mid-point report on use of the DEA powers*, 12 February 2020, [link](#)

319. GOV.UK, *Register of Information sharing agreements under chapters 1, 2, 3 and 4 of part 5 of the Digital Economy Act 2017*, [link](#)

320. Cabinet Office, *Mid-point report on use of the DEA powers*, 12 February 2020, [link](#)

to ensure that departments are not accessing personal data inappropriately.

Furthermore, most Government data is generated from forms. The new CDDO should task the GDS with the creation of a new service to help DDAT teams improve, publish and iterate accessible forms. The creation of a new form generation tool will help to improve data quality, security and standards.

Procurement and transformation of legacy services

The CDDO’s first priority should be to improve the Government’s procurement practices and to transform its legacy infrastructure. Much is written and said about the power of new and developing technologies to transform the operations of the British Government. Nonetheless, as the Chief Secretary to the Treasury himself admitted in a recent speech, the problems with legacy digital infrastructure are “often de-prioritised in favour of the new and exciting, despite the fact that around half of central government IT spend is on servicing legacy IT.”³²¹ Indeed, the fragility of legacy systems actively prevents innovation.³²²

The Government must understand the obstacles that prevent migration from legacy technologies and use the Comprehensive Spending Review to address them. Whilst some of the challenges are technological, more often than not the obstacles are non-technological.³²³ Political priorities and legislative timetables often shorten delivery times and limit the opportunities for migration. Likewise, limited IT budgets do not always cover the costs of migration, which may be artificially increased by contractual obligations to existing suppliers.³²⁴ Most importantly, however, the structure of public expenditure actively disincentivises the transformation of legacy IT by restricting the transfer of planned capital expenditure for digital technology, which is usually classified as an operational cost.³²⁵

The transformation of legacy services should be accompanied by further reform of the Government’s procurement practices. The Government has recently committed to implement fully the Open Contracting Data Standard and to create a variety of registers (including registers of suppliers, commercial tools and contract performance). Whilst this will do much to improve data about procurement practices and opportunities, more can be done to diversify public sector contracting. The Government’s latest public sector procurement Green Paper admitted that “there is currently no common strategy for digital in procurement in the public sector.”³²⁶ The CDDO should develop such a strategy and should appoint a Chief Transformation Officer (see above) to implement it.

321. Onward, *Speech by Rt Hon Steve Barclay MP*, 28 July 2020, [link](#)

322. The Government Digital Service defines legacy technology as any piece of software or hardware that is considered to be an end-of-life product; is no longer supported by the supplier; is impossible to update; is “above the acceptable risk threshold”; or is no longer cost-effective - GDS, *Government Technology Innovation Strategy*, 10 June 2019, [link](#)

323. Essential data is often held in legacy or proprietary data stores. The additional dependencies of legacy systems make it hard to stop service interruptions for users.

324. GDS, *Managing Legacy Technology*, [link](#)

325. *Govern Smarter, Better Digital Government*, [link](#)

326. Cabinet Office, *Green Paper: Transforming public procurement*, 15 December 2020, [link](#)

The Open Contracting Data Standard (OCDS)

The Open Contracting Data Standard (OCDS) is a free, non-proprietary, open data standard for public contracting implemented by over 30 governments globally. The OCDS describes how to publish data and documents at all stages of the contracting process. It is the only international open standard for the publication of information related to the planning, procurement, and implementation of public contracts and has been endorsed by the G20 and the G7.

Any new digital procurement strategy should also focus on encouraging SMEs and start-ups to bid for Government contracts. Not only is this a good way of encouraging technological innovation in the wider economy, but it can also allow the public sector to access a broader array of talent, technological innovations and ideas. Whilst the Government Digital Service, in partnership with the Crown Commercial Service, has opened up public sector contracts to thousands of new suppliers through the GOV.UK Digital Marketplace, more can be done to diversify Government IT procurement. Public sector agencies should amend submission timelines in order to ensure that companies with limited in-house capabilities can bid for contracts. Likewise, public agencies should tender for pre-defined problems, instead of dictating technological solutions or requirements. The UK GovTech Catalyst fund already operates in this way.³²⁷ It should be enlarged and similarly structured schemes should be encouraged.

Furthermore, as new services are procured it should be clarified when it is appropriate to buy off-the-shelf services and when it is better for the Government to develop its own systems. This reflects a wider need for contextual investment in order to ensure that the UK captures the technological innovations made in its world-leading laboratories, such as Daresbury. The UK's National Cyber Security Strategy expires in 2021.³²⁸ This should be used as an opportunity to ensure that the UK's digital infrastructure is resilient enough for the next decade.

Personalised and Accessible Public Services

The GOV.UK publishing platform is one of the most user-friendly Government websites in the world, so much so that it won the Design Museum Design of the Year Award 2013. Nonetheless, more must be done to tackle what Anthony Seddon called “failure demand: demand caused by a failure to do something or do something right for a customer”.³²⁹ For example, citizens have to engage with multiple departments if they wish to set up a business, and often have to re-submit the same information multiple times, even though those departments are simply delivering separate aspects of a single transaction.

To address this problem, the Government has announced its wish to further personalise the experience of GOV.UK by establishing a Single Sign On (SSO) account across the whole of Government. Whilst online accounts with the Government are not new (there are already over 100 public services that allow users to create and login), the establishment for

327. GDS, *How funding works on GovTech Catalyst*, 18 February 2019, [link](#)

328. Cabinet Office and HM Treasury, *National Cyber Security Strategy 2016 to 2021*, 1 November 2016, [link](#)

329. Seddon, John. *The Whitehall Effect: How Whitehall Became the Enemy of Great Public Services - and What We Can Do About it*

an individual of a a single government account is a major step forward.³³⁰ This will allow the Government to:

- proactively offer information and services to users based on their needs,
- reduce friction for users so that they do not have to give different departments? of government the same information multiple times,
- link together services to make user journeys simple.³³¹

GOV.UK Accounts have the capacity to transform the way in which citizens interact with the Government. The Government should ensure that the project is properly funded and that all departments are committed to the programme before it launches. The personalisation of Government services, however, must go beyond simply establishing an SSO or authentication scheme across Government. It is about ensuring that businesses and citizens are aware both of the support that the Government can provide to them and ensuring that citizens and businesses are able to navigate the complex rules and regulations as easily as possible. The Government should focus not simply on producing ‘guidance’ but also on developing interactive services (and digital decision making tools) that make it easy for citizens to make decisions and alert them to other opportunities and obligations. Most importantly, every Government department should review the user journeys for the most common questions and interactions with a view to simplifying them.

Establishing Robust Identity Assurance Mechanisms

As more government services have moved online, departments need to complete remote identity checks on those using those services, in order to prevent fraud.³³² Unless the Government develops reliable identity assurance solutions across Whitehall, there will always be a bottleneck on the development of the UK public sector’s digital ambitions, and the number of transactions between the Government and its citizens that can be completed online will be limited.

At present, there are a number of public sector identity management systems. Every UK citizen has an NHS number and can use NHS Login to access multiple digital health and social care services. Government Gateway (run by HMRC) allows citizens to access over 120 Government services. The Department for Work and Pensions has also recently launched its own identity verification platform (Confirm Your Identity).³³³ In 2016, the UK Government launched an identity assurance platform called GOV.UK Verify. It aimed to prevent multiple Government Departments from pursuing separate and siloed approaches to identity assurance, with the intention of reducing both inefficiency and costs for taxpayers.

GOV.UK Verify missed its targets. In 2019, both the National Audit Office and the Infrastructure and Projects Authority recommended that the Government terminate the project. The Government was supposed to stop funding the system (which has cost over £175m already) in April

330. GDS, *Introducing GOV.UK Accounts*, September 2020, [link](#)

331. GDS, *Introducing GOV.UK Accounts*, September 2020, [link](#)

332. There are important differences between “user assurance”, “identity verification” and “identity assurance”. This term “identity checks” is used as a catch-all term.

333. Policy Exchange, *The UK’s Digital Identity Dilemmas*, October 2020, [link](#)

2020. Due to the surge in numbers of people claiming Universal Credit at the start of the COVID-19 crisis, the Treasury agreed to provide GOV.UK Verify with public funds for a further 18 months, reportedly on the condition that the Government Digital Service (GDS) should not add any further Government services to the Verify roster. It also stipulated that GDS create alternative identity verification tools for services solely reliant on Verify.³³⁴ In March 2021, the Government announced (two years after the NAO found that it was “difficult to conclude that successive decisions to continue with Verify have been sufficiently justified”) that they were developing a successor to GOV.UK Verify.³³⁵ Despite this, the Government announced in April 2021 that it had “decided to extend the current Verify service, enabling new users to sign up until April 2022 and existing users to sign in until April 2023.”³³⁶

The UK Government must determine whether it is possible to pursue a coordinated approach to identity verification and assurance across Whitehall, or whether it is instead preferable to encourage Government Departments to pursue individual (siloed) but tailored approaches, in turn creating a suite of different identity solutions for different public services. Although there are clear advantages to developing a common approach, to do so will require political leadership and technical expertise to ensure that user experience is not compromised. The Government must make the development of a cross-departmental identity platform a key priority. GOV.UK Accounts, which will be piloted in the coming months, has the capacity to develop into such a platform. It should develop into a secure and user-centric model of digital identity that puts individuals in control of their data.³³⁷

4. Bringing Government Closer to the Public

Digital technologies also provide an unprecedented opportunity to transform the way in which the public interacts with the Government. In 2012, the Government introduced its consultation principles for the first time, and these have subsequently been updated to “increase transparency and improve engagement with key groups”.³³⁸ As Sir David Lidington explained during a Policy Exchange panel event in 2020, the Civil Service often failed to consult groups and experts whose opinions did not match the “departmental line and the comfortable range of opinions [within a department]”, even if the views of these experts matched the thinking of senior politicians.³³⁹ Furthermore, the formal consultation process does not always attract a wide range of stakeholders, and can instead attract submissions from those with vested interests in policy outcomes or the resources to respond to those consultations.

Digital technologies could help to address this by reaching out beyond an exclusive audience. Every Department should set out a policy tracker, like those developed by Policy Exchange, that outline in one place all of the issues on which they are consulting and important deadlines.³⁴⁰ Furthermore, in the past, consultation workshops and roundtables have been held too often in-person and in London, excluding those situated

334. Policy Exchange, *The UK's Digital Identity Dilemmas*, October 2020, [link](#)

335. NAO, March 2019, *Investigation into Verify*, [link](#); Cabinet Office, *Julia Lopez speech to The Investing and Savings Alliance*, 18 March 2021, [link](#)

336. Hansard, GOV.UK Verify: Digital Identity Assurance, 27 April 2021, [link](#)

337. Policy Exchange, *The UK's Digital Identity Dilemmas*, October 2020, [link](#)

338. Civil Service Blog, Sir Jeremy Heywood, *Consultations - what's new and why they are so important*, 2016, [link](#)

339. Policy Exchange, *What Do We Want From the Civil Service?*, 3 October 2020, 22:48-23:57, [link](#)

340. Policy Exchange, *UK Energy & Environment Policy Timeline*, 4 March 2021, [link](#)

outside the capital or who are unable to travel.³⁴¹ Whilst this may change following the widespread adoption of videotelephony software during the pandemic, it should be possible to join any government workshop or stakeholder engagement session virtually. The Government must also explore more radical opportunities to engage citizens. For example, the MHRA has developed a dedicated app to enable the public to report vaccine reactions.³⁴² Similar tools could be developed to track the impact of government policies. Government agencies with consumer responsibilities should develop similar tools. Whenever launching a government consultation, departments should explore how to develop digitised services that help them take note of public opinion and increase the range and volume of responses.

5. Ensuring Accountability for Government Technology Policy

If the digital transformation of Government is to achieve its goals, then it cannot and should not be achieved by technologists alone. Arguably, Government in the United Kingdom “relies upon preventing a centralisation or abuse of powers though the intentional balance achieved by splitting and distributing government into different legal entities, and ensuring that there are checks and balances between those different branches or departments.”³⁴³

When it comes to digital projects, there is a propensity to establish ‘expert committees’ to assess the probity and ethical implications of technological changes. For example, NHSX established an ethics advisory board to oversee the development of its contact tracing app.³⁴⁴ Such boards, whilst useful, should never detract from the fact that Ministers are responsible for their decisions and accountable for them to Parliament.

The Government should establish a new Digital and Data Audit Office. Modelled after the NAO, it should be accompanied by a corresponding Parliamentary Select Committee. Whilst the NAO and IPA already evaluate many digital projects, their concern is primarily financial or delivery-orientated. A new Digital and Data Audit Office would explore not only whether a project was run well from a financial or administrative perspective but from a technical and ethical perspective also, exploring the code base, user experience and technical resilience of digital services.

Key Actions

- **The Government must urgently clarify the leadership of Digital, Data and Technology in Whitehall.** It should still aim to appoint a Government Chief Digital Officer for the whole of Government (with a merited salary package and the status of a Permanent Secretary) to lead the new CDDO. It should also establish a new leadership structure underneath the new GCDO, including a Chief Data Officer, a Chief Product Officer, and a Chief Transformation

341. Twitter, @ThomasForth, 15 July 2019, [link](#)

342. MHRA, *Yellow Card*, [link](#)

343. Jerry Fishenden’s Technology Blog, *Shared, Cross-government Platforms*, [link](#)

344. The Guardian, *NHS coronavirus advisory board split over ditching government app*, 14 May 2020, [link](#)

Officer. The Government should also set out a formal target to appoint within the next three years a certain number of Director Generals and Permanent Secretaries who have specialist digital skills. Every Department with large delivery responsibilities should appoint Second Permanent Secretaries focused entirely on digital transformation.

- **The Government must simplify the Digital Governance landscape around a common strategy.** This may involve the merging or abolition of existing bodies. The CDDO should work with GDS to manage a single roadmap of progress in digitalising core transactions and launching open APIs.
- **The Government should establish a Digital and Data Audit Office, accompanied by a corresponding Parliamentary Select Committee.** It should provide technical and ethical scrutiny of digital products and services, exploring their code base, user experience and technical resilience.
- **The Government should publish a dedicated digital procurement strategy.** Such a procurement strategy should focus on removing the structural barriers and obstacles that exclude start-ups and SMEs from bidding for Government contracts. The Government should increase the size of the UK GovTech Catalyst fund.
- **The Government should review and, if necessary, update the Digital Economy Act.** It should also urgently streamline the process for creating a new objective under the Act's Public Service Delivery power.
- **The Data Standards Authority, reporting to the CDDO, should complete a comprehensive review of every department's data assets with a view to identifying areas of duplication.** It should identify a number of critical registers and ensure that Departments are funded not just to maintain those data sets but also so that they can provide an API for them, so that other departments can access that data in real time when appropriate. It should also develop oversight mechanisms in order to ensure that data is accessed lawfully and ethically.
- **The Government should press ahead with the development of GOV.UK Accounts.** The Government should also publish a dedicated digital identity verification and assurance strategy.
- **Each Department's annual update to its Single Departmental Plan should include an explicit account of its progress in implementing digital transformation.** The GDS should score it on its progress and the CDDO should step in where necessary to ensure that progress is made and momentum is maintained.
- **Encourage the personalisation of Government Services.** The CDDO must join up digitization efforts between the GDS and large Departments to streamline user journeys for common advice and interactions that span across multiple government departments.
- **The GDS, under the supervision of the CDDO, should develop**

an internal consultancy function. It should be allowed to bid for Government contracts alongside private sector companies.

- **As part of the Government’s regional hubs programme, opportunity hubs should be established with local colleges and authorities.** These will help to ensure that the next generation of public servants are equipped with the skills that they need.
- **The new CDDO should task the GDS with the creation of new services to help DDAT teams improve, publish and iterate accessible forms.** This will help to improve the quality of government data and the speed at which new services can be designed and deployed.

6. Reform of Public Bodies and Public Appointments

Introduction

Public bodies are an essential part of modern government. Citizens' lives are dictated by the work and decisions of organisations that are in some way subordinate to, or independent from, central and local government (and sometimes not obviously so).³⁴⁵ The functions of public bodies can range from service delivery to complex regulation, and anything and everything in between. Despite this, there is often poor public understanding of the role that public bodies play and their relationship to elected politicians. This chapter will explore the complex and controversial questions posed by public bodies reform. It will outline:

1. A Brief History of Public Bodies Reform
2. The Present Public Bodies Landscape
3. Delivering Effective Reform
4. Reforming Public Appointments

It would be impossible to deal with this subject comprehensively in a single chapter. Nonetheless, any effort to reform government must include public bodies at its heart. Public bodies frequently have policy setting responsibilities and multi-billion pound budgets. Their performance is critical to the delivery of the manifesto promises upon which a government is elected. It should be a vital part of any government reform programme to reform the wide array of public bodies to make them more accountable and effective.

1. The History of Public Bodies Reform

Fulton Report

The so-called 'agencification' of Government has its origins in the 1968 Fulton Report. The Fulton Committee's tentative support for hiving off functions was based upon the fact that it was "much impressed" by the development of autonomous government in Sweden.³⁴⁶ Nonetheless, the Committee was clear that this would have constitutional implications for the UK, an issue was beyond its terms of reference:

345. C. Pollitt, C. Talbot, J. Caulfield, A. Smullen, *Agencies: How Governments Do Things Through Semi-Autonomous Organizations*

346. Fulton Committee on the Civil Service, *Report of the Committee on the Civil Service, 1966-68*, June 1968

“The creation of further autonomous bodies and the drawing of the line between them and central government, would raise parliamentary and constitutional issues, especially if they affected the answerability for sensitive matters such as the social and education services. These issues and the related questions of machinery of Government are beyond our terms of reference.”³⁴⁷

The shift towards the agencification of Government has been one of the largest changes to government in the UK over the past six decades. In spite of its hesitations, the Fulton Committee’s support for creation of autonomous bodies was used to defend this trend. Given the available evidence, it is highly unlikely that the Committee would have supported the overly complex landscape that currently exists and which is described below.

Next Steps

As alluded to in Chapter One, the introduction of Next Step Agencies (following the Ibbs Report in February 1988) turbo-charged the agencification of Government. According to the Institute for Government, between 1988 and 2010, 217 arm’s-length agencies were created.³⁴⁸ As Lord Hennessy noted, this could have led to fundamental change on two levels:

- “a real devolution of power over budgets, manpower, pay, hiring and firing to executive agencies in areas of activity embracing the 95 per cent of the Civil Service involved in the delivery of services as opposed to advising ministers or policy
- a change in the British constitution, by law if necessary, to quash the fiction that ministers can be genuinely responsible for everything done by officials in their name.”³⁴⁹

These changes did not come about. As Hennessy noted, the Ibbs report was “sat upon for months and then diluted liberally.”³⁵⁰ By 1991, however, 50 agencies had been established and by 1994 99 agencies had been created. The 1997 Next Steps report announced that 75% of the Civil Service had been ‘agencified’ and the Cabinet Office unit overseeing the project to diversify functions out of central government was wound up.³⁵¹ This was the last time the agencies’ Annual Review appeared.³⁵²

By the 1990s, concerns about this trend were already beginning to emerge. In 1991, the Fraser Report set out a series of recommendations to change the relationship between departments and agencies.³⁵³ In 1994 the Torsa Report set out serious concerns about both the non-implementation of the Fraser recommendations and the obstacles undermining the relationship between departments and agencies.³⁵⁴ Such tensions were further highlighted by the Learmont Report in 1995.³⁵⁵ By 1997, serious questions were being asked about the problems of accountability at the heart of the Next Steps programme and the continued agencification of government.³⁵⁶

347. Fulton Committee on the Civil Service, *Report of the Committee on the Civil Service, 1966-68*, June 1968

348. Institute for Government, *Bonfire of the QUANGOs*, [link](#)

349. Quoted in House of Commons Library, *The Accountability Debate: Next Steps Agencies Research Paper, 97/4*, 24 January 1997, [link](#)

350. Quoted in House of Commons Library, *The Accountability Debate: Next Steps Agencies Research Paper, 97/4* 24 January 1997, [link](#)

351. HM Government, *Next Steps Report*, London, 1998.

352. C. Pollitt, C. Talbot, J. Caulfield, A. Smullen, *Agencies: How Governments Do Things Through Semi-Autonomous Organizations*

353. HMSO, *Making the Most of Next Steps: the Management of Ministers’ Departments and their Agencies*, 1991

354. Sylvie Trosa, *Next Steps: Moving On: an examination of the progress to date of the Next Steps Reform against a background of recommendations made on the Fraser Report*, 1991

355. Learmont Report, *The Escape from White-moor Prison on Friday 9 September 1994*

356. House of Commons, *The Accountability Debate*, 1997, [link](#)

New Labour and Public Bodies

New Labour came to power promising to consign Britain’s “quango culture to the dustbin of history”.³⁵⁷ The 1997 *Modernising Government* White Paper promised to review all ALBs. Nonetheless, New Labour did little to slow down the agencification of Government that had taken place under the Conservatives in preceding years. At least 300 arm’s-length bodies were created by New Labour but were not included in any official registers.³⁵⁸ Some pointed out that “this hyper-institutionalism was not matched by the creation of a transparent framework, statement of principles or comprehensive account of all the public bodies that existed, let alone why they had been established or why a specific organisational form has been adopted in each case”.³⁵⁹

Nonetheless, the reforms of public bodies by New Labour have to be considered within the wider context of efforts to ‘depoliticise’ decision making. As Lord Falconer (then Secretary of State for Constitutional Affairs) explained:

“What governs our approach is a clear desire to place power where it should be: increasingly not with politicians, but with those best fitted in different ways to deploy it. Interest rates are not set by politicians in the Treasury but by the Bank of England. Minimum wages are not determined by the DTI, but by the Low Pay Commission This depoliticising of key decision-making is a vital element in bringing power closer to the people”.³⁶⁰

Whilst often implicit in Conservative plans, this concern for ‘depoliticisation’ was sometimes absent from previous justifications for the creation of new public bodies. It remains an open question as to whether the hiving-off of functions to public bodies can bring about a genuine ‘depoliticisation’ of decision-making. This depends entirely on the nature of the public body itself and the extent to which its work and structure is independent from government, both in terms of its formal structures and also informal influence.

The ‘bonfire of the quangos’

In 2010, Chancellor of the Exchequer George Osborne unveiled a £500 million plan to reduce the budget deficit by abolishing or merging many quangos.³⁶¹ Reviews were carried out into 901 ALBs. Each public body was evaluated against three tests:

1. Does it undertake a precise technical operation?
2. Is it necessary for impartial decisions to be made about the distribution of taxpayers’ money?
3. Does it fulfil a need for facts to be transparently determined, independent of political interference?

The Coalition Government also introduced the Public Bodies Act 2011. This allowed for changes to be made to public bodies by Ministerial Order (Public Bodies Order). Its impact was immediate. By 31 December 2013,

357. Daily Mail, *Quangos Cost Taxpayer 124 billion*, 24 September 2006, [link](#)

358. House of Commons Library, *Public Bodies*, Briefing Paper Number CBP 8376, 19 January 2021, [link](#)

359. House of Commons Library, *Public Bodies*, Briefing Paper Number CBP 8376, 19 January 2021, [link](#)

360. House of Commons Select Committee on Public Administration, *Memorandum by Dr Matthew Flinders*, November 2005, [link](#)

361. GOV.UK, *Speech by the Chancellor of the Exchequer*, 2010, [link](#)

93 per cent of the planned abolitions and mergers had been completed, reducing the number of public bodies in the Programme by 283 to 621.³⁶² Reforms were not simply focussed on a reduction of the number of public bodies. The establishment of the Centre for Public Appointments in the Cabinet Office resulted in the proportion of women appointed to the boards of public bodies reaching 48.2% within just five years, compared with 34.7% in 2009–10.³⁶³

Nonetheless, problems still remain. In 2016, the NAO found that the arm’s-length bodies sector “remains confused and incoherent.” It found that:

*There is no single list of all ALBs across government nor a common understanding of when ALBs should be used, or what type of ALB is most appropriate for particular circumstances. Different departments define ALBs in different ways and some ALBs are uncertain about how they relate to their department’s objectives. The prevailing inconsistency hampers a coherent approach to overseeing ALBs that is consistent with their purpose, although the Cabinet Office is building on its Public Bodies Reform Programme and taking further steps to address this.*³⁶⁴

This is testimony not to the failure of the Coalition’s reforms or ambitions, but to the scale of the problem. Comprehensive reform of public bodies will require constant attention and long time horizons.

Brexit and a new generation of Public Bodies

Since 2016, the reform of public bodies has slowed. Attention has focussed instead on the creation of a number of new bodies that have emerged following the UK’s decision to leave the European Union. These include the Trade Remedies Investigations Directorate (TRID), the Office for Environmental Protection, Office for the Internal Market and the Independent Monitoring Authority (which will oversee UK commitments to EU citizens’ rights under the UK-EU Withdrawal Agreement).³⁶⁵ Furthermore, the full impact on public bodies of the UK’s decision to leave the European Union is still emerging. For example, the UK-EU trade deal mandates the establishment of an independent enforcement body for subsidies and state aid. The HMG Consultation leaves open whether this should all fall under CMA or be split between different bodies.³⁶⁶

The UK’s decision to leave the European Union will have significant implications for regulated sectors. It will involve considerable alterations to key UK regulators who will have to take on significant new responsibilities that may previously have been completed by EU agencies.³⁶⁷ The Policy Exchange Reform of Government Commission feels strongly that any new public bodies that are established must be established as ‘21st Century’ organisations. The creation of new public bodies offers an opportunity to secure early wins when it comes to both digital and data, and also diversity and inclusion.

362. NAO, *Progress on Public Bodies*, 2014, [link](#)

363. The Commissioner for Public Appointments, *Annual Report 2015-2016*, October 2016, [link](#)

364. NAO, *Departments’ Oversight of Arms Length Bodies*, 2016, [link](#)

365. Trade Remedies investigations Directorate, *About Us*, [link](#); DEFRA, *Dame Glenys Stacey appointed as chair of the Office for Environmental Protection*, [link](#); BEIS, *Purpose and role of the Office for the Internal Market*, 17 November 2020, [link](#)

366. BEIS, *Subsidy control: Designing a new approach for the UK*, [link](#)

367. NAO, *A Short Guide to Regulation*, 2017, [link](#)

2. The Current Public Bodies Landscape

The Cabinet Office has central government responsibility for public bodies policy. It has defined a ‘public body’ as follows:

“Public bodies encompass a wide range of organisations with ties to the public sector such as local authorities, the police and army, and government bodies”.³⁶⁸

This definition is so wide in scope as to be actively unhelpful in understanding the role and purpose of public bodies in the UK. It would include many organisations thought of by citizens as ‘public services’, such as the many and varied organisations delivering health, education, and policing. As the Cabinet Office has suggested, it would also touch on local government and potentially even semi-private organisations ‘with ties to the public sector’.³⁶⁹

Arm’s Length Bodies (ALBs)

The term ‘arm’s length body’ is often used incorrectly to refer to all public bodies - in fact, ALBs are only one category of public body. As set out in the latest edition of the annual *Public Bodies* report, produced by Cabinet Office and published in July 2020, ALBs are comprised of:

- **Executive Agencies (EAs):** EAs “are clearly designated (and financially viable) business units within departments and are responsible for undertaking the executive functions of that department, as distinct from giving policy advice.”
- **Non-departmental public bodies (NDPBs):** NDPBs “have a role in the process of national government but are not part of a government department. They operate at arm’s length from ministers, though a minister will be responsible to Parliament for the administration and performance of the NDPBs in their departments.”
- **Non-ministerial departments (NMDs):** ““operate similarly to normal government departments in the functions they perform (though they are usually more specialised and not as wide-ranging in the policy areas they cover). They generally cover matters for which direct political oversight is judged unnecessary or inappropriate.”³⁷⁰

As of July 2019, when the latest available government figure became available, the Cabinet Office classified 295 Arm’s Length Bodies, made up of 39 executive agencies, 235 non-departmental public bodies (NDPBs) and 20 non-ministerial departments (NMDs).³⁷¹ Due to their character, ALBs have often been the focus for many efforts at reform, whilst other types of public body have had less attention.

Other Types of Public Body

Nonetheless, the Cabinet Office *Public Bodies* only contains information on central government arm’s length bodies (ALBs). As explained, this is a specific category of public body that is administratively classified by the

368. Cabinet Office, *The Arms Length Body (ALB) landscape at a glance*, 22 July 2020, [link](#)

369. Cabinet Office, *The Arms Length Body (ALB) landscape at a glance*, 22 July 2020, [link](#)

370. Cabinet Office, *The Arms Length Body (ALB) landscape at a glance*, 22 July 2020, [link](#)

371. Cabinet Office, *The Arms Length Body (ALB) landscape at a glance*, 22 July 2020, [link](#)

Cabinet Office. The broad umbrella of ‘ALBs’, therefore, does not include other kinds of organisations which are thought of as public bodies. Various defined, and not to give a comprehensive list, these include:

- **‘Non classified government entities’:** This classification has been used by the Cabinet Office in the past to describe the enormous range of ‘task forces’, ‘working groups’ and ‘expert committees’ set up by official or Ministerial instruction for specific (and sometimes very long-running) tasks.³⁷²
- **‘Statutory office holders’:** These have been defined as “positions established under legislation (in some instances by a prerogative Order in Council) and sometimes as a separate legal entity or corporation sole, with a specific remit to conduct activities or deliver services within the public sector but which is an individual and not an organisation.”³⁷³ Examples of such statutory office holders include the Community Interest Companies Regulator and the Commissioner for Public Appointments.³⁷⁴
- **Parliamentary bodies:** According to the Cabinet Office, these are “public bodies set up by, and usually reporting directly to, Parliament (typically via one of its Committees) and not to a government department or minister”. Examples include the National Audit Office and the Independent Parliamentary Standards Authority.³⁷⁵
- **Local government public bodies:** There are many public entities which are not funded or controlled by central government but whose major relationship is to local government.
- **Devolved Administration public bodies:** Public body structures and governance in the nations of the UK are determined by the devolved administrations, though they can receive grant funding from central government and may deal with both devolved and reserved matters in some instances.
- **Public corporations and other market bodies:** These have been defined as trading organisations with a public sector character which operate commercially and generate more than 50% of their income from commercial activities.

The following table provides an overview of the different categories of public bodies, dependent on their comparable characteristics.

372. Cabinet Office, *Classification Of Public Bodies: Guidance For Departments*, [link](#)

373. Cabinet Office, *Classification Of Public Bodies: Guidance For Departments*, [link](#)

374. Cabinet Office, *Classification Of Public Bodies: Guidance For Departments*, [link](#)

375. Cabinet Office, *Classification Of Public Bodies: Guidance For Departments*, [link](#)

Entity	Relationship To Department		Income/ Funding	Establishment			Senior Staffing Issues & Structure		Status of Staff	Financial Accounting
	Accountability	Oversight		Position	Setup	Duration	Management	Appointments		
Executive Agency	Minister accountable	Dept. sets policy	Included In Dept. Estimate	Part of Dept. No separate legal personality	By Dept. Can be with legislation	Permanent	CEO, & Non-Exec Chair	Minister appoints CEO & Chair	Civil Servants	Produce own, Consolidated within Dept.
Non Departmental Public Body	Minister accountable	Dept. Usually sets strategic framework	From Dept. Usually via grant in aid	Has separate legal personality	By Dept. Various forms.	At least three years	CEO, & Non-Exec Chair	Minister appoints Chair & Non-Exec Board, consulted on CEO	Public Servants	Produce own, Consolidated within Dept.
NDPB with Advisory Function	Minister accountable	Dept. Usually sets strategic framework advice is impartial and apolitical	Included in Dept. Estimate	Within Dept. but no separate legal personality	Independent of but established by Dept.	At least three years	Committee of Independent experts (can have Chair)	Minister appoints members	Independent Specialists (Supported by CS)	Do not produce own. Covered with Dept.
Independent Monitoring Board	Minister accountable	Dept. Usually sets strategic framework	Included in Dept. Estimate	Independent to Dept. but no separate legal personality	On creation of new prison or detention	Depends on prison or detention centre	Board Members	Secretary of State appoints members	Unpaid volunteers	Do not produce own. Covered with Dept.
Non Ministerial Department	Minister usually accountable	Sets own policy, Dept. can set strategic framework	Usually from own Estimate	Usually As Dept. with separate legal personality	By Prime Minister	Permanent	CEO, & Non-Exec Chair	Minister usually appoints Board, with Part scrutiny	Civil Servants	Produces own accounts
Office of Department	Minister accountable	Part of Dept. Sets own policy	Included In Dept. Estimate	Part of Dept. No separate legal personality	By Dept.	Varies, usually less than three years	Usually Dept. official as head	Minister appoints Head (and Board if there is one)	Civil Servants	Do not produce own. Covered with Dept.
Working Group	Minister accountable	Part of Dept. Sets own policy	Included In Dept. Estimate	Part of Dept. No separate legal personality	Established by Dept.	Varies, usually less than three years	Usually members and Chair	Minister or official appoints member and Chair	Civil Servants (supported by external Non-CS)	Do not produce own. Covered with Dept.
Expert Committee	Minister accountable	Dept. usually sets strategic framework advice is impartial and apolitical	Included In Dept. Estimate	Within Dept. but no separate legal personality	Independent of but established by Dept.	Varies, usually permanent	Committee of experts (Can have Chair)	Minister or Dept. Officials appoint members (and Chair)	Independent Specialists (Supported by CS)	Do not produce own. Covered with Dept.
Statutory Office Holder (Departmental)	Minister accountable	Part of Dept. acts apolitically	From Dept. via grant in aid	Independent with separate legal personality	By Dept. via legislation	Varies, usually permanent	Office Holder	Minister or Dept. Officials appoint Office Holder	Public Servant (Supported by CS)	Produces own accounts
Statutory Office Holder (Parliamentary)	Office Holder directly accountable	Sets own policy	From own Estimate	Independent with separate legal personality	By Parliament, via legislation	Varies, usually permanent	Office Holder	Parliament appoints Office Holder	Public servant	Produces own accounts
Parliamentary Body	Usually directly accountable	Sets own policy	Usually from own Estimate	Independent with separate legal personality	Established by Parliament	Varies, usually permanent	Usually by statutory board	Parliament appoints	Public servant	Produces own accounts

These classifications were set out by the Cabinet Office in 2016, following the publication of the Classification of Public Bodies Review.³⁷⁶ This framework evolves constantly as new public bodies are created or abolished. It represents one (arguably confusing and unsuccessful) attempt to define the landscape at a particular snapshot in time. The government should publish a comprehensive list of all public bodies annually. This should include details on budgets, classification and accountability, and should include an analysis which compares changes to the landscape over time. It should go beyond ALBs to give as comprehensive a picture as possible across the UK.

Historically, public bodies have often occupied more than one of these many identities simultaneously. As the House of Commons Public Administration Select Committee observed in 2014:

“Some bodies are classed as being of more than one type: Ordnance Survey is a non-ministerial department with executive agency status. Some bodies, such as the Big Lottery Fund, report to more than one government department. The Environment Agency is not an executive agency as its name would suggest, but in fact an NDPB... The Care Quality Commission (CQC) and Ofsted are both inspectorates. The CQC inspects health and social care services in England, and Ofsted performs a parallel role inspecting children’s services. However the CQC is an NDPB, and Ofsted is a non-ministerial department. The reasons for this difference are not clear.”³⁷⁷

To further add to this complexity, public bodies may also hold other identities, such as being registered as charities with the Charities Commission.³⁷⁸ Each of these many identities has subsequent consequences for the organisation’s funding, financial accounting, staffing and structure, accountability and oversight.

The Accountability Question

Whilst the overall landscape is too complex and confusing, the main reason for reform of public bodies is accountability. Given their vital importance to Government in the UK, it is essential that public bodies are accountable to ministers, to Parliament and to the public. Whilst such bodies can sensibly distance expertise from political interests (such as Nuclear Decommissioning), some of the members of the policy Exchange Reform of Government Commission felt that public bodies can, on occasion, conveniently distance politicians from controversial delivery on the ground. The wide range of public bodies results in a lack of Ministerial ability to control and direct policy delivery for which they’re held accountable by Parliament. Evidence of this has been seen during the pandemic. Public Health England became an early casualty of crisis management when it became clear that the public and politicians expected the Health Secretary to answer in Parliament for its early struggles with Covid responses. There is a lack of direct accountability in some public bodies that affect the lives of many citizens and this must be addressed.

376. Cabinet Office, *Report on the Outcome of the Classification Review*, [link](#)

377. PASC, *Who’s accountable? Relationships between Government and arm’s-length bodies*, 4 November 2014, [link](#)

378. Cabinet Office, *Classification Of Public Bodies: Guidance For Departments*, [link](#)

Case Study: Accountability and the provision of healthcare in England

As Policy Exchange highlighted in a recent report, *The People's NHS*, reform of the National Health Service (NHS) is an important priority for voters of all political parties.³⁷⁹ The performance of the healthcare system is however determined by a variety of arms-length bodies, including non-departmental public bodies (NDPBs) whose structure and accountability to government departments are the subject of ongoing debate.

In England, NHS England and NHS Improvement (both NDPBs) have responsibility for delivering and improving healthcare services.³⁸⁰ The government's recent white paper, *Integration and innovation: working together to improve health and social care for all* (published February 2021) proposes to use primary legislation to formalise the merger between these two bodies during 2022.³⁸¹ Their roles are as follows:

- **NHS England** is responsible for delivering healthcare services. The majority of the Department of Health and Social Care's budget is allocated to NHS England, the majority of which is allocated to Clinical Commissioning Groups (CCGs).³⁸² Each year, the Government presents a statutory annual mandate to NHS England, defining the strategic direction and budget for the year for which it is accountable to parliament and the public. In February 2021, the Government proposed to remove the requirement for an annual mandate, enabling the Government of the day to make more regular changes to the mandate if required and to respond more promptly to shifting strategic needs.
- NHS Improvement is responsible for improving the operational performance of NHS foundation trusts, NHS trusts and independent providers. It launched in April 2016, itself a merger of non-departmental public bodies.

These are supplemented by other NDPBs, such as **The National Institute for Health and Care Excellence (NICE)** which publishes guidance on medicines, devices and clinical practice and **Healthcare Education England**, which supports the delivery of workforce education and training, but it is in the delivery of public health services where the government is committing to the boldest reforms.

379. Policy Exchange, *People's NHS*, December 2019, [link](#)

380. Both were established as part of the so-called 'Lansley Reforms'. NHS England was one of six arms-length bodies to be created or expanded by the 2012 Health and Social Care Act.

381. Department of Health and Social Care, *Working together to improve health and social care for all*, 11 February 2021, [link](#)

382. NHS England is itself an umbrella organisation. NHS England consists of seven integrated regional teams. Each has regional responsibility for the quality, financial and operational performance of NHS organisations. It also comprises a series of more localised systems, termed Sustainability and Transformation Partnerships (STPs). These bring together NHS providers, commissioners and local authorities to plan services. Integrated Care Systems (ICSs) foster collaboration with greater responsibility for local resources. A stated aim of the NHS Long Term Plan was that all of England would be covered by an ICS by 2021.

Public Health England (PHE), an executive agency of the DHSC, was established following the 2012 Health and Social Care Act with responsibility for public health emergencies and the improvement of population health. In a speech at Policy Exchange in August 2020 however, the Health Secretary Matt Hancock announced forthcoming reforms to public health structures.³⁸³ PHE is to be disbanded as a public body and replaced by two organisations: the UK Health Security Agency (which launched in March 2021) and an Office for Health Promotion which will launch in the Autumn.

- **The UK Health Security Agency (UKHSA)** will be responsible for planning and responding to external threats to health, including pandemic preparedness.
- **The Office for Health Promotion** will sit in the Department for Health and Social Care under the leadership of the Chief Medical Officer. It will take over PHE's role in improving public health and preventing disease, such as tackling obesity.

3. Reforming the Public Bodies Landscape

Reforming the landscape

The government should set very clear objectives for public bodies reform. At present, it does not have a formal public target for an overall reduction in numbers and a rationalisation of ALBs and public bodies. This is concerning, given that the present landscape of ALBs is far too complex. To achieve lasting reform, the government must set clear objectives - whatever its ambitions might be. The 2016-2020 Public Bodies Transformation Programme must have an equally clear and well-defined successor programme.³⁸⁴

Reforms have traditionally focussed on reducing the overall number of public bodies. It is, arguably, more important that work is done to streamline and simplify the way in which they are characterised and defined in law. There should be fewer categories of public bodies, and public bodies with similar functions should not be classified differently to each other. Indeed, the focus of public bodies reform should be the transparency and accountability of public bodies overall. The Government should launch a review of all agreements between ALBs and government departments (which take different forms) to ensure that they are fit for purpose. It should also consider the design of more flexible or stricter agreements.

The Government should provide funding to establish an OBR-style independent observatory on public bodies. The remit of this should be to hold all public bodies to account outside existing processes and independently of ministers. This independent observatory should set out a RAG rating for each public body at least annually, tailored to the function of the public body in question. It should draw information on progress (published, for example, from the public bodies' own annual reports)

384. Cabinet Office, *Public bodies transformation programme 2016 to 2020*, 10 December 2018, [link](#)

383. Policy Exchange, *Matt Hancock Sets Out Vision for Public Health*, 18 August 2020, [link](#)

which will allow citizens to see quickly and clearly how public bodies are performing against their own objectives. In time, this organisation could also make independent assessments of public bodies' financial position, the quality of leadership and their effectiveness. It should design an online portal where 'information on public bodies can be accessed. The establishment of this office should in no way diminish political responsibility for public bodies reform.

Public bodies and COVID 19

Due to the Covid-19 crisis, a number of public bodies have received widespread criticism for their perceived failures or inadequacies. August 2020 provided a particular moment of reckoning. In August 2020, the Government confirmed that Public Health England would be scrapped and replaced with a new 'National Institute for Health Protection' and MPs called for Ofqual (the exams regulator) to be scrapped after the exam grades fiasco.³⁸⁵ The perceived failings of each body were the topic of political controversy. The leadership of both institutions, however, offered a robust defence of their performance during the crisis.

The crisis spoke to a difference in culture between public bodies and departments. As Rob Halfon MP, the Chair of the Education Select Committee said of Ofqual, "such harm could have been avoided had Ofqual not buried its head in the sand and ignored repeated warnings, including from our Committee, about the flaws in the system for awarding grades."³⁸⁶ As Patrick Diamond put it:

"Observing the government recently has at times been akin to watching a slow-motion train-crash, where Ministers desperately pull levers but discover that in fact, they are barely connected to anything."³⁸⁷

Whilst this distance may be appropriate for day-to-day matters, it is questionable whether they are always appropriate in crises. The public often blame Ministers when these bodies fail. The Government should urgently complete a review of all emergency powers and procedures so that Ministers can take control of failing public bodies during crises, within strictly defined circumstances and without legislation if necessary. Indeed, some on the Commission felt that Ministers should be able to do so outside crises and that this was an essential part of ministerial accountability.

4. Reforming Public Appointments

Professionalising the public appointments process

The key theme of the findings of the Commission is that the recruitment of those with the requisite skills and experience is the vital ingredient of reform. Unfortunately, the Commission heard evidence that the current public appointments system can prevent this. Despite some improvements following the Grimstone Review in 2016, the system remains overly bureaucratic and cumbersome.³⁸⁸ The long, complex and formulaic process (which frequently takes 4-6 months) can deter highly qualified

385. The Guardian, *Senior Tory MP Robert Halfon Call for Abolition of OFqual over Exam Grades Crisis*, August 2020, [link](#)

386. Schools Weekly, *Ofqual's Independence Questions as regulator buried its head in the sand during exams fiasco*, [link](#)

387. LSE, *The UK State After Covid*, [link](#)

388. Cabinet Office, *Better Public Appointments*, 2016, [link](#)

potential appointees, many of whom simply would not or could not submit themselves to such a process. As Policy Exchange highlighted in *Whitehall Reimagined*, the assessment process can sometimes be “used to artificially restrict ministerial choice, with civil servants declaring individuals who have successfully run major companies, educational institutions or public bodies as ‘unsuitable’ on the basis of an application form or interview.”³⁸⁹

It is vital that public appointments are of the highest calibre. The system needs to be fully professionalised, streamlined and, ultimately, made more flexible when appropriate. Crucially, those who have distinguished records leading businesses, public services or charities should be appointed on the basis of their records and not on their capacity to negotiate and navigate the public appointment process.

Ministerial involvement in Public Appointments

Ministers must have more involvement in public appointments. Ministerial appointments to arms-length bodies receive disproportionate focus when placed into the context of the wider reforms that are required to the overall landscape of public bodies. Nonetheless, it is of fundamental importance that a government is able to bring in individuals of the highest calibre to ensure that it can achieve its overall objectives. As Policy Exchange argued in *Whitehall Reimagined*, in many cases such bodies are operationally independent. This means that the principal way in which Ministers exercise influence is through the appointment of senior staff. This makes these appointments particularly significant.³⁹⁰ As emphasised in Chapter Three, ministerial leadership is an essential part of good government. Unfortunately, and possibly contrary to public perceptions, there is often insufficient political attention paid to the public appointments process. It is vital that ministers are more fully engaged in this process from the outset.

Key Actions:

- **The Government should establish a new public bodies reform programme.** It must have senior ministerial leadership and should set clear and long-term objectives for public bodies reform. This reform programme must address the lack of accountability of some public bodies, both to Parliament and the public.
- **The Government should introduce a successor programme to the Tailored and Triennial Review process.** It should provide for a more regular and more comprehensive regime for public bodies scrutiny. It should publish Ofsted-style reports on the performance of public bodies.
- **The Government should review all framework agreements between ALBs and the government to ensure that they are fit for purpose.** It should also design more flexible or stricter agreements where appropriate.
- **The Government should publish a comprehensive annual list**

389. Policy Exchange, *Whitehall Reimagined*, [link](#)

390. Policy Exchange, *Whitehall Reimagined*, [link](#)

of all public bodies, not just ALBs. This information should include information relating to their budget, classification and accountability structure.

- **Government should establish an OBR-style independent observatory on public bodies.** Alternatively, it could sponsor the third sector to hold public bodies to account outside existing processes. This organisation should be given access to ALBs in order to assess every public body. It should set out for each a clear RAG rating against their objectives. Every rating should be published in an annual report.
- **Ministers must also be encouraged to write to Public Bodies setting out their key aims, priorities and targets.** If those running public bodies disagree with these directions, they should be encouraged to set out, in public, why they disagree or the barrier preventing them from complying with such instructions.
- **The government should review the emergency powers and procedures available to Ministers to take control of failing public bodies or in crises.** The Cabinet Office should also set out in which circumstances such a move would be appropriate.
- **The Public Appointments process should be made significantly more flexible.** It should include the ability to appoint individuals with strong records on the basis of those records alone, subject to assessment of suitability. Government should draw on private sector expertise to assist its talent management processes, including the use of external HR consultants and headhunters when appropriate.
- **The Cabinet Office should provide better support for Ministers making public appointments.** Ministers should also take greater ownership of the appointments process when necessary.

7. Connecting the whole United Kingdom

Introduction

This chapter will bring together the key issues, questions and themes from the previous chapters through the prism of connecting reform of government with public perceptions. As noted by Policy Exchange’s polling, just 6% of people in the UK feel that the UK Civil Service completely understands people like them. In the March 2020 budget, the UK government committed to moving 22,000 Civil Service jobs out of London by the end of the decade.³⁹¹ This chapter will examine the Government’s Places for Growth programme and outline the benefits of relocating Civil Service jobs. It will also explain the necessary conditions for successful relocation.³⁹²

If reform of Government is to be successful, it must go beyond a reorganisation of Whitehall and embrace the whole United Kingdom. Government must communicate more effectively with the public across the nations. As Policy Exchange has consistently argued, including in *Modernising the UK*, strengthening the Union should be at the heart of the UK Government’s domestic policy agenda.³⁹³ The Civil Service also supports two of the three devolved administrations. Now, more than ever, it is vital for systems of public administration to support the Union. This section will also outline the fundamental challenges of local government finance and devolution more generally. Devolution and its difficulties are major issues deserving their own analysis. Informed by the ‘levelling up agenda’ and experience during the pandemic, this chapter will explore ways in which Whitehall decentralisation into regional hubs, partnerships can bring policy and delivery closer to the public and encourage new types of local authority.

1. Moving Civil Servants Out of London

The Context

The Senior Civil Service is still overwhelmingly “London-centric”. 13% of the UK population live in London. 20% of the 456,000 people who worked for the Civil Service in 2020 were based in the capital.³⁹⁴ However, the more senior a civil servant, the more likely they are to be based in London. 68% of senior civil servants and 45% of civil servants in grades 6 and 7 are based in London.³⁹⁵ Perhaps even more concerning, in 2019

391. HM Treasury, *Budget 2020*, March 2020, [link](#)

392. Cabinet Office, *Government Estate Strategy 2018*, 12 July 2018, [link](#)

393. Policy Exchange, *Modernising the United Kingdom*, [link](#)

394. Institute for Government, *Moving Out*, November 2020, [link](#)

395. Institute for Government, *Moving Out*, November 2020, [link](#)

64% of civil servants who work on policy are based in London and 97% of those who work for the Treasury are based in London (excluding those who work in its executive agencies).³⁹⁶

Moving civil servants has become an increasingly prominent political priority in recent years. In 2018, the Government Estates Strategy pledged to move “thousands” of Civil Service jobs out of the capital as part of its wider industrial strategy and in light of the return of competences from Brussels following the UK’s departure from the European Union.³⁹⁷ This pledge was later revealed to be a pledge to move just 1,000 Civil Servants out of London by 2022, and a Government spokesperson was even forced to admit that the wording in the strategy was “ambiguous”.³⁹⁸ Nonetheless, in the 2020 budget, the Chancellor promised:

“To ensure the Civil Service reflects the public it serves, the government is committed to moving 22,000 civil service roles out of central London within the next decade, the vast majority to the other regions and nations of the UK. The government will establish a significant new campus in the north of England focused on economic decision making, which will include teams from HM Treasury, DIT, BEIS and MHCLG. Furthermore, as the UK’s economics and finance ministry HM Treasury will establish representation in all the nations of the UK, building on its existing presence in Scotland with new positions based in Northern Ireland and Wales for the first time.”³⁹⁹

To meet this promise, the Cabinet Office has in motion the Places for Growth and Beyond Whitehall programmes, tasked with “coordinating the planning across Government departments and public bodies to create a more geographically dispersed and better-connected Civil Service, who live and work in the communities they serve.”⁴⁰⁰ Moves to increase the presence of the Treasury in the North of England are already underway and in the 2021 Budget the Chancellor announced that a “significant part” of the Treasury is to relocate from London to Darlington.⁴⁰¹ It was also announced that the Ministry of Housing, Communities and Local Government (MHCLG) will set up a second headquarters in Wolverhampton.⁴⁰²

Why should more be done to actively shape the geographical distribution of civil servants?

A series of extensive independent reviews exploring the effects of government relocation have been commissioned in the past. These include the Fleming Review (1963), the Hardman Review (1973), the Lyons Review (2004) and the Smith Review (2010).⁴⁰³ More recently, think tanks such as the Institute for Government have also outlined how to make a success of Civil Service relocation.⁴⁰⁴ Whilst these reviews have differed slightly in their findings, such reports outline both the reasons why one might want to move civil servants out of London and also the necessary conditions for successful relocation.

There are a number of competing, and at times contradictory, motivations to relocate government activities and employees. First,

396. Institute for Government, *Moving Out*, November 2020, [link](#)

397. Cabinet Office, *Government Estate Strategy 2018*, 12 July 2018, [link](#)

398. Civil Service World, *Government plans to move 1,000 civil servants out of London by 2022 – with thousands more to follow*, 12 Jul 2018, [link](#)

399. HM Treasury, *Budget 2020*, March 2020, [link](#)

400. Business Unit Information, *Places for Growth Programme*, [link](#)

401. FT, *‘Treasury North’ leads march of civil servants out of London*, January 2013, [link](#); BBC, *Budget 2021: Darlington ‘Treasury North’ move welcomed*, 3 March 2021, [link](#)

402. i, *Ministers make historic move out of London as they relocate part of Whitehall to Wolverhampton*, 19 February 2021, [link](#)

403. Ian R. Smith, *Relocation: transforming where and how government works*, March 2020, [link](#)

404. Institute for Government, *Moving Out*, November 2020, [link](#)

relocation could be used to make efficiency savings. As Alex Chisholm explained recently, the Government Places for Growth Programme aims to “consolidate and rationalise a number of offices across the rest of the country into a smaller number of more substantial and modern hubs”.⁴⁰⁵ In 2017, the Cabinet Office estimated that the government could save £640 million through the co-location of departments and other public bodies to between 18 and 22 ‘strategic hubs’ (and around 180 other buildings) across the United Kingdom.⁴⁰⁶

Second, it has been argued that relocation could be used to drive economic growth as part of a “levelling up agenda”. In addition to creating new jobs in regions across the UK, relocations can also create conglomerate effects that drive economic growth. For example, the BBC’s move of 10% of its workforce to Salford led to a doubling of productivity in related private industries in the city.⁴⁰⁷

Third, relocation could be used to access new labour markets and to recruit talented individuals who may not wish to live in London. As the Lyons Report made clear, “new locations can provide the spur for new ways of working: adopting better business practices, processes and technology, and reforming organisational culture.”⁴⁰⁸ As shown below, relocation can also be used to develop local labour markets through strategic partnerships and apprenticeship programmes.

Finally, there is an often repeated contention that relocation could be used to challenge the perspectives of civil servants and bring them closer to the people they serve. This final reason is, arguably, the motivation behind the Government’s current drive to encourage relocation. In justifying the movement of civil servants to areas outside London, the Chancellor of the Duchy of Lancaster explained that:

“It is not just that all major Government departments are based in London, with the impact that concentration of senior jobs has on our economy. It is also the case that Westminster and Whitehall can become a looking-glass world. Government departments recruit in their own image, are influenced by the think tanks and lobbyists who breathe the same London air and are socially rooted in assumptions which are inescapably metropolitan.”⁴⁰⁹

Countering Relocation Myths

The arguments against relocation can be overstated. It is argued that there is an inevitable loss of skills and expertise when civil servants move out of London, leading in turn to a reduction in Civil Service performance. The example usually cited to make this argument is the relocation of the Office for National Statistics to Newport in Wales, which resulted in the loss of 90% of its staff.⁴¹⁰ Indeed, the Bean Review of UK Economic Statistics made it clear that “insufficient analytical capability, aggravated no doubt by the loss of experienced staff following the relocation to Newport” had hampered the performance of the ONS. It recommended that the ONS “should also increase its London profile in order to facilitate stronger engagement with users of economic statistics”.⁴¹¹

405. Public Administration and Constitutional Affairs Committee, *Oral evidence: The work of the Cabinet Office*, 29 September 2020, [link](#)

406. NAO, *Progress on the Government Estate Strategy*, April 2017, [link](#)

407. Tom Forth, *Why Channel 4 should move to Manchester*, 5 July 2017, [link](#)

408. Sir Michael Lyons, *Well Placed to Deliver?*, March 2004, [link](#)

409. Cabinet Office, “*The privilege of public service*” given as the Ditchley Annual Lecture, 1 July 2020, [link](#)

410. Civil Service World, *Office for National Statistics to stay in Wales “for the long term”*, Matt Hancock confirms, 26 February 2016, [link](#)

411. Professor Sir Charles Bean, *Independent Review of UK Economic Statistics*, March 2016, [link](#)

The example of the ONS, however, is an example of relocation done poorly, not a definitive argument against relocation. One of the reasons why relocation is encouraged is because it takes organisations closer to the citizens that rely on the services that they provide. The Bean Review highlighted specifically that the relocation moved the ONS away from those who relied upon economic statistics, a disproportionate number of whom were based in the City of London.⁴¹²

Whilst the capabilities of the ONS have since improved, it was always going to be a difficult challenge to move a skills-reliant operation from a city of 10 million people to a city of 250 thousand in a short period. As the Centre for Cities pointed out, in 2006, (when the move began) 12 percent of jobs in Newport were knowledge-based, placing it 47 out of 62 cities, making it difficult to recruit from the surrounding labour market.⁴¹³ Moreover, as the Centre for Cities have argued, “the positioning of the ONS campus on an out of town site has limited the demand for local services such as shops and restaurants”.⁴¹⁴ This, in turn, limited the economic benefits to the region. It is possible to relocate without losing long-term staff and experience. For example, 82% of Met Office staff followed it to Exeter from Bracknell.⁴¹⁵ This shows that relocation planning must be taken more seriously and carefully considered.

The best argument against relocation, however, is its upfront cost. These high upfront costs were estimated in the Smith Review in 2010 as being up to £40,000 per person before property costs.⁴¹⁶ Indeed, the successful relocation of the Met Office went almost £8m over budget.⁴¹⁷ To reduce the cost of relocation, the Government should commission work to estimate not only the cost of proposed moves but also to identify ways in which these costs could be reduced.

How to make a success of relocation: Hubs and Partnerships

Even if the arguments against relocation are overstated, in moving civil servants out of London the Government still needs to confront a number of dilemmas. It must decide whether it wishes to spread relocation widely (through a large number of small, regional offices), or whether it is instead preferable to set up larger offices in a smaller number of locations.

It is the view of the Commission that the establishment of larger Government hubs is preferable. As Lyons made it clear:

“the impact – measured in terms of knock-on job creation – will be greater when dispersals maximise the business benefits to the organisation and where they are clustered in a limited number of locations rather than very widely spread. The impact is also greater where pay is aligned with local labour market conditions, so that relocated jobs are not at risk of crowding out or bidding up the cost of local jobs in the public and private sectors. In the absence of local pay flexibility and a degree of clustering in dispersals, the long term economic effects of government dispersals may be much smaller.”⁴¹⁸

The Government should push ahead, therefore, with its regional hubs

412. Professor Sir Charles Bean, *Independent Review of UK Economic Statistics*, March 2016, [link](#)

413. Centre for Cities, [link](#)

414. Centre for Cities, [link](#)

415. Institute for Government, *Moving Out*, November 2020, [link](#)

416. Ian Smith, *Relocation: transforming where and how government works*, [link](#)

417. BerkshireLive, 17 August 2005, [link](#) quoted in Institute for Government, *Moving Out*, November 2020, [link](#)

418. Independent Review of Public Sector Relocation, *Well Placed to Deliver?*, [link](#)

programme. Not only are hubs more likely to provide benefits to the local economies in which they are based, but they are also more efficient from an estates perspective.

Government Hubs

Government hubs are located in all four nations of the United Kingdom, providing a network of modern, digitally enabled, shared workspaces for the UK Civil Service. Four hubs are already open, with another 13 announced.⁴¹⁹

Government hubs are planned for:

- Belfast
- Birmingham
- Bristol
- Cardiff
- Edinburgh
- Glasgow
- Leeds
- Liverpool
- London (Canary Wharf, Stratford and Croydon)
- Manchester
- Newcastle
- Nottingham
- Peterborough

In 2021, it was announced that the Treasury will move one fifth of its staff to a new “economic campus” in Darlington.⁴²⁰

Moreover, if relocation is to be a success it must include a relocation of senior civil servants and, in particular, those who design policy. Unless Senior Civil Servants also move out of London, the Hubs programme is unlikely to be successful. This is because people may be discouraged from relocating if they feel that it may prevent promotion opportunities within the Civil Service.

Decisions on relocation should be made in such a way as to break down departmental silos (a problem identified in Chapter Two). The relocation of Civil Service jobs to outside Whitehall could aid this process, provided that relocation is a strategy based on policy problems instead of departmental teams. The Cabinet Office should work with departments to identify existing teams which are working across departments on cross-government policy problems, so that these could usefully be relocated into the same hub.

The Commission heard evidence that moving civil servants out of

419. Government Property Agency, *The Growing Network of Government Hubs*, [link](#)

420. BBC News, Budget 2021: Darlington ‘Treasury North’ move welcomed, 3 March, 2021, [link](#)

London may help to challenge the perceived dominant perspectives of the Senior Civil Service. Relocation could help to change these attitudes. Relocation on its own, however, does not constitute enough to ensure that the Civil Service is better connected to the citizens it serves. As Policy Exchange polling has demonstrated, this is a major problem for the public. 23% of the public felt that the Civil Service not at all understands people like them. 38% feel that the Civil Service partially understands them. Just 28% of those polled felt that the Civil Service understood people like them.

Senior Civil Servants in central departments should be expected to spend more time observing services being delivered on the ground, drawing on the benefits of direct experience. Moreover, they should routinely attend focus groups with those who are using and interacting with services based on the policies they design, manage or implement. Civil servants (and not just policy officials) should also be given access to a data bank of polling and public opinion testing on a wide variety of issues, rather than relying on such information to be obtained ad hoc for particular projects.

Opportunity Hubs

Regional cross-departmental hubs can provide the basis for improved partnerships between central and local government. Good relations between central and local government are essential, particularly for large infrastructure projects where it is vital that funding decisions are informed by local expertise. Recent governments have established a range of partnerships with large local authorities, notably those with elected Mayors in urban areas like Greater Manchester, Birmingham and Tees Valley.

The provision of health care in England demonstrates how local partnerships can help to improve delivery. NHS England is based on a series of localised systems, termed Sustainability and Transformation Partnerships (STPs) which bring together NHS providers, commissioners and local authorities to plan services. Integrated Care Systems (ICSs) look to foster collaboration with greater responsibility for local resources. A stated aim of the NHS Long Term Plan was that all of England would be covered by an ICS by 2021.⁴²¹ The ICS structure is supplemented by Integrated care partnerships (ICPs) which encompass hospitals, community services as well as GPs. Primary care networks (PCNs) also bring general practices together to work with other local providers. In 2020, NHS England set out a series of options to the Government to formalise the new local NHS structure by placing ICSs on a statutory footing. Subject to Parliamentary approval, the Government now intend to legislate to implement these changes during 2022.

Regional hubs are also likely to be particularly effective when they are used as a method to develop local partnerships for apprenticeships and training programmes. It was the unanimous view of the Commission that such partnerships (particularly in areas of delivery, recruitment, training and career development) could be an essential way for the government to demonstrate its commitment to 'level up' the United Kingdom. Such

421. NHS, *The NHS Long Term Plan*, January 2019, [link](#)

partnerships, including with colleges and universities, should also focus on widening the range of skills available to the civil service and provide a foundation for an improvement in technical, data and digital training across the United Kingdom.

Patterns of local government are evolving fast with a notable will in parts of central government to delegate powers and delivery responsibility where there are structures in place able to deliver to nationally set standards. The Ministry of Housing, Communities and Local Government has recently invited devolution and reorganization bids from three areas in England; Cumbria, North Yorkshire and Somerset. Root and branch re-organisation of local government, with its attendant constitutional and funding issues, is beyond the scope of this report. But the Commission believes the development of government hubs, basing senior officials in centres across the UK, will be crucial to bringing central government closer to local realities, aligning local and national priorities and creating a virtuous circle of co-designed policies and local delivery.

Digital Listening and Consultation

These Hubs should also aim to use the latest technologies to improve consultation processes and connect with the public. The mechanisms by which this can be achieved are outlined in the previous chapter. Nonetheless, they should be used to ensure that local and regional organisations like hospital groups, social services, public health inspectorates, housing planners and even, possibly, transport authorities have data and feedback systems that would be the basis for a co-ordinated effort to understand and learn from the people served.

2. Devolution and Local Government in England

Despite the initiatives of the past decade, twenty-first century Britain remains one of the world's most centralised states. Local institutions of government, theoretically, should be the most effective and efficient, leveraging their proximity to local needs and infrastructure in order to judge the wants of the local populations. Whilst the structure of local government varies across the United Kingdom, ensuring that local government can deliver strong local services is essential to the reform of government nationwide.

Structure and funding of Local Government in England

- The structure of local government varies from area to area. In most of England, there are 2 tiers – county and district – with responsibility for council services split between them.
- London, other metropolitan areas and parts of England operate under a single tier structure with councils responsible for all services in their area.
- In total there are 343 local authorities in England made up of 5 different types:
 - county councils
 - district councils
 - unitary authorities
 - metropolitan districts
 - London boroughs

Many of the problems that local government institutions face are similar to those faced by central government ones, and relate to skills, capabilities, recruitment practices, and digital infrastructure. Unlike the central government, however, devolution in England is hampered by a fundamental difficulty: in the UK as a whole there is a wide dispersion of economic activity that does not correlate with social and other community needs. This means that it is not always possible to develop the local tax powers over income, corporation, capital and expenditure that would yield the revenue needed to fund public services at a local level. This lack, in turn, results in a complex grant system that is usually distorted by overly prescriptive policy guidance, vitiating local initiative and meaning that policy does not respond to local circumstance. The desire of local authorities to provide and finance locally relevant services is, therefore, often in direct conflict with central government's wishes to retain control of fiscal matters and provide more effective public services across the country.

How is local government funded in the UK?

- In England in 2019, 50% of council funding came from central government grants, 31% from council tax, 18% from business rates revenue (which is collected locally but then redistributed via a nationally-run system), and 1% from council reserves.⁴²²
- In Scotland, 58% of council funding came from the Scottish government's General Revenue Grant, 22% from business rate revenues, and 20% from council tax.⁴²³
- In Wales, 67% of council funding comes from Welsh Government grants, 20% from council tax and 13% from business rates revenues.⁴²⁴
- Councils in Northern Ireland draw their income from district rates (70%), which are a property tax like council tax, as well as grants from the Northern Ireland Executive (8%) and fees for services including building control and waste collection (22%).⁴²⁵

Whilst it may be impossible to resolve this dilemma (which was most fluently outlined by the Layfield Commission in 1976), it is important to understand that the effectiveness of Government, and any attempts to reform it, will be hampered eternally unless this radical defect can be addressed.⁴²⁶ A fuller discussion is beyond the scope of this report, but further work is needed. The upcoming White Paper on devolution and local recovery (originally planned for September 2020, but delayed, unfortunately, due to the pandemic) must confront this problem.⁴²⁷ Likewise, as the 2020 Redmond Review into the effectiveness of local audit and the transparency of local authority financial reporting highlighted that there are still significant barriers that undermine the effectiveness of local audits.⁴²⁸ Such issues must also be addressed.

3. Supporting the Union

It is essential that the machinery of Government across the UK is used to support the Union. The distribution of central government funds for devolved government operates according to a series of complex mechanisms, the impact of which on the Union are not the subject of this report. Whilst there are many defects to the devolutionary settlements, from a Governmental perspective the biggest weakness is the poor framework for intergovernmental relations and engagement. Formal IGR mechanisms such as the Joint Ministerial Committee have too often been sidelined. Developing coherent, stable and efficient machinery for such engagement will enable more effective government post-COVID.

426. Committee of Inquiry into Local Government Finance (Layfield Committee), 1974-1976, [link](#)

427. Financial Times, *Plans for further English devolution shelved until next year*, 30 September 2020, [link](#)

428. Sir Tony Redmond, *Sir Tony Redmond, Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting*, [link](#)

422. Institute for Government, *Local government funding in England*, [link](#)

423. Institute for Government, *Local government funding in England*, [link](#)

424. Institute for Government, *Local government funding in England*, [link](#)

425. Institute for Government, *Local government funding in England*, [link](#)

Joint Ministerial Committee

- A Memorandum of Understanding (MOU) between the four governments was published in October 1999 and last updated in 2012.
- The MOU established a forum called the Joint Ministerial Committee (JMC), which comprises Ministers from both the UK and the devolved governments. This meets in plenary and in various sub-committees.
- The JMC has been criticised for being non-statutory and for inadequate dispute resolution procedures. On 14 March 2018, the Prime Minister and First Ministers of Scotland and Wales agreed to “review and report to Ministers on the existing intergovernmental structures.” This review is ongoing.⁴²⁹

As highlighted by Policy Exchange in *Modernising the UK*, it will be important not only for the devolved administrations to be involved in this exercise, but also for local areas in the UK to be adequately represented.⁴³⁰ As has been highlighted by the PACAC Committee report on devolution, the poor structural methods of engagement can lead to problems for both devolved administrations and local areas in England.⁴³¹ As *Modernising the UK* emphasised, added representation from local areas in England on bodies such as the Joint Ministerial Committee (JMC) would work towards addressing this problem, whilst simultaneously enhancing the voices of devolved administrations. Any programme of reform should also make provision for more regular meetings of bodies such as the JMC, for a clearer joint decision-making structure, and for deliberation and decisions to be scrutinised by parliamentarians across the United Kingdom. Any and all reform of government proposals made at Westminster should be subject to a specific test as to whether they have the potential to harm or to undermine the Union.

Key Actions

- **The Government should expand its Places for Growth and Regional Hubs programmes.** Government Hubs should be used as a way to break down departmental silos, bring delivery closer to customers and inform policy from the ground up. Location decisions should be coordinated in such a way as to break down departmental siloes. Government hubs should also aim to align national and local priorities in order to create a ‘virtuous circle’ of local delivery and input to national policy.
- **Further devolutionary measures are beyond the evidence taken and the scope of this report.** The extension of combined authorities, the appointment of Mayors for metropolitan areas and negotiation of greater strategic and financial powers regionally is a live debate of which the regional hubs programme is a relevant part.

430. Policy Exchange, *Modernising the UK*, 2019, [link](#)

431. House of Commons Public Administration and Constitutional Affairs Committee, *Devolution and Exiting the EU: reconciling differences and building strong relationships*, 2019, [link](#)

429. House of Commons Library, *Intergovernmental relations and the UK “Internal Market”*, [link](#)

- **Such Hubs should be used to improve local partnerships and investment.** Regional Hubs should be used to develop local apprenticeship and training programmes. Such partnerships, including with colleges and universities, should also focus on widening the range of skills available to the civil service and provide a foundation for an improvement in technical, data and digital training across the United Kingdom. The Government should use its places for growth and regional hub programme to increase the range and number of apprenticeships available to prospective public servants.
- **The Government should commission an independent review to estimate the cost of relocating officials.** The review should also identify ways in which these costs could be reduced.
- **Senior Civil Servants in central departments should be expected to spend more time observing the delivery of services on the ground.** They should also attend focus groups with those who are affected by their work. They should also have access to high quality polling and opinion testing. Such resources should be made widely available outside policy teams.
- **Stronger IGR mechanisms are needed to strengthen dialogue and cooperation.** The Joint Ministerial Committee must be also reformed. Any programme of reform should also make provision for more regular meetings of bodies such as the JMC.
- **Any and all reform of government proposals made at Westminster should be subject to a specific “Union” test.** This test should determine whether they have the potential to harm or undermine the Union.

Full List of Recommendations

Civil Service Capability, Capacity and Culture

- **Reform should seek to restore the ideas of Northcote-Trevelyan by focusing on capabilities, recruitment, promotion and accountability in the Civil Service.** These reforming principles should underpin every reform initiative. Promotion must always be based on talent and potential, and not simply on time served
- **Higher salaries will need to be paid in key areas in order to attract and retain high calibre talent in the Civil Service.** Civil Service and wider public sector pay is subject to many considerations, but this should be acknowledged. Changes to the pay of Senior Civil Servants should be focused rather than general and a new pay grade (above SCS 1, 2 and 3) should be introduced. Any changes to the pay of senior civil servants would have to be introduced gradually as each role is re-evaluated in line with the expectations of the private sector. This would potentially involve longer hours, less job security and a higher degree of accountability for Senior Civil Servants.
- **Permanent Secretaries and Ministers alike must take an active role in managing conflicts of interest.** This will ensure that there is good decision making and will preserve the reputation of Government and Whitehall. The Civil Service Code should be strictly enforced.
- **The Government must increase the number of SROs if the planned £600 billion of gross public sector investment on infrastructure over the next five years is to be successful.** It should also appoint SROs from outside Government, introduce formal limits on the number of projects on which SROs can work at any one time and ensure that SROs have direct access to their Permanent Secretaries..
- **The Civil Service should take drastic steps to reduce unnecessary turnover and movement within the Civil Service.** Promotion and pay progression in post, when merited, should be encouraged, but only if more robust mechanisms of evaluating employee performance are developed.
- **The Government should press ahead with its New Curriculum and Campus for Government Skills.** Functions and units which have designed successful and robust training programmes in

their specialisms should be supported to provide this training for the whole of the Civil Service. The development of Civil Service training should draw on external best practice, including from the private sector.

- **The Civil Service should review Fast Stream pay and benefits in order to construct a more attractive package for junior officials.** The Fast Stream should be used not to fill short-term gaps in Civil Service capability but as a programme to develop the talent and skills of its entrants.
- **Senior Civil Servants should be sent to university campuses to aid recruitment.** They should have the specific aim of recruiting those with science and technology backgrounds.
- **The Civil Service must do more to attract, support and retain external recruits.** The Civil Service should report progress on implementing the recommendations made in the Baxendale Report and should implement its recommendations in full.
- **A pay ‘capabilities’ premium should be introduced to reward staff who have or acquire recognised professional qualifications.** Such qualifications must, however, be robust and be based upon examination. Such qualifications should be considered a necessary qualification for top jobs.
- **Civil Service managers must have the power to recruit their own teams.** Managers should be expected to recruit to and be accountable for the performance of their own teams. They need access to qualifications on CVs to prevent reliance on patronage rather than merit. The Civil Service should evaluate the quality of employee performance reviews and their use across departments.
- **The Civil Service must find a solution to its overreliance on consultants and agency staff.** Central controls on consultancy spend should be exercised more forcefully.
- **The Civil Service must do more to meet its diversity and inclusion commitments.** It must meet its target for 50% of all public appointees to be female and 14% of all public appointments to come from ethnic minority backgrounds by 2022.

Empowering Success: Ministerial Capability and Support

- **The Government should introduce a range of ministerial training courses.** These courses should emulate the one set up in conjunction with Infrastructure Projects Authority and the Said Business School on infrastructure spending. Prospective Ministers should have the opportunity to attend special ministerial courses. Courses should cover technical subjects such as procurement, digital delivery and legal and constitutional matters.
- **The Government should restore Extended Ministerial Offices.** It should ensure that there is a simplified process for their establishment. Junior Ministers should also be granted an automatic

right to appoint at least one policy adviser. Staff in both cases should be politically impartial and bound by the Civil Service Code.

- **Ministers should have active involvement in the drafting of upcoming Outcome Delivery Plans (ODPs).** These plans will require departments to set out strategy and planning information. Such plans must set clear targets and Ministers must utilise them to hold their own department to account.
- **Ministers should be able to issue letters of strategic priorities to Permanent Secretaries.** Such letters should be published and Parliament should review Permanent Secretaries on their progress. Such letters should reflect the commitments made in Single Departmental Plans.
- **Renewal of Permanent Secretaries' contracts should be conditional on their track record for reform.** Since 2014, Permanent Secretary appointments have been made on the basis of a five-year fixed tenure. Targets should be set out through both a Single Departmental Plan and through letters of strategic priorities, issued by Secretaries of State.
- **Permanent Secretaries must take steps to ensure that Joint Ministers are not excluded from briefings or from departmental business.** The appointment of Joint Ministers should also be encouraged.
- **More must be done to allow Ministers to seek advice and counsel from more junior civil servants.** Permanent Secretaries should take steps to ensure that Ministers have the opportunity to discuss policy with those closest to its implementation.
- **Longer Ministerial tenures should be encouraged.** More must also be done to manage ministerial career progression. Ministerial careers should be better managed within themed departmental groupings that broaden expertise and career opportunities.
- **The Government should establish an Office for Expert Advice.** Ministers should be able to commission this office to locate, hire and to draw upon experts, particularly at moments of crisis. The Office for Expert Advice should also establish a 'knowledge register' which would help to locate subject matter experts in government and the wider public sector, so that expertise may be drawn upon more quickly in a crisis.
- **Special Advisers must be properly trained.** The Government should introduce a formal 1-2 day induction process for Special Advisers, delivered by an experienced Special Adviser and other relevant officials, in order to increase awareness of how Whitehall works and how they can operate most effectively within it. Permanent Secretaries should also consider the culture of working with Special Advisers within their department and take steps where necessary to make the relationship more collaborative.
- **The Government should strengthen the ability of Ministers to obtain robust legal advice.** The Government should put in place

a streamlined and more readily available route to seek a second opinion from external counsel. It must establish an ongoing assessment of the costs of litigation and consider a means of funding such costs centrally.

- **Ministers must do more to foster an environment in which Civil Servants and expert advisers feel comfortable providing honest advice.** Advice must be offered without fear that it will damage the careers of those who offer it.
- **Ministerial Directions should be used judiciously to resolve difficult issues and spending dilemmas.** Such directions can help to improve public accountability.
- **The Government should establish a programme to identify and bring on board talented and capable Non-Executive Directors.** The Government Lead NED should establish an induction programme to help assist new NEDs who are seeking to improve their understanding of Civil Service processes and the world of Whitehall.

Fixing the Plumbing: Structures, Systems and ‘the Centre’

- **Lord Maude’s review of the Cabinet Office should be completed swiftly.** It should also be published in full. Following its publication, the government should set out a comprehensive set of objectives and actions to implement recommendations that it believes are necessary. It must also set out a comprehensive timetable for reform.
- **The Government should make greater use of joint ministers, cross-departmental task forces and joint funds.** It should also establish more robust and comprehensive evaluation procedures for the performance of joint funds and cross-departmental funding mechanisms.
- **The Government should develop a dedicated and highly specialised capability to ensure that Machinery of Government changes are smoother, quicker and cheaper.** This capability should have an adequate budget and access to high quality external advice.
- **The Government should streamline the number of Cabinet Committees.** It should also ensure that all Cabinet Committees have sufficient administrative support.
- **The Government should formally review the whole business case process.** This should include business case design and business case guidance and lessons on project and programme appraisal which can be drawn from outside government. The Government should also press ahead with its planned Green Book and procurement reforms.

- **The Civil Service should do more to communicate how it holds itself accountable for reform.** The so-called ‘Government functions’ should have a greater presence on the Civil Service board and its sub-committees.

Ending “Digital by Delay”: Harnessing Digital, Data and Technology for Better Government

- **The Government must urgently clarify the leadership of Digital, Data and Technology in Whitehall.** It should still aim to appoint a Government Chief Digital Officer for the whole of Government (with a merited salary package and the status of a Permanent Secretary) to lead the new CDDO. It should also establish a new leadership structure underneath the new GCDO, including a Chief Data Officer, a Chief Product Officer, and a Chief Transformation Officer. The Government should also set out a formal target to appoint within the next three years a certain number of Director Generals and Permanent Secretaries who have specialist digital skills. Every Department with large delivery responsibilities should appoint Second Permanent Secretaries focused entirely on digital transformation.
- **The Government must simplify the Digital Governance landscape around a common strategy.** This may involve the merging or abolition of existing bodies. The CDDO should work with GDS to manage a single roadmap of progress in digitalising core transactions and launching open APIs.
- **The Government should establish a Digital and Data Audit Office, accompanied by a corresponding Parliamentary Select Committee.** It should provide technical and ethical scrutiny of digital products and services, exploring their code base, user experience and technical resilience.
- **The Government should publish a dedicated digital procurement strategy.** Such a procurement strategy should focus on removing the structural barriers and obstacles that exclude start-ups and SMEs from bidding for Government contracts. The Government should increase the size of the UK GovTech Catalyst fund.
- **The Government should review and, if necessary, update the Digital Economy Act.** It should also urgently streamline the process for creating a new objective under the Act’s Public Service Delivery power.
- **The Data Standards Authority, reporting to the CDDO, should complete a comprehensive review of every department’s data assets with a view to identifying areas of duplication.** It should identify a number of critical registers and ensure that Departments are funded not just to maintain those data sets but also so that they can provide an API for them, so that other departments can access that data in real time when appropriate. It should also develop

oversight mechanisms in order to ensure that data is accessed lawfully and ethically.

- **The Government should press ahead with the development of GOV.UK Accounts.** The Government should also publish a dedicated digital identity verification and assurance strategy.
- **Each Department's annual update to its Single Departmental Plan should include an explicit account of its progress in implementing digital transformation.** The GDS should score it on its progress and the CDDO should step in where necessary to ensure that progress is made and momentum is maintained.
- **Encourage the personalisation of Government Services.** The CDDO must join up digitization efforts between the GDS and large Departments to streamline user journeys for common advice and interactions that span across multiple government departments.
- **The GDS, under the supervision of the CDDO, should develop an internal consultancy function.** It should be allowed to bid for Government contracts alongside private sector companies.
- **As part of the Government's regional hubs programme, opportunity hubs should be established with local colleges and authorities.** These will help to ensure that the next generation of public servants are equipped with the skills that they need.
- **The new CDDO should task the GDS with the creation of new services to help DDAT teams improve, publish and iterate accessible forms.** This will help to improve the quality of government data and the speed at which new services can be designed and deployed.

Reform of Public Bodies and Public Appointments

- **The Government should establish a new public bodies reform programme.** It must have senior ministerial leadership and should set clear and long-term objectives for public bodies reform. This reform programme must address the lack of accountability of some public bodies, both to Parliament and the public.
- **The Government should introduce a successor programme to the Tailored and Triennial Review process.** It should provide for a more regular and more comprehensive regime for public bodies scrutiny. It should publish Ofsted-style reports on the performance of public bodies.
- **The Government should review all framework agreements between ALBs and the government to ensure that they are fit for purpose.** It should also design more flexible or stricter agreements where appropriate.
- **The Government should publish a comprehensive annual list of all public bodies, not just ALBs.** This information should include information relating to their budget, classification and accountability structure.

- **Government should establish an OBR-style independent observatory on public bodies.** Alternatively, it could sponsor the third sector to hold public bodies to account outside existing processes. This organisation should be given access to ALBs in order to assess every public body. It should set out for each a clear RAG rating against their objectives. Every rating should be published in an annual report.
- **Ministers must also be encouraged to write to Public Bodies setting out their key aims, priorities and targets.** If those running public bodies disagree with these directions, they should be encouraged to set out, in public, why they disagree or the barrier preventing them from complying with such instructions.
- **The government should review the emergency powers and procedures available to Ministers to take control of failing public bodies or in crises.** The Cabinet Office should also set out in which circumstances such a move would be appropriate.
- **The Public Appointments process should be made significantly more flexible.** It should include the ability to appoint individuals with strong records on the basis of those records alone, subject to assessment of suitability. Government should draw on private sector expertise to assist its talent management processes, including the use of external HR consultants and headhunters when appropriate.
- **The Cabinet Office should provide better support for Ministers making public appointments.** Ministers should also take greater ownership of the appointments process when necessary.

Connecting the whole United Kingdom

- **The Government should expand its Places for Growth and Regional Hubs programmes.** Government Hubs should be used as a way to break down departmental silos, bring delivery closer to customers and inform policy from the ground up. Location decisions should be coordinated and made with cross-department policy connections in mind. Government hubs should also aim to align national and local priorities in order to create a 'virtuous circle' of local delivery and input to national policy.
- **Further devolutionary measures are beyond the evidence taken and the scope of this report.** The extension of combined authorities, the appointment of Mayors for metropolitan areas and negotiation of greater strategic and financial powers regionally is a live debate of which the regional hubs programme is a relevant part.
- **Such Hubs should be used to improve local partnerships and investment.** Regional Hubs should be used to develop local apprenticeship and training programmes. Such partnerships, including with colleges and universities, should also focus on widening the range of skills available to the civil service and provide

a foundation for an improvement in technical, data and digital training across the United Kingdom. The Government should use its places for growth and regional hub programme to increase the range and number of apprenticeships available to prospective public servants.

- **The Government should commission an independent review to estimate the cost of relocating officials.** The review should also identify ways in which these costs could be reduced.
- **Senior Civil Servants in central departments should be expected to spend more time observing the delivery of services on the ground.** They should also attend focus groups with those who are affected by their work. They should also have access to high quality polling and opinion testing. Such resources should be made widely available outside policy teams.
- **Stronger IGR mechanisms are needed to strengthen dialogue and cooperation.** The Joint Ministerial Committee must be also reformed. Any programme of reform should also make provision for more regular meetings of bodies such as the JMC.
- **All reform of government proposals made at Westminster should be subject to a specific “Union” test.** This test should determine whether they have the potential to harm or undermine the Union.



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