INSTITUTE FOR GOVERNMENT

Reform of the centre of government

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Summary

The early departure of Sir Mark Sedwill as cabinet secretary – the most dramatic of a slew of changes across Whitehall – has come as the government declares that it wants to shake up the civil service. Ministers say they want to make it possible to get things done more easily, and generally to make government work better.

Their frustration has been fanned during the coronavirus crisis, but radical reform represents an old ambition for some of those closest to Boris Johnson. On 27 June, Michael Gove, minister for the Cabinet Office, set out some of the ideas in an hour-long annual lecture for the Ditchley Foundation, an international conference organisation. Dominic Cummings, Johnson's chief adviser, had put forward similar notions after the December 2019 election and has been writing about them for years.

It remains to be seen whether the prime minister fully embraces this agenda. He is fired up, it is clear, by his "New Deal" pledge to rebuild the economy after coronavirus and to "level up" Britain's prosperity. One risk is that a Whitehall shake-up remains the crusade of his closest lieutenants, tolerated but not championed by their chief. Worse, it could prove to be cover for the removal of officials who do not seem to be ideological fellow-travellers (even if observing the impartiality of their role), to be replaced with those who do. Or it might represent the desire to have more control of the machine of government without offering the transparency for people to hold the government to account.

It is to be hoped not – and more, that the prime minister sees the value of the change for which Gove and Cummings are arguing and backs them to push through reform. The Institute for Government welcomes many of these proposals; they represent changes for which we have argued since our creation.

This short paper offers a diagnosis of the problem facing the government 'machine', a review of the changes recently made to it, and the Institute for Government's recommendations on further reforms that most benefit the government, the civil service and the UK public.

Diagnosis of the problem

Ministers are right in much of their diagnosis of the weaknesses of the British government 'machine'. They understate, though, the improvements that have already been made in the civil service. More seriously, they do not acknowledge enough the part of ministers themselves in causing the problems. Their efforts at change will be more successful if they do.

You might ask what a healthy state in a democratic country looks like. The answer would be that it can put into practice the programme of a democratically elected government. It can take the right decisions, based on good advice, and implement them; it attracts good, skilled people to work for it and has the ability to respond to shocks. It does all that working within the law and constitutional norms and while offering enough transparency to let itself be held to account.

Some of these pillars still hold strong in the UK, such as broad observance of the rule of law and the principle of an impartial civil service. However, Gove in his Ditchley speech noted the fall in public trust in many institutions over the past two decades, prompted (he argued) by the wars in Afghanistan and Iraq, the MPs' expenses scandal, phone tapping in the media and the 2007/08 financial crisis. He did not mention an Ipsos MORI poll last year showing that public trust in the civil service is rising. Nor, understandably, did he note the damage that Cummings's infamous trip to Barnard Castle during lockdown appears to have done to public faith in this government, or that the apparent departures from procedure by housing secretary Robert Jenrick in approving the project of a party donor also risk doing. But he did argue that the jolts to public trust give reform more urgency. He is right.

At the same time, the case for reform is an old one. While coronavirus has shone a new light onto problems with British government, they run deep and go back a long time. The 1968 Fulton report, commissioned by Harold Wilson, famously criticised the cult of the generalist, with scientists and specialists being overlooked for promotion. Many people have agreed with his conclusions and many reforms over the years have tried to bring about change – some with success. But while some of Lord Fulton's analysis can be consigned to history, many of the problems he identified persist, while the demands of 21st-century government have brought others.

Blurred responsibility at the centre

This government is not the first to notice that No.10 is a less powerful office than popular imagination would have it and that the prime minister can struggle to get things done. Lines of authority are less clear than many might presume – including a prime minister who has just taken office with a big majority. The prime minister might think that the cabinet secretary is there to ensure his instructions are carried out, by ordering the permanent secretaries in Whitehall in turn to do their part. But as things stand, while the cabinet secretary certainly tries to bring about the prime minister's wishes, the permanent secretaries' prime responsibility is to support their ministers. The cabinet secretary manages permanent secretaries in the sense that he conducts their annual performance appraisals and can get rid of them if they are performing badly. But that is a long way from being able to instruct them directly to carry out the prime minister's wishes.

The result is that the prime minister can end up chasing the delivery of his decisions rather than being able to assume they are going to be carried out. Of all the signs that presaged Sedwill's departure, one of the most telling was a report by *The Sunday Times* of an exchange in which Johnson apparently said, "Who's in charge of the delivery of this?" and Sedwill replied, "You are". If the report is right, it is easy to see why the prime minister might find that intolerable. He is responsible, in an inescapable sense, for the delivery of all of the government's work but has no time to chase it up.

Yet Johnson's frustration with Sedwill may partly have stemmed from a lack of appreciation of the limits on the cabinet secretary's role as it is now. The government might well want to change this, strengthening the authority of the cabinet secretary over the permanent secretaries. But the model springs out of the way Whitehall and cabinet government are organised around departments and amending it would not be trivial, with consequences for lines of authority across government.

Whitehall 'fiefdoms'

Coronavirus – a problem that stretches across the whole of society – has also shone a light on the way that Whitehall departments act as bastions of power for their ministers and permanent secretaries. Problems that stretch across boundaries can be neglected, or lack someone to take responsibility for them. Climate change is another; there are many others. However, ministers – who are accountable to parliament for their department – again should share responsibility for this problem with officia`ls. They often find that departmental 'fiefdoms' suit them better in their attempt to maintain a public profile, keep up a stream of announcements and build their career.

Lack of skills, and excessive turnover of staff

One of Gove's central points was that civil servants throughout the public sector often lack adequate skills. Weaknesses in finance, and statistical and data analysis, are particularly worrying; they are essential for management as well as for spelling out how performance is to be judged. The same is true of digital technology and in managing commercial contracts with the many private companies that government uses for public

work. The civil service has put vast efforts recently into creating 'professions', with a dramatic improvement in financial proficiency and quite a bit in commercial prowess (the government's surprise at the collapse of the contractor Carillion notwithstanding, which the markets did not share). Improvement in others – such as digital skills – has been patchier.

Some specialist strengths have come to the fore in the coronavirus crisis, notably medical science and the economic planning and benefits systems in the huge financial support scheme. But others have looked strained. The Department of Health and Social Care (DHSC) did not have the capacity to do the epidemiological modelling, hence the ad-hoc reliance on members of the Scientific Advisory Group for Emergencies (SAGE) committee and on university teams. In the attempts to develop a tracing app, NHSX, the new unit set up to bring digital techniques to the UK's healthcare, failed to anticipate the need for co-operation from the tech giants, which quickly stymied its efforts.

In his critique, Gove also cited the rate of turnover of officials in jobs as they move in search of pay and promotion. This undermines the acquisition of deep knowledge in a subject, the continuity of teams and institutional memory. He is indisputably right in this; the Institute for Government, which has long made this point, is working on how changes to pay and promotion within the civil service could help.

The same, it should be said, though, goes for ministers' skills. The Institute for Government works with new ministers in private to help them develop quickly the many techniques which their previous work may not have supplied. Nonetheless, ministers' own failings in the evaluation of projects are a frequent reason for the announcement of policies that cannot be delivered or will not yield value to society.

Ministers' own role in the poor design of policy

Gove acknowledged that problems stem from ministers as well as civil servants, citing some of his own misjudgements. He could have gone further. In the coronavirus crisis, some of the government's greatest frustrations were of its own making.

The government has tackled the crisis in some ways as it campaigned, in pursuit of headlines which become its targets. Some were so poorly thought through that they could not be delivered, leading to U-turns. It has not used the cabinet well, depriving it of the real expertise in Whitehall departments that does exist.

The decision to open schools on 1 June is a prime example. The motivation was clear and shared by many: an urgent concern for the loss of education suffered by so many children, particularly the poorest and most vulnerable. But the government had already said that it wanted no more than 15 children per class for social distancing. That made the return of many classes all but impossible – unless the government had at the same time procured more buildings and perhaps more teachers. Other weaknesses included failing to talk enough to teaching unions, headteachers, local authorities or parents about the plan. But the greatest was the essential contradiction at the heart of the policy that was bound to frustrate the government's aim – as Gavin Williamson, secretary of state for education, and his department should have advised the prime minister.

Hazy performance measurement

It is also true that government is poor at devising ways to judge its own performance – a subtler point made by Gove but an important one. The Treasury is good at spelling out the cost of projects and holding departments to account on that but has struggled to develop techniques for measuring the social value added, the effectiveness of new initiatives or the performance of government overall. It tends to have a transactional relationship with departments, focussed on how much money it will put in their budget for the year.

Yet again, this important weakness, which infuses Whitehall relationships, is not caused by the civil service alone. A couple of decades ago, other governments considered the UK something of a leader in performance management of its own bureaucracy; while that might not be setting the bar high, in an area that governments notoriously struggle to master, it had had some success with 'public service agreements' and similar attempts to specify measurable goals. New Zealand's government later adopted some techniques developed in the UK. However, some of the achievement has since unravelled. Single departmental plans, which began in 2016, lack enough detail to be used as tools to measure performance and remain peripheral to departments' conversations with the Treasury about budgets. Ministers themselves have sometimes shied away from steps which would allow parliament to monitor their progress more precisely.

Weaknesses of long-term planning

The coronavirus crisis has also emphasised that departments are easily consumed by urgent matters and often lack the ability to plan for more distant problems at the same time. This was one reason that DHSC did not get to grips with the testing programme early enough, while it was rushing to build more hospitals and clearing space in emergency wards. But it is a recurrent problem because of ministers' eternal desire to announce new policies, to react to events, and to commission officials to provide quick answers, as Gove also acknowledged.

Risk avoidance

It is a frequent complaint of ministers – repeated by Gove – that risk avoidance is rewarded in the civil service and that risk taking and innovation are not. This is true, but is an old complaint, and remedies are not easy to prescribe. This will arguably be the hardest of Gove's prescriptions to bring about. Ministers should recognise that if they are trying to change this, it puts a responsibility on them to support those who take risks that do not succeed – easier said than done – and that improved techniques of measuring performance will apply to the policies they personally devise as well.

Lack of diversity of staff and of views

In a similar vein, Gove argued that government too often drew its people from a Westminster bubble and not from communities around the country that feel left out. Many would concede that point. Civil service leaders have made great strides in improving gender balance in the civil service although it has yet to do as well on its

ambitions for ethnic diversity. Yet it can still be hard for ministers to get the challenge to the standard view that they say they want. Many officials suspect that it is not in fact wanted and that their careers will suffer if they continue to offer it.

The problem goes beyond Whitehall

Gove concentrated in his analysis on problems at the heart of government. But other layers of government have also become an impossibly complex set of overlapping and confused remits that make it even harder to deliver the results of decisions, and hard to hold anyone to account. Transport, housing, planning and local government are high on the list – as the prime minister's "Build, build, build" agenda is likely soon to show.

Coronavirus has exposed weaknesses such as the lack of communication with big public agencies like Public Health England, and difficulty in holding people to account in those. Yet this is partly a consequence of decentralisation, a recurrent impulse by governments which has ebbed and flowed over the decades. Public Health England, created by the Cameron government in the name of decentralisation, has never had the heft at the heart of government that the NHS has had, nor have its managers even though it is an executive agency under a lot of ministerial control. In the coronavirus crisis, its preference for trying to find its own solution and unease at working with the private sector or universities was one reason for the patchiness of the testing regime. The emergency also exposed the gulf between the NHS and social care, no matter that they are both managed by DHSC. The department had responsibility but no levers to get the NHS to act; the NHS tended to focus on its own pressing problems, not on social care.

All of these problems need attention – and in many cases money – to build the teams of good people who will behave in a different way. The Institute for Government welcomes the government's intention to tackle this reform.

The government's recent changes

Gove delivered his speech while the government was in the middle of an assortment of changes to personnel at the heart of government – the biggest being Sedwill's exit – as well as one big departmental merger (of the Foreign and Commonwealth Office and the Department for International Development). The Institute has been writing extensively about many of these as they have happened but there are several points worth emphasising here about the overall pattern and the support – or otherwise – that they represent for Gove's agenda.

First, Gove's ambitions for reform are on a much bigger scale than the numerous but piecemeal staff changes made so far, however much attention those have attracted. If he is to pull off the deep reform he intends, it will mean sustained changes to the staffing practices of the civil service – recruitment, pay and promotion – over a long period.

In some respects, the recent staff changes also seem to contradict his professed goals. While he has called for diversity of people and opinion, the changes insert people sympathetic to the government's political views (particularly on Brexit) into key posts.

That is particularly striking with the appointment of Gisela Stuart, the pro-Brexit former Labour MP, as lead non-executive director (NED) of the Cabinet Office, and the appointment of David Frost, the UK's chief Brexit negotiator, as national security adviser.

Any government is entitled to put in place the people it feels will best do the job. But these choices have been controversial for several good reasons.

Gove has called for more expertise in government, but Frost has no security experience directly relevant to his new role. He is also a political appointee taking on a job previously done by an official – as an evidently furious Theresa May (who had appointed Sedwill as cabinet secretary) said in the Commons. That has raised concerns that the government is shrinking the tasks performed by an impartial civil service. For just one appointment, the concern is perhaps overstated, but if there were more, it would not be.

What is more, Brexit is not just any old piece of a party's agenda. It will bring the government some of its most difficult decisions this year; the economic disruption that could follow the failure to strike a deal with the European Union (EU) on a future relationship would compound the hit to growth and employment from coronavirus. Gove says the government wants challenge and diversity of ideas, but there is no convincing sign of them on this front.

Any government takes time to work out how it is going to organise No.10, the Cabinet Office, and the rhythm of meetings between key people. This government was unlucky in that coronavirus burst on it before it had its daily structure fully set up. The government does clearly need a better structure of meetings, committees and data than it has had, and it has gone some way now to get that. Other changes proposed by Gove may be necessary and valuable in helping No.10 get a grip on government. But again, there seems a potential contradiction with another of Gove's principles – of decentralisation.

These changes made so far include:

- Setting up a Prime Minister's Office of around 50 people, two thirds staffed by those with military experience. It gives the prime minister a dashboard of programmes and their progress, making it easier for him and the cabinet secretary to hold permanent secretaries to account.
- Setting up a data-tracking system with daily charts and analysis covering the economy, NHS capacity, traffic, prisons, benefits and pensions staff. All key decision makers have the same information; ministers cannot pretend something is rosier than it is. Wordy slides from the Civil Contingencies Secretariat "have been binned".
- Bringing back Simon Case, a former senior civil servant, from Kensington Palace (where he was working for Prince William) to be permanent secretary for No.10.
- Appointing 'tsars' to three flanks of the coronavirus response: Dido Harding on 'test and trace'; Kate Bingham on vaccines; and Paul Deighton on personal protective equipment (PPE).

- Creating three new committees which the prime minister will chair to run the coronavirus response.

The biggest danger with these changes is that they blur lines of responsibility already there. Case's arrival was said to cut across Sedwill's role; the powers of the tsars similarly cut across those of ministers. One of the prime tasks of the new cabinet secretary will be to make sure that No.10 and the cabinet office work and that responsibilities are clear.

The choice of the new cabinet secretary matters a lot for the success of these steps – and of the bigger ambitions which Gove articulated. It would be sensible for Sedwill's successor to hand over a lot of the job of being head of the civil service to Alex Chisholm, also recently appointed as chief operating officer of the civil service. There is otherwise simply too much for the cabinet secretary to do, despite what previous occupants of the role have claimed. Chisholm could take on quite a bit of the planning implied by the civil service reforms Gove has set out. But that handover needs to be clear and backed up with authority, or important changes such as reducing staff turnover will not be made.

The Institute for Government's recommendations

Many of our recommendations chime with the government's desired reforms. They extend more broadly, however; our view is that the problems do not lie in the civil service alone (though they are certainly pronounced there, despite recent reforms). They lie in many of the complex relationships of modern government.

We would urge the government to make a priority of:

- clarity about the roles of cabinet secretary and chief operating officer (and who is responsible for these reforms) and a greater ability to hold permanent secretaries to account
- changing the way officials are paid and promoted to discourage constant movement between jobs and encourage the accumulation of knowledge and expertise
- encouraging officials to become expert in their department's field by rewarding them for that
- establishing better techniques for monitoring the performance of departments, shared by the Treasury
- continuing to develop financial, commercial and statistical skills among officials
- exploring more ways to bring in people from outside the civil service, and to enable officials to leave and rejoin it.

Gove has said many of the right things about reforming the civil service and its culture. His prescriptions could go much further, however, in our view. We would also welcome emphasis on:

- increasing awareness among ministers of the need to develop their own skills, and establishing similar rigour in holding them to account for policies and delivery
- clarifying the accountability of public agencies
- simplifying overlapping or competing public sector organisations as in health, social care, planning, local government, transport. Government is complex but its structures do not have to be incomprehensible
- defining success in projects that span departments so that accountability does not disappear
- investing in the basics, including digital technology
- welcoming scrutiny and offering the data and details to make it possible.

The Institute for Government has produced many reports on these points. More work is underway on what we regard as some of the most urgent points of reform.

Conclusion

The government is justified in much of its frustration at the design and state of repair of the machine it is trying to run. The shortcomings Gove identified in his speech are old ones and many people have tried over the years to devise answers; that is extra reason to try again now, not to give up.

The government is not wrong, too, to think that personalities matter. It is entitled to ensure that people around it are the ones who are best equipped to make its plans happen – although it should not pursue this in a way which undermines the principles of an impartial civil service.

On the other hand, many of the steps the government has recently taken appear to contradict some of the big principles it says it is pursuing: for a start, those on encouraging diversity of views and challenge to proposals, on putting specialists equipped to do the job into place, and on decentralising decision making.

Nor does the government acknowledge enough how much ministers contribute to their own frustrations – as we have seen in the coronavirus emergency. Reform of the civil service would certainly help government – but so would improvements in the practices of ministers themselves.

We welcome the government's desire to put these reforms at the heart of its priorities, all the more given the dramas of a truly extraordinary year. It would be easy not to make the effort to make these changes but the potential rewards are immense. They would help all governments make better decisions and put them into practice.

We note, though, that even if all of Gove's wishes were realised, new structures created and new people hired, there is no substitute for good policies and there are few remedies for bad ones, if that is what a government chooses to produce with the machinery it inherits and runs.

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